



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-19

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ALEJANDRINA R. BASQUEZ
DIRECTOR

December 19, 2017

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 \$995,879, for a 12-month period effective January 1, 2018; 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. Industry trend for coverage at this level is 20 percent and beyond.

On September 5, 2017, the City Council approved health and life insurance agreements for the plan year that begins on January 1, 2018; 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 seven carriers who were solicited to provide stop-loss coverage, four carriers declined to quote, and three quotes were received. VOYA, the City's current stop-loss carrier, proposed the most competitive rate with a 15 percent increase from the current 2017 plan year cost of \$865,894. The other two quotes were uncompetitive, with increases of 111 percent and 23 percent.

The specific stop-loss agreement with VOYA will run concurrently with the City's benefit plan carrier contracts, from January 1, 2018 through December 31, 2018.

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This matter was reviewed by Deputy City Attorney Linda T. Vu and by Revenue Management Geraldine Alejo on December 7, 2017.

TIMING CONSIDERATIONS

City Council action is requested December 19, 2017, so that the stop-loss carrier is in place as close to the start of the benefit year, effective January 1, 2018.

FISCAL IMPACT

The estimated annual cost for the City's stop-loss reinsurance coverage with VOYA for the 12-month 2018 plan year is \$995,879, 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:



PATRICK H. WEST
CITY MANAGER