

RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS

Finance Committee
INITIATED BY

Jeffrey A. Smith, Finance Dir.
DRAFTED BY

Finance Committee
SUBMITTED BY



November 8, 2011
DATE DRAFTED

APPROVING REINSURANCE CONTRACT FOR STOP-LOSS COVERAGE

- 1 **WHEREAS**, Willis of Wisconsin, Inc., Rock County's Insurance Consultant, solicited proposals from
- 2 Stop-Loss carriers; and,
- 3
- 4 **WHEREAS**, five carriers responded to the request for proposal; and,
- 5
- 6 **WHEREAS**, Standard Life is the most competitive option for Stop-Loss coverage for Rock County; and,
- 7
- 8 **WHEREAS**, the Finance Committee has reviewed the options and selected a Stop-Loss retention level of
- 9 \$175,000 for monthly premiums of \$28.05 per single plan and \$72.11 for a family plan, which represents
- 10 a 7.3% decrease over the 2011 premium rates.
- 11
- 12 **NOW, THEREFORE, BE IT RESOLVED** that the Rock County Board of Supervisors duly
- 13 assembled this 17th day of November, 2011 hereby authorizes the execution of a contract with
- 14 Standard Life for administration of the County's Stop-Loss Coverage effective January 1, 2012, and
- 15 that the initial deposit premium be remitted to Standard Life upon execution of the contract, if necessary.

11-110-514

Respectfully submitted,

FINANCE COMMITTEE

FISCAL NOTE:

Sufficient funds are available in the 2012 Budget for administering the County's self-insurance health plan and specific stop-loss coverage. Based upon the current census of 346 Single Plans and 852 Family Plans, the annual stop-loss premium would be \$853,716.

Mary Mawhinney, Chair

Jeffrey A. Smith
Finance Director

Sandra Kraft, Vice Chair

Mary Beaver

David Diestler

J. Russell Podzilni

LEGAL NOTE:

The County Board is authorized to take this action Pursuant to secs. 59.01, 59.51(1), and 59.52(11)(c), Wis. Stats.

Jeffrey S. Kuglitsch
Corporation Counsel

ADMINISTRATIVE NOTE:

Recommended.

Craig Knutson
County Administrator

County of Rock
January 1, 2012
Summary of Stop Loss Renewal
11/9/2011

- Standard Life & Accident Insurance company, place through GlenCairn, is the incumbent reinsurance carrier. Initial renewal presented a 17% (\$156,000) increase in fixed costs.
- Through October 2011, Standard Life paid \$271,121 in claims for 3 claimants. In total there are 15 claimants with large claims in excess of 50% of the specific deductible (\$87,500)
- Willis of Wisconsin, The County of Rock's insurance consultant, approached a total of 10 reinsurance markets in an attempt to reduce the expected increase in stop loss premium. Four carriers presented competitive rates.
- Berkley and Optum health presented renewal options 5% and 7% *below* current premium rates. These quotes were contingent upon October claims information.
- Negotiations took place between Optum and Standard Life based upon updated claims. The result of these negotiations was a revised proposal from Standard Life which came inline with Optum health – a 7.3% decrease in stop loss premiums. This is year over year savings of \$67,356.
- Based upon the complete due diligence exercise and the negotiations that took place, we recommend the County renew with GlenCairn / Standard Life under the current contract terms (\$175,000 Specific Deductible)

