



Stop Loss Insurance

Human Resources
November 14, 2023

ID# 23-2133



Background

- Coverage through United Healthcare Insurance Company (UHC) since January 1, 2014. Current contract with UHC ends on December 31, 2023.
- Stop Loss protects the City's self-funded health plan from catastrophic health claims by providing a cap on the amount of health claims paid by covered members; Coverage based on a rate of Per Member Per Month (PMPM)
- Coverage includes both Individual Stop Loss (ISL) and Aggregate Stop Loss (ASL) coverage
- ISL reimbursement begins once a \$185,000 cap is exceeded on an individual basis (per employee, per retiree, per dependent); Current ISL Rate - \$188.85/PMPM
- ASL reimbursement begins once total claims cost exceeds the expected claims cost by 25% for the entire plan and reimburses up to \$1,000,000; Current ASL Rate - \$4.82/PMPM



Stop Loss RFP

- RFP issued in August 2023 - 1 Bid Received from Stealth Partner Group which included responses from four (4) companies (including UHC)
- UHC's proposal, submitted by Stealth Partner Group, provides the lowest overall cost, with an overall increase of 7.43% compared to current rates
- All proposals included Individual Stop Loss quotes for a \$185,000, \$200,000, \$225,000, and a \$250,000 level
- Review of average claims exceeding the ISL threshold in prior years does not support a higher ISL, Staff recommends staying at the \$185,000 ISL level

Stop Loss RFP

- Recommend awarding a contract with UHC through the Stealth Partner Group for Individual and Aggregate Stop Loss Insurance Coverage for 5-years in NTE amount of \$38,864,326
- The Not-to-Exceed amount includes a 5% enrollment increase and an estimated 20% rate increase year-over-year with a built-in 10% contingency; however, the contract renewal rate cap is set at 40%. The 40% renewal rate cap is unlikely and would be the result of a prior poor claims experience year.
- Stop-Loss is contracted for multiple years to protect the plan but is taken to market annually

Questions?

