



Legislation Text

File #: 170589., **Version:** 1

Extension to Stop-Loss Agreement With Florida Blue (B)

This item involves a request for the City Commission to approve the rankings and selection of Blue Cross Blue Shield of Florida, Inc. as the provider through their subsidiary, High Mark Insurance, of specific stop-loss insurance for the City's Group Health Plan.

The City maintains a self-funded health plan for its employees, retirees and their family members. The health plan utilizes a risk transfer tool to mitigate the impact of large claims. Specific Stop-Loss insurance is the risk transfer tool that the group health plan utilizes to cover the cost of large claims. Under a specific stop-loss policy, the City's group health plan is responsible only for a fixed dollar amount of a covered members annual claims costs, after that specified amount has been paid, all subsequent claims costs are reimbursed to the City.

The three-year initial contract period will end on December 31, 2017. Staff is recommending extending the insurance policy that protects the City's Group Health Plan for Plan Year 2018 as offered by High Mark. In an effort to maintain the current specific deductible and increasing the look back period, staff requested a renewal quote that included the opportunity to share in the risk, thus eliminating the vast majority of the premium increase. The premium increase amounts to approximately one percent and allows for the City to save up to \$100,000 if our experience is better than expected. In addition, even if experience does deteriorate, the Plan would not pay, in aggregate, more than the proposed premium without the risk sharing component. The attachment shows the current premium, the renewal quote, and two additional options. One of the options increases the deductible from \$300,000 to \$325,000 per claim and the second option essentially maintains the premium and offers an aggregating deductible of \$100,000. It is the use of the aggregating deductible that provides for the risk sharing. If less than four claims exceed \$325,000, the Plan will save money off the renewal premium. In all cases the look back period has been extend to 36 months thus increasing the coverage period. Staff is recommending Option 2 on the attachment.

Funds of approximately \$890,000 are included for specific stop-loss insurance and are included in the 2018 EHAB fund budget.

The City Commission approve the extension for Stop-Loss insurance to Blue Cross Blue Shield of Florida, Inc. as the provider of the Specific Stop-Loss coverage for three years beginning January 1, 2018 for two years as provided for in the original agenda item and bid documents; and authorize issuance of a purchase order in an amount sufficient to cover applicable charges for the policy.