



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

#20-0903

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: November 17, 2020

TITLE: Motion Authorizing Purchase of Reinsurance for Self-Funded Medical Plan
- Cigna Health and Life Insurance Company - \$1,269,840 - **(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 \$57.20 per subscriber, per month, in an estimated total cost of \$1,269,840.

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, 2020. 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, Lloyd Rhodes of The Rhodes Insurance Group, after marketing this insurance two years ago and receiving 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 \$57.20 per subscriber, per month, up from last year's rate of \$49.31. The total estimated premium of \$1,269,840 is based on enrollment of 1,850 and is up from last year's estimated annual amount of \$1,094,682. However, in an effort to help offset this increase, Cigna has provided a credit on the administrative services portion of their program in the amount of \$68,000. 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, 2021 through December 31, 2021. The

Insurance Advisory Board reviewed and recommended approval of this item at their November 4, 2020 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 \$1,269,840.

Resource Impact

Funds for this purchase in the amount of \$1,269,840 are available in the FY 2021 Budget in the account listed below:

<i>Funds available as of October 29, 2020</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	\$29,362,307	\$29,362,307	\$1,269,840
TOTAL AMOUNT ►					\$1,269,840

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.

Attachments

Exhibit 1 – Consultant's Summary and Recommendations

Exhibit 2 – Premium Analysis

Exhibit 3 – Terms and Conditions

Exhibit 4 – CIGNA Reinsurance (Stop Loss) Policy

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