



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement
ACM: Christine Taylor
DATE: March 3, 2026

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, ratifying the expenditure of funds and authorizing the City Manager to execute a contract with United Healthcare Insurance Company, for Health Individual and Aggregate Stop Loss Insurance for the Human Resources Department; providing for the expenditure of funds therefor; and providing an effective date (RFP 8339 – for the one (1) year not-to-exceed amount of \$5,811,278.00).

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Pursue Organizational Excellence and Collaborative and Respectful Leadership.

INFORMATION/BACKGROUND

Individual Stop Loss (ISL) insurance provides a cap on an individual member basis (employee, retiree, dependent) at a pre-determined amount (the City's current threshold is \$185,000). Therefore, after an individual plan member's medical claims exceed \$185,000 in a calendar year, the stop-loss company begins reimbursing the City for covered expenses. The City's current ISL rate is \$273.34 per employee per month (PEPM).

Aggregate stop loss (ASL) provides a cap for the health plan in totality. If the total health care costs for all members exceed the expected plan costs (as calculated by the stop-loss insurance company based on month-by-month enrollment levels) by 25%, then the stop-loss insurance company reimburses the City for those costs, up to a maximum of \$1,000,000 in a calendar year. The City's current ASL rate is \$5.78 PEPM.

In 2023, the City awarded the Individual and Aggregate Stop Loss Insurance contract to United Healthcare (UHC), based on a proposal submitted through Stealth Partner Group (Stealth). At that time, McGriff, Seibels, & Seibels & Williams (McGriff) served as the City's benefits broker, and Stealth acted as the stop-loss consultant supporting McGriff.

In November 2024, the City's contract with McGriff ended. With the end of that contract, Stealth should no longer have been associated with the City. In March 2024, the Human Resources Department entered into a new agreement with Lockton-Dunning Series of Lockton Companies, LLC (Lockton) to serve as the City's benefits consultant. Under this agreement, Lockton provides stop-loss consulting services and manages the purchase of Stop Loss Insurance and Aggregate Stop-Loss Insurance directly through United Healthcare to help mitigate the risks associated with large claims.

The City is requesting to ratifying the expenditure of funds and contract authority to UHC.

RECOMMENDATION

Award a contract with United Healthcare Insurance Company, for Individual and Aggregate Stop Loss (Reinsurance) Insurance for the Human Resources Department, for the one (1) year not-to-exceed amount of \$5,811,278.

PRINCIPAL PLACE OF BUSINESS

United Healthcare Insurance Company
Minnetonka, MN

FISCAL INFORMATION

These services will be funded from account 850500.6712. Requisitions will be entered on an as-needed basis. The budgeted amount for this item is \$5,811,278.

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Ordinance

Respectfully submitted:
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Purchasing Manager

For information concerning this acquisition, contact: Sara Kjos, 940-349-7864.

Legal point of contact: Leah Bush at 940-349-8333.