County of Rock
SELF-FUNDED MEDICAL BENEFIT/COST ANALYSIS
 Effective: 01/01/2012

| Medical TPA | Current | | Revised Renewal | | Option 1 | | Option 2 | | Option 3 | | Option 4 | |
|---|---|-----|------------------------|-----|--|-----|-----------------------|-----|--|-----|-----------------------|--|
| | Glencain/Standard Life | PBA | Glencain/Standard Life | PBA | Berkley Accident and Health | PBA | OptumHealth | PBA | Charifis | PBA | ING/Reliastar | |
| 1198 Medical Administration | \$12.50 | | \$12.75 | | \$12.75 | | \$12.75 | | \$12.75 | | \$12.75 | |
| 1198 COBRA | \$1.00 | | \$1.15 | | \$1.15 | | \$1.15 | | \$1.15 | | \$1.15 | |
| 1198 PPO Access Fee - PPO #1 | \$0.35 | | \$0.35 | | \$0.35 | | \$0.35 | | \$0.35 | | \$0.35 | |
| Monthly Administration Costs | \$16,592.20 | | \$17,071.50 | | \$17,071.50 | | \$17,071.50 | | \$17,071.50 | | \$17,071.50 | |
| Total Annual Administration Costs | \$199,107.60 | | \$204,858.00 | | \$204,858.00 | | \$204,858.00 | | \$204,858.00 | | \$204,858.00 | |
| Percent of Cost Difference | | | 2.9% | | 2.9% | | 2.9% | | 2.9% | | 2.9% | |
| Contract Type | 12/18 | | 12/18 | | 12/18 | | 12/18 | | 12/18 | | 12/18 | |
| Spec Deductible | \$175,000 | | \$175,000 | | \$175,000 | | \$175,000 | | \$175,000 | | \$175,000 | |
| Specific Annual/Lifetime Maximum ¹ | \$2,000,000/Unlimited | | \$2,000,000/Unlimited | | \$2,000,000/Unlimited | | \$2,000,000/Unlimited | | \$2,000,000/Unlimited | | \$2,000,000/Unlimited | |
| Specific Premium | Medical/Rx | | Medical/Rx | | Medical/Rx | | Medical/Rx | | Medical/Rx | | Medical/Rx | |
| 346 Single | \$31.00 | | \$28.05 | | \$27.54 | | \$30.67 | | \$27.73 | | \$29.66 | |
| 852 Family | \$77.50 | | \$72.11 | | \$73.99 | | \$71.04 | | \$77.25 | | \$76.51 | |
| Monthly Specific Premium | \$76,756.00 | | \$71,143.02 | | \$72,568.32 | | \$71,137.90 | | \$75,411.58 | | \$75,448.88 | |
| Annual Specific Premium | \$921,072.00 | | \$853,716.24 | | \$870,819.84 | | \$853,654.80 | | \$904,338.96 | | \$905,386.56 | |
| Total Annual Stop Loss Costs | \$921,072.00 | | \$853,716.24 | | \$870,819.84 | | \$853,654.80 | | \$904,338.96 | | \$905,386.56 | |
| Percent of Cost Difference | | | -7.3% | | -5.5% | | -7.3% | | -1.8% | | -1.7% | |
| Total Annual Fixed Costs | \$1,120,179.60 | | \$1,058,574.24 | | \$1,075,677.84 | | \$1,058,512.80 | | \$1,109,796.96 | | \$1,110,244.56 | |
| Percent of Cost Difference | | | -5.5% | | -4.0% | | -5.5% | | -0.9% | | -0.9% | |
| NOTES: | Admin. fee includes PHQS and First Health Wrap Networks | | | | | | | | | | | |
| LASERS: | | | None | | Subject to review of claims through 10/31/11 | | None | | Subject to review of claims and signed disclosure form | | None | |
| | | | | | Subject to review of claims through 10/31/11 | | | | Subject to review of claims through 10/31/11 | | None | |
| | | | | | Subject to review of claims through 9/30/11 | | | | Subject to review of claims through 9/30/11 | | None | |

¹ Please review medical summary plan description to ensure that the annual maximum matches up with the carrier annual maximum. Failing to do so could result in a gap in coverage.

This comparison is intended to illustrate the carrier's proposed services and rates and should not be relied upon to fully determine benefits and rates. Refer to the carrier's renewal/proposal for a complete representation coverage terms and conditions.