



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

#14-1205

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

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

DATE: October 7, 2014

TITLE: Motion approving the use of the negotiation method specified in Section 2-199(3) of the City Code of Ordinances to obtain a stop-loss insurance premium quote

Recommendation

It is recommended that the City Commission approve the use of the negotiation process to obtain a premium quote from the current vendor for specific stop-loss re-insurance.

Background

The City of Fort Lauderdale's self-funded health plan incorporates a fully-insured specific reinsurance policy that currently covers all eligible incurred health and pharmacy claims in excess of \$250,000. This coverage is also known as a specific stop loss policy. The premiums for these stop-loss policies are only guaranteed for one year at a time due to the volatility and exposure of health care claims. Renewals are based on local market health care cost trends, policy experience and an insurance company's overall experience in their reinsurance pool.

The City of Fort Lauderdale's current reinsurance policy is underwritten by Cigna d/b/a Connecticut General Life Insurance Company. Cigna is also the City's self-funded health plan's third party administrator and pharmacy benefit administrator. Cigna's reinsurance policy was selected in each of the last three years as the result of RFP processes. Due to the current market conditions (rates are increasing) in this line of business and the fact that this insurance has been marketed the last three years, it would be advantageous to the City to negotiate with the current vendor, Cigna. The City's Benefit Consultant and the Insurance Advisory Board have recommended negotiating with Cigna to secure a competitive renewal for the upcoming period of 1/1/2015 to 12/31/2015.

Staff, and by recommendation from the Insurance Advisory Board, requests authorization from the City Commission to permit the City Manager's designee, Lloyd Rhodes of The Rhodes Insurance Group, to conduct negotiations with the current vendor, Cigna, to obtain an insurance premium quote, as prescribed in Section 2-199(3) of the Code of Ordinances, for the period of January 1, 2015 through December 31, 2015.

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The Insurance Advisory Board met on October 1, 2014, and unanimously approved the recommendation to negotiate with the current vendor to obtain an insurance premium quote.

Resource Impact

There is no fiscal impact associated with this action.

Prepared by: Guy Hine, Risk Manager

Department Director: Averill L. Dorsett, Human Resources Director