

City Council Regular Meeting

DEPARTMENT: Human Resources
FROM: Wanda Bullard, Deputy Director of Human Resources
MEETING: December 15, 2025

SUBJECT:

Consider and take possible action on a contract in the form of a renewal insurance application/insurance policy with Stealth Partner Group, managing general underwriter, and Berkshire Hathaway Specialty Insurance for stop-loss insurance for Plan Year 2026 in the amount of \$1,033,320.00. (Staff Contact: Wanda Bullard, Deputy Director of Human Resources)

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 <p>High Performing City Organization Providing Exceptional, People Focused Services</p>	1.1 Develop a high-performance and diverse workforce

SUMMARY:

Stop loss insurance limits a self-funded employer's health plan liability to a specified amount on each claimant and protects the financial integrity of the employer's self-funded plan. The City's stop loss insurance policy term is for the 2026 plan year, January to December.

The 2026 Stop Loss marketing analysis, conducted by the City's benefit consultant, HUB International, provided a renewal recommendation to stay with the City's current Stop Loss insurance carrier, Stealth Partner Group/Berkshire Hathaway.

This renewal is a 15% increase in individual and aggregate premiums and a 9.5% increase in the per employee monthly aggregate claims calculation for the annual aggregate liability. Based on the stop loss market, the city has secured a competitive premium as the market is seeing 18%-25%+ increase to premiums for 2026 according to benefit consultant feedback.

The City's quotes were impacted due to a high claimant and the ongoing nature of the claim. In addition, as of data through September 30, 2025, we currently have 13 large claimants in 2025 with

10 of those still active (\$50K and above). Five of the claimants are at or above the Individual Stop (ISL) Loss deductible ranging from \$151K to \$212K.

The City's current stop loss with Stealth Partner Group/Berkshire Hathaway includes an individual stop loss deductible of \$125,000 and a paid contract term. The paid contract term provides reimbursement of any eligible claims over \$125,000; claims can be incurred at any time during which the member was eligible on the plan but must be paid during the policy term of 12 months. This is important because medical carriers can audit high dollar claims and delay payment. If a high dollar claim were audited and fell outside of the stop loss contract limits, it may not be paid due to the contract terms. The contract with Berkshire Hathaway ensures claims, regardless of when they were incurred, would be paid, reducing the City's potential liability and risk. In addition, Berkshire does not require any lasers to the renewed plan, which means there will be no removal of plan participants from stop loss coverage or adjusted increase to specific plan participants' stop loss deductibles.

The City's stop loss insurance includes aggregate stop loss, which will cover costs if the total medical and Rx claims were to exceed 120% of expected claims spent. The maximum aggregate reimbursement is capped at \$2,000,000.

HUB's plan year 2026 Stop Loss coverage marketing analysis presented the city with the following three options, including the renewal with the current carrier, Stealth/Berkshire Hathaway.

Stop Loss RFP Vendor Respondents	2026 Total Premium Quotes (Individual & Aggregate)	2026 Cost with Current Enrollment of 373	* Estimated Cost for Added Enrollments	2026 Estimated Total Premium Cost for 395 Enrollments
Stealth/Berkshire *Recommended*	\$218.00	\$975,768.00	\$57,552.00	\$1,033,320.00
SA/Liberty	\$212.80	\$952,492.80	\$56,179.20	\$1,008,672.00
Stealth/ISU	\$215.55	\$964,801.80	\$56,905.20	\$1,021,707.00

*** Includes adding 22 enrollments to account for the 7 new FY 2026 positions and filling 15 vacancies.**

Although SA/Liberty and Stealth/ISU have lower premium quotes, their proposals came with conditions that would add additional liability costs for the city. SA/Liberty's offer includes an estimated liability risk of \$735,000 for the city to laser three specific claimants' individual stop loss. In addition, SA/Liberty annual aggregate risk ranged from \$65,439.12 - \$69,298.80 over the Stealth/Berkshire quote.

The Stealth/ISU quote has a significantly higher aggregate claims increase per employee, which adds an annual aggregate risk range of \$581,208.60 - \$615,489.00 for the city. Stealth/ISU also caps the aggregate stop loss reimbursement at \$1,000,000 versus \$2,000,000 that the city would have with Stealth/Berkshire.

RECOMMENDATION:

Staff recommends to approve a contract in the form of a renewal insurance application/insurance policy with Stealth Partner Group, managing general underwriter, and Berkshire Hathaway Specialty Insurance for stop-loss insurance for Plan Year 2026 in the amount of \$1,033,320.00.

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

City Council Regular Session on June 16, 2025

Finance Committee on August 6, 2025

City Council Special Session on August 11, 2025

REFERENCE:

N/A

FISCAL IMPACT:

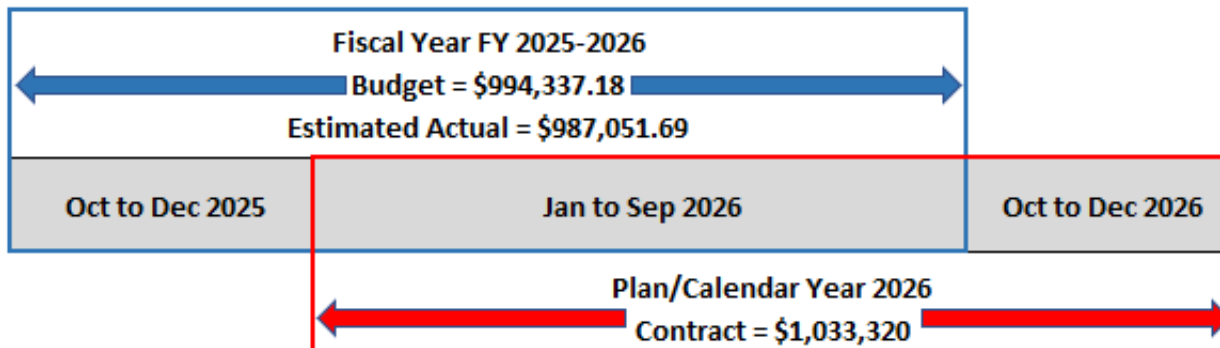
Proposed Expenditure/Revenue: \$1,033,320.00

Account Number(s): 6201025-65040

Fund: 620-Health Insurance Fund

Account Description: Stop Loss Premiums

The proposed expenditure of \$1,033,320.00 is based on a 12-month calendar year (Jan-Dec 2026) estimated at the increased premium rates with the higher enrollment number of #395. When reviewing the stop loss renewal against fiscal year 2026, the City will be within budget for FY 2026. The rates for October to December 2025 are lower than the new rates that begin January through September 2026. In addition, the enrollment numbers are lower for October to December 2025 versus the estimated plan year 2026 enrollment. The city budgeted fiscal year stop loss at \$994,337.18, with an estimated spend of \$987,051.69.



Stop Loss insurance will not affect the 2026 Health Care Premium rates for employees.

STAFF CONTACT:

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