



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

**#23-0954**

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

**FROM:** Greg Chavarria, City Manager

**DATE:** December 5, 2023

**TITLE:** Motion Authorizing Purchase of Reinsurance for Self-Funded Medical Plan  
- Cigna Health and Life Insurance Company - \$1,890,486 - **(Commission  
Districts 1, 2, 3 and 4)**

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**Recommendation**

Staff recommends the City Commission approve the purchase of a one-year reinsurance policy with a stop-loss level of \$400,000 for the self-funded medical plan from Cigna Health and Life Insurance Company (Cigna), at a rate of \$80.79 per subscriber, per month, in an estimated total cost of \$1,890,486.

**Background**

The City of Fort Lauderdale's self-funded medical plan design contemplates 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.

The City of Fort Lauderdale's current reinsurance policy is underwritten by Cigna and will expire on December 31, 2023. Inasmuch as the competitive solicitation and selection process is inapplicable to the purchase of insurance and insurance-related products pursuant to Subsection 2-176(d), Code of Ordinances of the City of Fort Lauderdale, Florida, the City's contracted consultant, Christian Bergstrom of The Gehring Group, negotiated with the current vendor, Cigna. Cigna offered three options for renewal, which are documented in Exhibit 3, Terms and Conditions. Risk Management is recommending the option with an increased stop loss level of \$400,000, up \$50,000 from last year, but at a reduced premium rate of \$80.79 per subscriber, per month, down from last year's rate of \$87.11. The total estimated premium of \$1,890,486 is based on enrollment of 1,950 and is down from last year's estimated annual amount of \$2,038,374. If the enrollment number increases throughout the Plan Year, the total premium will increase commensurately. This policy is for the period of January 1, 2024 through December 31,

2024. The Insurance Advisory Board reviewed and recommended approval of this item at their November 1, 2023 meeting.

Staff, and by recommendation from the Insurance Advisory Board and the City's Benefits Consultant, requests City Commission approval for the purchase of reinsurance from Cigna Health and Life Insurance Company in the estimated amount of \$1,890,486.

### **Resource Impact**

Funds for this purchase in the amount of \$1,890,486 are available in the FY 2024 Budget in the account listed below:

<b><i>Funds available as of December 5, 2023</i></b>					
<b>ACCOUNT NUMBER</b>	<b>INDEX NAME (Program)</b>	<b>CHARACTER CODE/ SUB-OBJECT NAME</b>	<b>AMENDED BUDGET (Character)</b>	<b>AVAILABLE BALANCE (Character)</b>	<b>AMOUNT</b>
10-545-9070-519-50-5130	Self-Insured Health Benefits	Non-Oper Exp/Health Insurance Administration	\$35,340,935	\$35,340,935	\$1,890,486
<b>TOTAL AMOUNT ►</b>					<b>\$1,890,486</b>

### **Strategic Connections**

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning.

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

This item supports the *Advance Fort Lauderdale 2040* Comprehensive Plan, specifically advancing:

- The Internal Support Focus Area
- Implementation Element
- Goal 1: The Fort Lauderdale Comprehensive Plan shall accomplish the City's *Fast Forward Fort Lauderdale 2035* Vision Plan regarding the City's future growth and the six Cylinders of Excellence and shall be the City's primary policy document to guide all of its activities and development.

**Attachments**

Exhibit 1 – Consultant's Summary and Recommendation

Exhibit 2 – Premium Analysis

Exhibit 3 – Terms and Conditions

Exhibit 4 – Reinsurance Policy

Exhibit 5 – Amendment to Reinsurance Policy

Exhibit 6 – Insurance Advisory Board – Meeting Minutes

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Prepared by: Guy Hine, Risk Manager, Human Resources Department

Department Director: Jerome Post, Human Resources Department