



Legislation Text

File #: 23-1336, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Change Order #1 for Stop Loss Reinsurance, to Sun Life Assurance Company of Canada (Sun Life) for an amount not to exceed \$39,954.64 and a total award of \$1,044,456.16

DEPARTMENT: Human Resources

SUBMITTED BY: Blaine Wing, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

On October 18, 2022, the City Council approved a recommendation by Alera Group, the City's insurance broker, to award a contract for stop-loss insurance to Sun Life Assurance Company of Canada (Sun Life) for a one-year term from January 1, 2023, to December 31, 2023. Stealth Partner Group provides Specific Stop-Loss Insurance for participants in the City's Preferred Provider Organization (PPO) and PPO High Deductible Health Plan (HDHP).

DISCUSSION:

A Change Order is requested to add additional funds for expenses incurred during the year due to higher-than-anticipated PPO plan enrollment. The initial award was based on an estimated total enrollment of 737 people in the City's PPO and HDHP plans. After the completion of open enrollment following the award, the number of participants selecting either the PPO or HDHP plan was higher than anticipated. The City has averaged 775 enrolled participants in the PPO and HDHP plans during 2023 and the stop-loss insurance premium is paid monthly based on actual participants in the PPO and HDHP plans.

Staff recommends approval of this Change Order to pay the final invoice for 2023. If the Change Order was not approved, the carrier could terminate coverage. Termination of stop-loss insurance presents a significant financial risk to the City as we would become responsible for catastrophic claims as part of our regular self-insured health plan.

FISCAL IMPACT:

Stop-loss insurance is expensed to the account number listed below. A total of \$981,419 is budgeted for coverage costs in 2023. The requested change order can be accommodated by savings in other areas of the City's health insurance plan including administrative fees from the PPO and HMO plans which are currently below projections.

Account Number	Fund Description	Total Budget
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60101600-523210	Self-Insurance Fund	\$981,419.00
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