



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

#22-1043

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

FROM: Greg Chavarria, City Manager

DATE: November 1, 2022

TITLE: Motion Authorizing Purchase of Reinsurance for Self-Funded Medical Plan
- Cigna Health and Life Insurance Company - \$2,038,374 - **(Commission
Districts 1, 2, 3 and 4)**

Recommendation

Staff recommends the City Commission approve the purchase of a one-year reinsurance policy with a stop-loss level of \$350,000 for the self-funded medical plan from Cigna Health and Life Insurance Company (Cigna), at a rate of \$87.11 per subscriber, per month, in an estimated total cost of \$2,038,374.

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, 2022. 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, marketed this insurance and finding no real viable quotes, negotiated with the current vendor, Cigna. Cigna offered the same stop loss level as last year, \$350,000, but at an increased premium rate of \$87.11 per subscriber, per month, up from last year's rate of \$62.92. The total estimated premium of \$2,038,374 is based on enrollment of 1,950 and is up from last year's estimated annual amount of \$1,398,334. If the enrollment number increases throughout the Plan Year, the total premium will increase commensurately. This policy is for the period of January 1, 2023, through December 31, 2023. The Insurance Advisory Board reviewed and recommended approval of this item at its September 7, 2022, 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 \$2,038,374.

Resource Impact

Funds for this purchase in the amount of \$2,038,374 are available in the FY 2023 Budget in the account listed below:

<i>Funds available as of October 18, 2022</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
10-545-9070-519-50-5130	Self-Insured Health Benefits	Non-Oper Exp/Health Insurance Administration	\$33,596,144	\$33,596,144	\$2,038,374
TOTAL AMOUNT ►					\$2,038,374

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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