



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

#17-1419

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

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

DATE: December 5, 2017

TITLE: Motion Authorizing Purchase of Reinsurance for Self-Funded Medical Plan
– Cigna Health and Life Insurance Company - \$1,019,972

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 \$1,019,972; and make a determination that this contract of insurance best meets the needs of the City, as provided Section 2-176(e)(23), Code of Ordinances, 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 will expire on December 31, 2017. As provided in Ordinance No. 2-176(e)(23), the City's contracted agent, Lloyd Rhodes of The Rhodes Insurance Group, conducted negotiations with available markets and found Cigna, the current vendor, provided the best rates (taking into consideration the medical administrator's annual interface fee). Cigna offered a 10% increase in premium (\$49.16 per subscriber, per month, up from \$44.69) while retaining the same stop loss level of \$275,000. The total estimated premium of \$1,019,972 is based on enrollment of 1,729. If the enrollment number increases throughout the Plan Year, the total premium will have to be increased. This policy is for the period of January 1, 2018 through December 31, 2018. The Insurance Advisory Board reviewed and recommended approval of this item at their November 1, 2017 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 \$1,019,972.

Resource Impact

There will be an estimated fiscal impact to the City in the amount of \$1,019,972.

<i>Funds available as of November 1, 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	\$25,016,086	\$24,017,704	\$1,019,972
TOTAL AMOUNT ►					\$1,019,972

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 – Summary of Proposals

Exhibit 2 – Premium Analysis

Exhibit 3 – Terms and Conditions

Exhibit 4 – Stop Loss Policy

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