



Stop Loss Insurance

Plan Year 2024

Stop Loss Insurance - Defined

The City's medical plan is a partially self-funded plan, which means we pay our own claims, but have a stop loss insurance plan to mitigate financial risk to our health plan

Stop Loss Insurance Services:

- Insures the City (not the employee) from catastrophic claims to contain risk and maintain financial solvency (critical component to a self-funded plan)
- 2 premiums:
 - Individual stop loss = \$125K
 - Aggregate stop loss = 120% of total expected medical and Rx claims
- Managing general underwriter performs cost tracking and stop loss claims processing

Stop Loss Insurance Fiscal Year Cost

Plan Year Premium Type Per Month Per Employee	Current 2023	Renewal 2024	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
Total Premium	\$178.99	\$186.99	+\$8.00

Premiums increase +4.47%

- Premium increase was less than expected with the current high claims trend this year
- Berkshire is not requiring excluding certain high claims plan members from stop loss coverage

Fiscal Year Cost	Enrolled	Total
Estimated premiums (\$178.99 per) Oct – Dec 2023	386	\$207,270.40
Estimated premiums (\$186.99 per) Jan – Sept 2024	386	\$649,603.30
Total		\$856,873.70

Cost factors in max FT staff for current enrolled plus all new added positions FY 23-24 full year

FY budget for stop loss premium = \$855,000

Stop Loss Insurance Plan Year Cost

Plan Year Cost	Enrolled	Total Premiums (individual + Aggregate)	2024 Max Liability
Estimated premiums (\$186.99 per) January – December 2024	386	\$866,137.70	\$6,691,043

Cost factors in max FT staff for current enrolled plus all new added positions FY 23-24 full year

Aggregate deductible for stop loss increases 20%, which was anticipated with current high claims trend this year

Berkshire is not requiring excluding certain high claims plan members from stop loss coverage

FY budget 24-25 preparation will include Oct-Dec 2024 premiums with added headcount as approved in budget

Plan Year 2025 Preparation

RFP will be sent out for all benefit plans for plan year 2025 during budget preparation for FY 24-25:

- Medical and dental will include self-insured and fully-insured plan quotes
- The city's benefit "plan year" is a calendar year, January – December
- Plan decisions from RFP will not be in effect until January 1, 2025
- Stop loss insurance coverage will be required through December 2024 at minimum

Council Action

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.