



# CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

# R-22

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**ALEJANDRINA R. BASQUEZ**  
DIRECTOR

December 20, 2016

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager, or designee, to execute an agreement with VOYA, for healthcare specific stop-loss reinsurance coverage with a \$500,000 deductible level, at a cost of \$878,506, for a 12-month period effective January 1, 2017; and, execute any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws. (Citywide)

## DISCUSSION

The Human Resources Department administers the Employee Benefits Program (Program) for active and retired 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 reimburses the Program in the event an individual plan participant has medical claims that exceed \$500,000 within a plan year.

On August 23, 2016, the City Council approved health and life insurance agreements for the plan year that begins on January 1, 2017; however, at that time, the stop-loss insurance rates had not yet been finalized and staff committed to return to the City Council for authorization to contract for the specific stop-loss insurance.

Alliant Insurance Services, the City's current health insurance consultant, conducted a competitive bid process based on the City's current rate and historical large claims experience. Of the carriers who participated in the bid process, two quotes were received and the other carriers declined to quote. VOYA, the City's current stop-loss carrier, proposed the most competitive rate with a 7.25 percent increase from the current 2016 plan year cost of \$843,360.

The specific stop-loss agreement with VOYA will run concurrently with the City's benefit plan carrier contracts, from January 1, 2017 through December 31, 2017.

This matter was reviewed by Deputy City Attorney Linda T. Vu on November 28, 2016 and by Budget Analysis Officer Julissa Jose-Murray on December 2, 2016.

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TIMING CONSIDERATIONS

City Council action is requested December 20, 2016, so that the stop-loss carrier is in place as close to the start of the benefit year, effective January 1, 2017.

FISCAL IMPACT

The estimated annual cost for the City's stop-loss reinsurance coverage with VOYA for the 12-month 2017 plan year is \$878,506, which is budgeted in the Employee Benefits Fund (IS 391) in the Citywide Activities Department (XC). There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ALEJANDRINA R. BASQUEZ, DIRECTOR  
DEPARTMENT OF HUMAN RESOURCES

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APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER