

WHATCOM COUNTY COUNCIL AGENDA BILL

NO. 2018-342

CLEARANCES	Initial	Date	Date Received in Council Office	Agenda Date	Assigned to:
Originator:	VSS	11/08/2018	RECEIVED NOV 13 2018 WHATCOM COUNTY COUNCIL	11/20/2018	Finance/Council Consent Agenda
Division Head:					
Dept. Head:	VSS	11/08/2018			
Prosecutor:	JG	11/8/18			
Purchasing/Budget:					
Executive:	AA	11/9/18			

TITLE OF DOCUMENT:
Renewal - Stop Loss Insurance Protection for Self-Insured Medical Plan

ATTACHMENTS:

1. Memorandum to Jack Louws, County Executive
2. Renewal Proposal for Sun Life Assurance Company Group Policy 089876 January-December 2019

SEPA review required? () Yes (x) NO
 SEPA review completed? () Yes (x) NO

Should Clerk schedule a hearing? () Yes (x) NO
 Requested Date:

SUMMARY STATEMENT OR LEGAL NOTICE LANGUAGE: (If this item is an ordinance or requires a public hearing, you must provide the language for use in the required public notice. Be specific and cite RCW or WCC as appropriate. Be clear in explaining the intent of the action.)

Following solicitation of quotes for stop loss (excess) medical plan insurance pursuant to Resolution 2007-058, Kibble & Prentice recommends renewing the County's stop loss protection for the self-insured medical program with Sun Life Assurance Company for 2019.

RECOMMENDED MOTION:

Request authorization for the County Executive to accept Sun Life STOP-LOSS POLICY renewal option 1 for insurance protection for the self-insured medical program for 2019.

COMMITTEE ACTION:

COUNCIL ACTION:

Related County Contract #:

Related File Numbers:

Ordinance or Resolution Number:


Please Note: Once adopted and signed, ordinances and resolutions are available for viewing and printing on the County's website at: www.co.whatcom.wa.us/council.



Karen Sterling Goens
Manager

MEMORANDUM

TO: Jack Louws, County Executive

FROM: Karen Goens, Human Resources Manager 

RE: **Medical – Stop Loss Insurance Policy**

DATE: November 8, 2018

Enclosed is a recommended Renewal Proposal for Whatcom County's Group Policy for Specific and Aggregate Stop Loss Insurance for your review and signature.

▪ **Background and Purpose**

The County is required by law to protect its financial assets in the self-insured medical program with reserves and excess insurance coverage (also called stop loss or reinsurance) [RCW 48.62.071(4)]. Each year our benefit consulting contractor, USI (formerly Kibble & Prentice), seeks bids from the market, obtains and analyzes quotes (pursuant to Resolution No. 2007-058), recommends coverage levels, and includes the rates in the medical plan renewal pricing.

For January 1, 2019, USI recommends the County significantly increase stop loss protection by choosing renewal option 1 because the number of members enrolled on the self-insured plan has dropped. In 2018, Correction Deputies moved to a Teamsters plan, Deputy Sheriff Guild moved to a LEOFF Welfare Trust plan. In 2019, the Northwest Regional Council will move to the State's Public Employee Benefit Board (PEBB) program. USI assures us the smaller group size is still viable for self-insurance however claims costs will be more variable. Therefore, USI recommends the County increase Aggregate Stop Loss (ASL) protection for the fund from 200% to 125% and Individual Stop Loss (ISL) for individual claims from \$275,000 to \$200,000 per occurrence. The renewal continues coverage with the same company Sun Life Assurance Company.

▪ **Funding Amount and Source**

The anticipated annual premium, \$725,677 will be covered from cost center 507340. We budgeted \$600,000 for this line but the change in stop loss level reduces overall claims costs by roughly \$125,000.

▪ **Differences from Previous Contract**

The only difference is the cost as described above.

Please feel free to contact me at extension 5305, if you have any questions or concerns regarding this recommendation.

Renewal options

November 8, 2018

To accept the renewal proposal, please do the following:

- At the bottom of this page, select a renewal option and sign where indicated.
- Email, fax, or mail all of the pages in the 'Renewal options' and 'Renewal options, continued' tabs to me by December 1, 2018, in order to avoid a lapse in coverage.

Policyholder name:	Whatcom County	Account number:	89876
Policyholder Address:	311 Grand Ave Ste 503 Bellingham, WA 98225	Renewal status:	Open
Situs State:	WA	TPA Name:	HEALTHCARE MANAGEMENT ADMINISTRATIVE
Renewal Eff. Date:	January 1, 2019	PPO Name:	BS Regence, HMA preferred plan

Current and renewal rate summary	
Tier	Employees
Single	103
Family	285
Total	388

Specific Stop-Loss policy details and renewal options			
Plan thresholds	Current	Renewal	Renewal option 2
Individual Specific deductible	\$275,000	\$275,000	\$200,000
Aggregating Specific deductible	None	None	None
Annual maximum	Unlimited	Unlimited	Unlimited
Lifetime maximum	Unlimited	Unlimited	Unlimited
Specific rates	Current	Renewal	Renewal option 2
Claims basis	12/15 gapless	12/15 gapless	12/15 gapless
Gapless Renewal		Included	Included
Benefits covered	Medical and Rx	Medical and Rx	Medical and Rx
Single	\$46.98	\$58.64	\$97.58
Family	\$108.46	\$135.36	\$225.29
Total monthly premium	\$35,750.04	\$44,617.52	\$74,258.39
Renewal rate action as a % increase to current monthly premium		24.8%	107.7%

Aggregate Stop-Loss policy details and renewal options			
Aggregate rates	Current	Renewal	Renewal option 2
Aggregate Benefit Maximum	\$1,000,000	\$1,000,000	\$1,000,000
current Annual Renewal PEPM	\$1.00	\$6.59	\$6.59
Current Annual Renewal monthly	\$1.00	\$2,556.92	\$2,556.92
Aggregate thresholds and rates	Current	Renewal	Renewal option 2
Claims basis	12/15	12/15	12/15
Benefits covered	Medical/PDP	Medical/PDP	Medical/PDP
Corridor	200%	125%	125%
Minimum Attachment Point %	100%	100%	100%
Composite Aggregate deductible factor	\$2,489.12	\$1,591.61	\$1,553.34
- Medical	\$1,802.72	\$1,125.64	\$1,087.37
- Rx Drug	\$686.40	\$465.97	\$465.97
Minimum Attachment Point	\$965,778.56	\$617,544.68	\$602,695.92
Estimated monthly renewal liability	\$965,778.56	\$617,544.68	\$602,695.92
Renewal rate action as a % increase to current monthly aggregate deductible factors.		-36.1%	-37.6%

Total estimated annual plan costs			
Total costs	Current	Renewal	Renewal option 2
Total annual premium	\$429,001.48	\$566,093.28	\$921,783.72
Annual Aggregate Attachment Point	11,589,342.72	7,410,536.16	7,232,351.04
Total estimated self-funded plan costs	\$12,018,344.20	\$7,976,629.44	\$8,154,134.76

plan cost.

Select renewal option				X
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Please acknowledge acceptance of the terms and conditions of the renewal proposal by signing below and returning all pages of the proposal to Brian Partridge.

Please indicate the renewal option you have selected by initialing one of the three boxes above. Your signature on the renewal proposal constitutes your acceptance of the terms, conditions, assumptions and contingencies set forth in the proposal. The premium rates agreed upon as part of renewal will be effective on the Policy Renewal Effective Date.

Authorized Signature: _____
Printed Name: <u>Jack Louws, County Executive</u> Date: _____

Renewal options, continued

November 5, 2018

Policyholder name:	Whatcom County
Account number:	89876
Renewal status:	Open
Renewal Eff. Date:	January 1, 2019

Specific Stop-Loss coverage

The following options and programs are included in your policy:

Options:

- **No New Lasers at Renewal option with Renewal Rate Cap of 50%**
This option prevents new lasers. The rate cap applies to Specific rates and the Aggregating Specific deductible (if applicable), and it assumes there are no material changes to the underlying plan, the Sun Life Stop-Loss policy, or the covered group.
- **Mirroring Endorsement**
This option is subject to review and approval by Sun Life and may affect the quoted rates. To include this endorsement with your policy, within 90 days of the policy effective date, we need your plan document and an executed Renewal Options signature page.
- **Advance Funding option**
This option enhances the cash flow of your self-funded plan by advancing the stop-loss funds to you or your administrator up front, before you pay the provider.
- **Retiree coverage**
- **Rx claims are included and bundled with the administration (no carve-out PBM)**
This proposal assumes that your stop-loss insurance will include coverage for prescription drug claims and that the standard large claimant reporting from your medical administrator will include both medical and prescription drug claims. Based on the information provided, your PBM vendor is Express Scripts.

Programs:

- **SunElite™ medical document review service**
SunElite is a medical plan document review service for Sun Life Stop-Loss clients. Your custom SunElite report will analyze the plan's cost-containment, federal law compliance and discretionary authority.
- **SunExcel® transplant program**
The SunExcel program includes access to a stop-loss Specific deductible reduction when an approved transplant contract is placed.
- **SunResources® preferred network program**
SunResources is our preferred cost-containment vendor program. On a voluntary basis, Sun Life clients gain access to an extensive network of cost-containment vendors that have gone through a rigorous vetting process to ensure quality service and performance. SunResources can help lower costs both before and after a catastrophic claim occurs.

The following are not included in your policy:

- **Clinical Trials option**
- **Electronic Funds Transfer**
- **Terminal Liability option**
- **Experience Rating Refund**

Assumptions

- **Transplant rider**
Sun Life assumes that if a Transplant rider is in place with your health-care plan, Sun Life is designated as secondary claims payer.

Producer commissions

Sun Life pays the following commission percent to the Stop-Loss producer: 0.0%.