



City Council Regular Meeting AGENDA ITEM

NUMBER: 9

SUBJECT:

Individual Stop Loss Insurance Coverage Proposal from Voya in the Amount of \$443,906 for the Period of January 1, 2025 through December 31, 2025 to Cover Claims through the UMR Medical Health Insurance Plans that Exceed \$400,000 Annually for City Employees and Authorization of City Manager or Her Designee to Bind Coverage. (Citywide) (For Possible Action; Recommendation – Approve and Authorize)

REQUESTED BY:

Kim Koch-Lee, Benefits Manager

WARD:

(Citywide)

RECOMMENDATION OR RECOMMEND MOTION:

City Council approve the Individual Stop Loss Insurance Coverage proposal for from Voya and authorize City Manager or her designee to bind coverage

FISCAL IMPACT:

Annual Amount: \$443,906 estimated annual individual stop loss premium.

EXPLANATION: Annual Cost – January 1, 2025 through December 31, 2025

ACCOUNT NUMBER:

721-170111-430670

STAFF COMMENTS AND BACKGROUND INFORMATION:

If approved, the Individual Stop Loss Policy insurance would go into effect January 1, 2025 at the annual cost of \$443,906. The cost of this policy is decreasing \$458,629 compared to the current policy in place with Swiss Re (a 50.8% decrease year over year). This was achieved through a competitive bidding process conducted by Gallagher Benefit Services in which the City received four bids. The current contract with Swiss Re initially offered a 40% increase year over year in premium. Swiss Re offered to laser (underwriting attachment that limits an insurer's liability for claims made by specific individual) with a higher deductible in order to reduce the renewal. All carriers who provided a quote quoted with a laser (with a different deductible).

Additionally, it is recommended that the individual stop loss amount be increased from \$275,000 to \$400,000. This savings is reflected in the annual cost and renewal decrease percentage shown. Voya not only was the lowest cost carrier with laser, but also provided a “no new laser” contract which prevents them from not covering a member in the future, and a rate cap for the renewal of 50%. Voya is a preferred vendor of UMR and Gallagher. Additionally, AM Best has recently affirmed their financial strength rating of A.

Lastly, stop loss is a very volatile coverage and can have dramatic price fluctuations based primarily on large claim activity. While large claims occur at unexpected times and often with unexpected duration and frequency, the City and its consultants routinely monitor these to ensure they are adequately insured.

CIP No.

Related Item:

LIST CITY COUNCIL GOAL(S): Responsible Fiscal Management

REPARED BY:	Respectfully Submitted	MEETING DATE:
Kim Koch-Lee, Benefits Manager	Micaela R. Moore, City Manager	December 4, 2024