



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#16-1261

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

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

DATE: November 1, 2016

TITLE: Motion Authorizing Purchase of Reinsurance for Self-Funded Medical Plan
– Cigna Health and Life Insurance Company – \$755,073.

Recommendation

It is recommended that the City Commission approve the purchase of reinsurance with a stop loss level of \$275,000 for the self-funded medical plan from Cigna Health and Life Insurance Company ("Cigna") in the estimated amount of \$755,073, and determine that Cigna best meets the needs of the City, as provided in Section 2-199(1), Code of Ordinances of the City of Fort Lauderdale.

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.

The City of Fort Lauderdale's current reinsurance policy is underwritten by Cigna and is scheduled to expire on December 31, 2016. As provided in Section 2-199(1) of the Code of Ordinances, the City's contracted agent, Lloyd Rhodes of The Rhodes Insurance Group, conducted negotiations with the current vendor, Cigna, and obtained 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, if the City renews with Cigna, they will provide a 2-month credit of Administrative Services Only (ASO) fees in January and February 2017 estimated to be a total of \$119,658. Therefore the City will save 5% or an estimated \$40,137 annually based on current enrollment data. This policy is for the period of January 1, 2017 through December 31, 2017. The Insurance Advisory Board reviewed and approved this item at their September 7, 2016 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 \$755,073.

Resource Impact

There will be an estimated fiscal impact to the City in the amount of \$755,073.

<i>Funds available as of October 11, 2016</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB- OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	PURCHASE AMOUNT
545-INS220101-5130	Self-Insured Health Benefits	Non-Oper Exp/Health Insurance Administration	\$20,427,207	\$20,427,207	\$755,073
PURCHASE TOTAL ►					\$755,073

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*.

Attachment(s)

Exhibit 1 – Specific Reinsurance Premium Analysis

Prepared by: Michael Naftaniel, Benefits Manager
Guy Hine, Risk Manager

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