



Open Session Item

**SUBJECT:** Contract Award (PUR-1348) – Stop Loss Insurance Coverage

**PRESENTATION DATE:** May 23, 2017

**PRESENTATION BY:** Karen Luther, CPPO – Director of Purchasing, Debra I Peyton, SHRM-CP, PHR, Benefits Manager, and a representative from the County’s consultant, CBIZ Benefits & Insurance Services, Inc.

**RECOMMENDED MOTION:** Motion to award a contract for Stop Loss Insurance to the responsive, responsible proposer, **Sun Life Financial** of Wellesley Hills, MA who submitted the lowest price with no special terms for high claimants for a total annual premium of **\$573,663.00** with specific stop loss @ \$175,000 per claimant.

**REPORT-IN-BRIEF:** The Request for Quote (RFQ) was advertised on the State’s “eMaryland Marketplace” web site, on the County’s web site, and in the local newspaper. Direct notice of the solicitation was e-mailed to nine (9) potential providers of the insurance.

Quotations were received before the deadline on May 5, 2017 from four (4) companies that are providers of Stop Loss Insurance. Two (2) were received after the deadline and were not considered. The pricing in the quote from Sun Life Financial is only firm until May 26, 2017.

**DISCUSSION:** N/A

**FISCAL IMPACT:** The amount budgeted for health insurances and stop loss insurance coverage in FY 2018 is \$15,146,250 based on a 1.74% increase to the FY 2017 Approved Budget amount of \$14,887,760.

**CONCURRENCES:** As recommended with the concurrence of the Director of Health and Human Services, County Benefits Coordinator

**ALTERNATIVES:** N/A

**ATTACHMENTS:** The attached Summary will be reviewed and discussed by the County’s consultant at the meeting.

**AUDIO/VISUAL NEEDS:** N/A



**STOP LOSS INSURANCE COVERAGE - RENEWAL PERIOD 7/1/2017 - 6/30/2018**  
**INVITATION TO BID : PUR-1348**

<u>Specific Deductible</u>	<u>Voya/ Reliastar - Current</u>	<u>Sun Life Financial</u>	<u>Sun Life Financial</u>	<u>Tokio Marine HCC</u>	<u>Symetra</u>	<u>Aetna</u>
<i>Includes</i>	Medical/Rx	Medical/Rx	Medical/Rx	Medical/Rx	Medical/Rx	Medical/Rx
<i>Contract Basis</i>	24/12	24/12	24/12	24/12	24/12	Paid in 12
<i>Policy Year Max</i>	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
<i>Billed Basis</i>	Composite	Tier	Tier			Composite

**Per Employee Per Month Rates**

<b>\$ 175,000</b>	Single	69.36	29.39	31.14	29.32	41.12	45.79
	Family	69.36	69.34	73.64	87.71	92.74	110.25
	Composite	69.36	58.95*	62.58*	72.52	79.31	93.54
<b>\$ 200,000</b>	Single		25.93	26.66	24.62	35.36	39.88
	Family		62.67	64.53	75.44	81.36	96.02
	Composite		53.11*	54.68*	62.22	69.39	81.46
<b>\$ 225,000</b>	Single		22.30	22.93	21.21	30.35	35.20
	Family		55.55	57.21	67.16	71.35	84.74
	Composite		46.90*	48.29*	55.21	60.68	71.90

\* Estimated composite rates given enrollment; 211 singles, 600 families

**Annual Premium**

<b>\$ 175,000</b>	Premium	675,012	573,663	609,054	705,750	771,844	909,740
	% Change		-15%	-10%	5%	14%	35%
	Difference		-101,348	-65,957	30,739	96,832	234,729
<b>\$ 200,000</b>	Premium		516,879	532,119	605,506	675,324	792,320
	% Change		-23%	-21%	-10%	0%	17%
	Difference		-158,133	-142,892	-69,506	312	117,309
<b>\$ 225,000</b>	Premium		456,424	469,971	537,256	590,566	699,254
	% Change		-32%	-30%	-20%	-13%	4%
	Difference		-218,588	-205,041	-137,756	-84,445	24,243

<b>Special Terms:</b>	None	Lasers at Renewal	No Laser at Renewal	Illustrative Exp. 5/18	No Laser at Renewal	Rx Delay EOY Non-Carve-In
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Aetna charges an additional fee for carving-out stop-loss. The additional cost is approximately \$4,500 / year. All fee calculations were performed as of 5/5/2017.



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<b>Risk Modeling</b>							
<b>\$ 175,000</b>	Premium	675,012	573,663	609,054	705,750	771,844	909,740
	Est. Additional Risk		0	0	0	0	0
	Net Plan Cost		573,663	609,054	705,750	771,844	909,740
	Difference		-101,348	-65,957	30,739	96,832	234,729
	% Change		-15%	-10%	5%	14%	35%
<b>\$ 200,000</b>	Premium		516,879	532,119	605,506	675,324	792,320
	Est. Additional Risk		67,124	67,124	67,124	67,124	67,124
	Net Plan Cost		584,003	599,243	672,630	742,448	859,444
	Difference		-91,008	-75,768	-2,381	67,436	184,433
	% Change		-13%	-11%	0%	10%	27%
<b>\$ 225,000</b>	Premium		456,424	469,971	537,256	590,566	699,254
	Est. Additional Risk		117,124	117,124	117,124	117,124	117,124
	Net Plan Cost		573,548	587,095	654,380	707,691	816,379
	Difference		-101,464	-87,916	-20,631	32,679	141,367
	% Change		-15%	-13%	-3%	5%	21%

*Estimated additional risk was derived by trending historical member experience for three different periods by an annual effective rate of 4% and averaging the additional risk for each specific threshold. As stated, these are estimates, not guarantees.*

**Historical Experience - Members Over 100K**

	<u>Over 175K</u>	<u>Over 200K</u>	<u>7/13-6/14</u>	<u>7/14-6/15</u>	<u>7/15-6/16</u>	<u>7/16-3/17*</u>
7/13-6/14	2	2	271,859	209,598	420,597	133,481
7/14-6/15	1	1	226,724	164,325	227,354	130,551
7/15-6/16	5	3	157,257	158,128	222,385	122,886
7/16-3/17*	0	0	143,494	147,685	176,760	115,827
			120,476	142,398	174,283	110,577
				132,369	142,307	107,730
				132,281	136,906	105,820
				130,056	133,354	
				129,888	125,224	
				115,515	122,243	
				109,356	105,721	
				108,309	104,549	
				104,489	102,550	

\*Partial Year

