



MEMORANDUM

To: Mayor and City Council

From: Matia Messemer, Director of Employee Experience

Date: September 24, 2024

Reference: Consider approval of renewing with Liberty Mutual Insurance Company through SA Benefit Services for medical stop loss insurance, in the amount of \$462,479.00, as budgeted in the Self-funded Health Fund; and authorizing the City Manager to sign any necessary documents.

2040: **Sustainable Government**

Introduction:

This item is presented to consider approval of a contract for Medical Stop Loss Insurance to Liberty Mutual Insurance Company through SA Benefit Services. The City's medical and prescription drug plans are partially self-funded. To mitigate the cost of large insurance claims costs and the potential for catastrophically large claims to the plan, the City purchases Specific and Aggregate Stop Loss Insurance. The City is currently insured by Liberty Mutual through SA Benefits.

Background:

Following a formal Request for Proposals process with over 20 stop loss insurance vendors receiving the City's claims information for quoting purposes, the finalists were narrowed to two. Liberty Mutual, the current provider through SA Benefit Services, presented the best option for plan year 2024-2025. Liberty Mutual initially presented a renewal with a slight reduction to rates, however, there was no protection against new laser or rate caps in the contract for the following plan year. The City's benefits consultant, HUB International, Inc. requested protections be included and new rates were presented. The renewal with Liberty Mutual now includes a "no new laser" provision and a rate cap for the following plan year of 50%. This contract represents an increase of \$20,124.00 over the previous year.

Benefit to the Community:

Approval of this item minimizes the risk of catastrophic claim costs to the Medical Self-Insured Fund, protecting the resources needed to provide health coverage as a benefit to city employees, who provide services to the community.

Legal Review:

This renewal is tied to the main agreement, which was reviewed by the City Attorney.

Fiscal Impact:

The fiscal impact of this item is \$462,479, as budgeted in the Self-funded Health Fund.

Recommendation:

Staff recommends approval of this item.