

CITY OF NORTH LAS VEGAS MEETING

AGENDA ITEM

NUMBER: 3.

SUBJECT:

Approve Medical Stop Loss Coverage and Aggregate Excess Insurance Based on the Proposal from Voya in the Amount of \$733,917.24 for the Period of January 1, 2021 Through December 31, 2021 to Cover Health Insurance Claims that Exceed \$250,000 Annually for City Employees and Authorize the City Manager or His Designee to Bind Coverage. (Citywide) (For Possible Action)

REQUESTED BY:

Mark Olson, Acting Director, Human Resources

WARD:

Citywide

RECOMMENDATION OR RECOMMEND MOTION:

It is recommended that the City Council approve the proposal for Stop Loss coverage with Voya.

FISCAL IMPACT:

Annual Amount: \$733,917.24

- Estimated Stop Loss Amount: \$702,927.12 annually

- Estimated Aggregate Excess Insurance Amount: \$30,990.12 annually

EXPLANATION: Cost for one year

ACCOUNT NUMBER:

721-170111-430670

STAFF COMMENTS AND BACKGROUND INFORMATION:

If approved, the new Stop Loss Policy and Aggregate Excess insurance would go into effect January 1, 2021 at the annual cost of \$733,917.24. This is a Stop Loss Policy cost increase of \$69,629.52, from the 2020 contract valued at \$633,297.60 with the Aggregate Excess insurance estimated annual cost of \$30,990.12. This contract will cover City employees through December 31, 2021.

The City used Zurich in Calendar Year 2020 to provide these services; however, due to an exorbitant proposed rate increase, additional quotes were solicited, and staff is recommending to change carriers. The purpose of the Stop Loss coverage is to provide protection to the City from multiple catastrophic medical claims of City employees. The Aggregate Excess insurance is an amount set by the insurance carrier based on the projected claims the City will incur in a calendar year. The change in the Stop Loss carrier from Zurich to Voya will not affect Stop Loss coverage. Staff worked with the City's insurance broker USI to analyze health care claims, trends, and areas in which improvement could be made to manage health care costs. Our goal is to continue to stabilize our claims through wellness campaigns and employee education regarding insurance coverage, out-of-network deductibles, out-of-pocket maximums and co-insurance requirements.

The USI medical director, pharmacist and underwriters will continue to review high dollar claim data with City staff, and we will continue to evaluate ongoing risk factors and propose meaningful measures to curb the health plan cost.

CIP No.	Related Item:	
LIST CITY COUNCIL GOAL(S): Responsible Fiscal Management		
PREPARED BY: Mark Olson Human Resources Acting Director	Respectfully Submitted Ryann Juden City Manager	MEETING DATE: 12/16/2020