



## Legislation Text

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**File #:** 23-0082, **Version:** 1

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Recommendation to authorize City Manager, or designee, to execute an agreement with VOYA, for healthcare specific stop-loss reinsurance coverage with a \$500,000 deductible level, at an estimated cost of \$2,161,743 for a 12-month period retroactively effective January 1, 2023; and, execute any subsequent amendments necessary to maintain current benefit levels and remain in compliance with State and federal laws. (Citywide)

The Human Resources Department administers the Employee Benefits Program (Program) for active and retired City of Long Beach (City) employees and their qualified dependents. The Program includes a self-insured PPO medical plan option and stop-loss insurance to protect the City against large claim losses. The stop-loss insurance coverage is an important component of the City employee's benefits program to provide protection against catastrophic or unpredictable losses due to high-cost claims. The stop-loss insurance reimburses the Program in the event an individual plan participant has medical claims that exceed \$500,000 within a plan year. The industry trend for coverage at this level is at 20 to 25 percent.

On August 23, 2022, the City Council approved health and life insurance agreements for the plan year that begins on January 1, 2023; however, at that time, the stop-loss insurance rates had not yet been finalized and staff committed to returning to the City Council for authorization to contract for the specific stop-loss insurance.

Alliant Insurance Services (Alliant), the City's current health insurance consultant, conducted a competitive bid process in which the City's current rate, demographics, and historical large claims experience were evaluated by the market. Of the 12 carriers who were solicited to provide stop-loss coverage, 9 carriers declined to quote due to uncompetitive rates, the City's ongoing high-cost claimant risk, and historical multi-year premium vs. high-cost claim loss ratio. There were three carriers that opted to quote, including VOYA, the City's current stop-loss carrier. VOYA proposed the most competitive rate with an initial 14 percent increase from the 2022 plan year cost of \$2,020,453. Alliant successfully negotiated a 7 percent increase, a 7 percent reduction off the proposed 14 percent increase. With the reduction, the estimated annual cost for the City's stop-loss reinsurance coverage with VOYA for the 12-month 2023 plan year is \$2,161,743.

The specific stop-loss agreement with VOYA will run concurrently with the City's benefit plan carrier contracts, from January 1, 2023, through December 31, 2023.

This matter was reviewed by Assistant City Attorney Gary J. Anderson and Purchasing Agent Michelle Wilson on December 28, 2022, and by Budget Management Officer Nader Kaamoush on January 4, 2023.

City Council action is requested on January 24, 2023, to ensure the continuation of stop-loss insurance coverage.

The estimated annual cost for the City's stop-loss reinsurance coverage with VOYA for the 12-month 2023 plan year is \$2,161,743. Although this is an increased cost over the previous year plan costs, the increase for this plan year will be funded within current resources appropriated in the Employee Benefits Fund Group in the Citywide Activities Department. Higher costs will be recaptured via overhead charges to user funds as part of the FY 24 budget development process. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

JOE AMBROSINI  
DIRECTOR OF HUMAN RESOURCES

APPROVED:

THOMAS B. MODICA  
CITY MANAGER