



## Legislation Text

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**File #:** 07-1359, **Version:** 1

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Recommendation to authorize City Manager to execute an agreement with Elite Underwriting Services, Inc. (American Fidelity Assurance Company), for healthcare specific stop-loss reinsurance coverage at a \$500,000 deductible level at a cost of \$455,852 for a 13-month period; and authorize City Manager to execute any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws. (Citywide)

On September 18, 2007, the City Council approved health and life insurance agreements for the upcoming plan year that begins on December 1, 2007 (see attached). The 2008 health insurance plan includes a new approach to stop-loss insurance for large claims that exceed \$500,000 per individual claim within the plan year. Specifically, it was determined that the City's self-funded medical and prescription drug programs should be supported by a specific stop-loss agreement in place of the current aggregate approach.

In the City Council letter dated September 18, 2007, staff committed to return with the insurance carrier selected to provide the City's specific stop-loss insurance following a competitive bid process closer to the plan year start date. The process has been completed and Elite Underwriting Services, Inc. (American Fidelity Assurance Company) proposed the most competitive rates and provided the ability to data interface with the City's current self-funded medical carriers.

The specific stop-loss agreement with Elite Underwriting Services, Inc. will run concurrently with the City's benefit plan carrier contracts, from December 1, 2007, through December 31, 2008, with the option to renew for a 12-month contract year beginning on January 1, 2009.

This letter was reviewed by Deputy City Attorney Christina Checél and Budget and Performance Bureau Manager David Wodynski on November 9, 2007.

City Council action is requested on November 20, 2007, so that the stop-loss carrier would be in place at the start of the benefit plan year, effective December 1, 2007.

The estimated annual gross program cost for the City's stop-loss reinsurance coverage with Elite Underwriting Services, Inc. (American Fidelity Assurance Company) for the 13-month 2007-2008 plan year is \$455,852, which is budgeted in the Citywide Department Activities (XC), Employee Benefits Fund (IS 391).

Approve recommendation.

SUZANNE R. MASON, DIRECTOR  
DEPARTMENT OF HUMAN RESOURCES

APPROVED:

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PATRICK H. WEST  
CITY MANAGER