



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

**#18-1252**

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

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

**DATE:** November 20, 2018

**TITLE:** Motion Authorizing Purchase of Reinsurance for Self-Funded Medical Plan  
– Cigna Health and Life Insurance Company - \$1,044,386

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**Recommendation**

It is recommended that the City Commission approve the purchase of a one-year reinsurance policy with a stop-loss level of \$325,000 for the self-funded medical plan from Cigna Health and Life Insurance Company (Cigna) in the estimated amount of \$1,044,386.

**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, 2018. The City's contracted agent, Lloyd Rhodes of The Rhodes Insurance Group, approached the available markets and found Cigna, the current vendor, as the only responsive bidder. Eight other markets declined to quote and considered themselves to be non-competitive. Cigna offered a 0.3% increase in premium (\$49.31 per subscriber, per month, up from \$49.16) while increasing the stop loss level to \$325,000. The total estimated premium of \$1,044,386 is based on enrollment of 1,765. 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, 2019 through December 31, 2019. There was not a quorum for the November 7, 2018 meeting of the Insurance Advisory Board so this item was not reviewed by the Board.

Staff, 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 \$1,044,386.

### **Resource Impact**

There will be an estimated fiscal impact to the City in the amount of \$1,044,386 for this contract of insurance.

<i>Funds available as of November 8, 2018</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	\$26,943,186	\$24,363,192	\$1,044,386
TOTAL AMOUNT ►					\$1,044,386

### **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

Exhibit 5 – Amendment to Reinsurance Policy

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Prepared by: Michael Naftaniel, Human Resources  
Guy Hine, Human Resources

Department Director: Tarlesha Smith, Human Resources