



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
REGULAR MEETING**

**#17-1076**

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**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Lee R. Feldman, ICMA-CM, City Manager

**DATE:** September 6, 2017

**TITLE:** Motion to Approve Increase in Contract Value for Reinsurance for the Self-Funded Medical Plan – Cigna Health and Life Insurance Company – \$174,927

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**Recommendation**

It is recommended that the City Commission approve an increase in contract value for reinsurance for the self-funded medical plan with Cigna Health and Life Insurance Company (Cigna) in the amount of \$174,927 to result in a new annual contract value of \$930,000.

**Background**

The City of Fort Lauderdale's self-funded medical plan design includes a fully insured specific reinsurance policy that covers all incurred medical and pharmacy claims in excess of a designated amount per member per calendar year. This coverage is also known as a specific stop loss policy. These reinsurance policy premiums are only guaranteed for one year at a time and renewals are based on local industry medical cost trends, policy experience, and an insurance company's overall experience in their reinsurance pool.

On November 1, 2016, the City Commission approved a one-year contract (insurance policy) in the estimated amount of \$755,073 with Cigna (CAM 16-1261). This policy is for the period of January 1, 2017 through December 31, 2017.

The original CAM (16-1261) correctly describes a 10% increase in premium (\$44.69 per subscriber, per month, up from \$40.63) while retaining the same stop loss level of \$275,000. However, the total estimated amount of \$755,073 erroneously included a two-month credit (estimated at \$119,658) which was intended for and applied to the City's administrative services contract, also with Cigna. As referenced on Exhibit 1 of CAM 16-1261, the estimated premium, not including the credit, was \$874,731.

In addition, the estimated premium of \$874,731 was based on the enrollment at that time; however, enrollment has since increased due to increased staffing levels resulting in the additional request up to \$930,000.

**Resource Impact**

There will be an estimated fiscal impact to the City in the amount of \$174,927.

<i>Funds available as of August 24, 2017</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
545-INS220101-5130	Self-Insured Health Benefits	Non-Oper Exp/Health Insurance Administration	\$20,427,207	\$2,974,713	\$174,927
<b>TOTAL AMOUNT ►</b>					<b>\$174,927</b>

**Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing our resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

**Attachments**

Exhibit 1 – Commission Agenda Memo 16-1261

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Prepared by: Guy Hine, Risk Manager

Department Director: Averill L. Dorsett, Director of Human Resources