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## City Council Regular Meeting

**DEPARTMENT:** Human Resources

**FROM:** Wanda Bullard, Interim Director of Human Resources

**MEETING:** October 16, 2023

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**SUBJECT:**

Consider approval of a renewal insurance application and policy with Stealth Partner Group, managing general underwriter, and Berkshire Hathaway Specialty Insurance to continue to be the City's stop-loss insurance providers for the City's partially self-funded insurance for plan year 2024 in the amount of \$867,000. (*Staff Presenter: Wanda Bullard, Interim Director of Human Resources*)

**SUMMARY:**

Berkshire has provided a best and final offer to the City for the 2024 stop loss renewal. The offer is valid through October 18, 2023. If the City does not accept the offer by October 18, 2023, the renewal rate offer will be revoked and a new rate would be re-quoted using more current claims data. Berkshire's current offer uses City claims data through August 2023. Other quotes from Stealth's market are requesting September data before finalizing. Our claims have increased this year, and as of August, our aggregate claims are at 95% of projected. We expect that the rates would be higher if we wait to accept the current renewal.

The renewal quote increases stop loss premiums by 4.47% between both the individual stop loss premium and the aggregate claims premium. At maximum enrollment, the premium increase will be at our budgeted stop loss premiums of \$855,000 for the current fiscal year. However, we will be under budget since we will not reach maximum enrollment full fiscal year given normal vacancies and not all new, full-time positions in the budget will be employed full year.

Berkshire is proposing a larger increase to the aggregate factors given the claims trend the last few months, which was expected. Given increase to the aggregate factors, the maximum liability to the City is increasing by +20%. The odds of hitting the maximum is less than 5%. Berkshire is not requiring any lasers to the plan, which means will not have to remove any employees or plan participants from stop loss coverage.

The proposed application was procured through a request for proposal issued by the City in 2021. Stealth Partner Group and Berkshire Hathaway Specialty Insurance submitted a proposal to the City to provide, among other things, stop loss insurance coverage in response RFP 2021-2017.

**OPTIONS:**

- 1) Approve a renewal insurance application for a stop loss insurance policy with Stealth Partner Group and Berkshire Hathaway Specialty Insurance for the City's partially self-funded insurance for plan year 2024.
- 2) Deny a renewal insurance application for a stop loss insurance policy with Stealth Partner Group and Berkshire Hathaway Specialty Insurance for the City's partially self-funded insurance for plan year 2024.

**RECOMMENDATION:**

Approve a renewal insurance application for a stop loss insurance policy with Stealth Partner Group and Berkshire Hathaway Specialty Insurance for the City's partially self-funded insurance for plan year 2024.

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

Not applicable

**FISCAL IMPACT:**

Plan Year Premiums Per Month Per Employee	Current	Renewal	Difference
Specific Employee Premium (Individual Stop Loss - \$125,000)	\$172.94	\$179.90	+\$6.96
Aggregate Premium (per employee, max liability)	\$6.05	\$7.09	+\$1.04
<b>Total Premium</b>	<b>\$178.99</b>	<b>\$186.99</b>	<b>+\$8.00</b>

Fiscal Year Costs	Employees	Monthly	Total
Estimated premiums (\$178.99 per) Oct – Dec 2023	386	\$69,090.14	\$207,270.40
Estimated premiums (\$186.99 per) Jan – Sept 2024	386	\$72,178.14	\$649,603.30
Total			\$856,873.70

Plan Year Costs	Employees	Monthly	Total
Estimated premiums (\$186.99 per) January – December 2024	386	\$72,178.14	\$866,137.70

Fiscal impact includes increase to budgeted full-time employees for FY 23-24.

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