

City Council
Agenda Memo



City Council
Meeting Date: 12/05/13

TO: Larry D. Gilley, City Manager
FROM: Ronnie C. Kidd, Managing Director for Administration
SUBJECT: Award of Bid – CB# 1413 Stop Loss Insurance

GENERAL INFORMATION:

The City of Abilene provides health and prescription insurance coverage to employees and retirees through its self-funded health plan. To insure against the loss risk of significant health claims, the City purchases stop loss insurance for each plan year. This is accomplished through a competitive bidding process with stop loss insurance carriers. Appropriate notices were published and the competitive bidding process was accomplished. The stop loss insurance provides coverage for both individual and aggregate claims above a certain level (deductible). Our current (plan year 2013) individual stop loss deductible is \$190,000 and aggregate stop loss deductible is 125% of expected claims (\$6.7 million). The stop loss insurance carriers factor the deductible levels into the quote that they provide.

SPECIAL CONSIDERATIONS:

The deadline for best and final offers (quotes) from carriers was November 25, 2013. Five carriers responded with offers, including Blue Cross Blue Shield of Texas, the incumbent carrier. BCBSTX presented the lowest cost offer, as reflected below:

Carrier	Current Yr	BCBSTX	HM Life	Everest	Amer Nat'l	Fidelity Sec
Cost	\$423,331	\$483,561	\$533,098	\$538,380	\$507,389	\$546,800

FUNDING/FISCAL IMPACT:

The stop loss coverage is part of the self-insurance fund fiscal year 2014 budget. The total cost for the stop loss premium for plan year 2014 will be \$483,561. The individual stop loss deductible will remain at \$190,000 and the aggregate stop loss deductible will remain at 125% of expected claims (\$6.8 million).

STAFF RECOMMENDATION:

It is the recommendation of staff as well as that of Holmes Murphy and Associates, our benefits consultants, that the City accept the offer from Blue Cross Blue Shield of Texas

ATTACHMENTS

N/A

Prepared by:

Name Ronnie C. Kidd

Title Managing Director for Administration

Item No. 7.6

Disposition by City Council

- Approved Ord/Res#
- Denied _____
- Other

City Secretary