



THE RHODES INSURANCE GROUP
Managed Health Care & Group Insurance

September 17, 2019

Mr. Guy Hine, Risk Manager
City of Fort Lauderdale
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

Re: City of Fort Lauderdale's Self-funded Group Health Plan
January 1, 2020 Renewal – Cigna Specific Reinsurance Policy

Dear Guy,

We have completed our review and negotiations for the City's specific reinsurance policy underwritten by Cigna for the City's self-funded health plan effective January 1, 2020.

We received the initial renewal from Cigna on July 19, 2019. This renewal called for a 19% increase or an estimated \$206,890 in additional calendar year premiums based on the Cigna enrollment report for June 2019 enrollment of 1,840 subscribers. The reinsurance policy is renewed on a calendar year basis and is subject to medical trends and potential large claims. The existing calendar year specific reinsurance policy covers members' eligible claims incurred in excess of \$325,000. Our final negotiations resulted in Cigna reducing the initial renewal offer from 19% to 12% for the current level of \$325,000 and no increase in premium to move to a \$350,000 stop loss level. There would have to be 5.22 claims incurred between \$325,000 and \$350,000 to consume the premium savings of \$130,493.

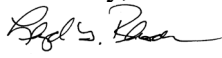
In addition to the premium analysis, we have also attached the reinsurance experience history and analysis for the City's self-funded health plan.

As you recall, in 2018 we marketed the 2019 reinsurance renewal to 9 reinsurance companies. Of these companies, only Cigna provided a proposal. We attribute this to the City's past claims experience, the competitiveness of the Cigna premiums and the tightening of the health reinsurance market. It is also important to know that marketing the reinsurance premium each year does not represent "Best Practice" for long term reinsurance cost management.

After reviewing the current ongoing claims and diagnoses, it is our opinion that Cigna's January 1, 2020 renewal for the proposed stop loss level of \$350,000 represents the City's best option for specific reinsurance coverage for the City of Fort Lauderdale's self-funded health plan.

Please let me know if you have any questions regarding our recommendation or if you need additional information.

Guy Hine
January 1, 2020 Renewal – Specific Reinsurance
Page 2

Sincerely,

Lloyd F. Rhodes

Attachments (5)
2020 Reinsurance Premium Analysis
Reinsurance Rate & Experience History
Claims Stratification History
2017 Original Cigna Stop Loss Contract
Amendment for 2019 Cigna Stop Loss Agreement

cc: Michael Nafthaniel
Matt Cobb
Glen Volk