



CITY OF PORT ST. LUCIE

Human Resources



A CITY FOR ALL AGES

MEMORANDUM

TO: RUSS BLACKBURN, CITY MANAGER

THRU: KRISTINA CIUPERGER, DEPUTY CITY MANAGER
NATALIE CABRERA, DIRECTOR, HUMAN RESOURCES
JEFFERY SNYDER, CHIEF FINANCIAL OFFICER

FROM: CLAUDIA MCCASKILL, HUMAN RESOURCES BENEFITS MANAGER

DATE: AUGUST 19, 2021

SUBJECT: STOP LOSS

BACKGROUND

The City's medical and prescription self-funded program includes the following three components:

1. Medical/Rx claims experience
2. Administration Services
3. Stop Loss Insurance

Claims experience is based on member utilization and accounts for roughly 89% of the total program cost. Administrative services account for roughly 4% of the total cost and applies to Florida Blue administering the plan (claims adjudication, plan design, eligibility, network access, etc.). Lastly, stop loss insurance accounts for the remaining 7% of the total cost. There are two components of stop loss insurance including Individual Stop Loss (ISL) and Aggregate Stop Loss (ASL). ISL protects the City's plan for any one individual on the plan who exceeds the threshold (currently \$250,000) over a 12-month period and ASL protects the City's plan for the entire enrolled population (25% over expected claims) over a 12-month period.

The City has hired Symetra since 2003 for stop loss insurance and has retained them through a competitive RFP process in 2011. Since 2014, the average increase has been 10.65% with no change to the ISL threshold of \$250,000. Since health insurance costs are increasing each year due to rising prescription costs, technology costs, rising chronic illnesses, etc., the average stop loss increase is around 12%-15%. The preliminary renewal offer each year is typically received between 120-100 days prior to the effective date with firm rates received 90 days prior. Stop loss insurance vendors will not release firm rates 90 days prior due to the need to receive updated claims experience in order to lock in rates for the next renewal year (12 months).

On August 4, 2021, our Agent, Gehring Group, presented the City with the final offer of stop loss from Symetra. After months of Gehring Group's negotiation on the City's behalf, the final offer came in at a 33% increase. The reason for the high renewal rate was due to some future risk exposure with the City's large claimants. Gehring Group provided two additional options to consider for the stop loss.

1. Increase the individual stop loss to \$275,000 for a 15.3% increase in premiums; and
2. Increase the individual stop loss to \$300,000 producing a 0.7% increase in current premiums.

Gehring Group's recommendation is to consider option one to increase the individual stop loss to \$275,000.

STAFF RECOMMENDATION

On August 9, 2021, staff (Kristina Ciuperger, Natalie Cabrera, Jeffery Snyder, and myself) met to discuss the options presented. Consideration was also given to go out to bid on the item. While discussing a bid option, it was determined that there would not be enough time to go out and award a bid for an October 1st effective date, leaving the City liable for any and all claims without stop loss protection until a contract was in place.

Discussion on the stop loss renewal as is at a 33% increase along with alternative options presented by Gehring Group were discussed. The City has not increased its individual stop loss from the current \$250,000 in more than 5 years. Mr. Snyder would prefer not to increase it as it would likely never come back down, however there is real risk currently in place. After discussion, staff's final recommendation was to go with Gehring Group's recommendation of option 1 with the stipulation that we go out to bid on this product in 2022.

If approved, please sign page two of this memo along with the Symetra renewal (pg. 11) attached.

Approved:



Russ Blackburn

Date: 8-19-2021

CM

/Encl.