



Travis County Commissioners Court Agenda Request

Meeting Date: August 27, 2013, 9:00 AM, Voting Session

Prepared By/Phone Number: Shannon Steele, HRMD 854-6046
John Rabb HRMD, 854-274242

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive *JB*

Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE:

Consider and take appropriate action on the following items regarding Stop Loss Insurance for the Travis County Benefit Plan:

- A. Renewal rates for the Stop Loss insurance premium.
- B. Increasing the Stop Loss Individual Specific deductible from \$250,000 to \$275,000.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

Please see attached documentation.

STAFF RECOMMENDATIONS:

Staff recommends approval of the 5% renewal rate increase with Sun Life in Fiscal Year 2014 which includes an increase of the Individual Stop Loss deductible from \$250,000 to \$275,000.

ISSUES AND OPPORTUNITIES:

N/A

FISCAL IMPACT AND SOURCE OF FUNDING:

The monthly fixed costs of the plan will increase by 5% and the Stop Loss Individual Specific deductible will increase from \$250,000 to \$275,000. The renewal option negotiated and recommended by staff keeps the premium and cost within the proposed Health Plan budgeted amount for FY 14.

	Current Fiscal Year 2013	Fiscal Year 2014
Composite Rate	\$40.13	\$42.13
Average Monthly Cost	\$205,144.56	\$215,368.56
Average Annual Cost	\$2,461,734.72	\$2,584,422.72

REQUIRED AUTHORIZATIONS:

Human Resources Management
Human Resources Management
Human Resources Management
Planning and Budget Office

Shannon Steele, 854-6046
John Rabb, 854-2742
Debbie Maynor
Leslie Browder



HRMD Human Resources Management

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Backup Memorandum

DATE: August 27, 2013

TO: Members of the Commissioners Court

FROM: Leslie Browder, County Executive, Planning and Budget Office *LB*
Debbie Maynor, Director, Human Resources Management Department *DM*
John Rabb, Benefits Manager *JR*
Shannon Steele, Benefits Administrator *SS*

Subject: Sun Life Financial – Fiscal Year 2014 Stop Loss Insurance Renewal Rates

Proposed Motion

Consider and take appropriate action on the following items regarding Stop Loss Insurance for the Travis County Benefit Plan:

- A. Renewal rates for the Stop Loss insurance premium.
- B. Increasing the Stop Loss Individual Specific deductible from \$250,000 to \$275,000.

Summary

Stop Loss Insurance is a policy that takes effect after a certain amount has been paid in health insurance claims. It provides protection for the County's health plans so that there are no catastrophic or unpredictable financial expenses to the County's health plans.

Sun Life has been the County's Stop Loss carrier for the health plan since November 1, 2011. Travis County Purchasing and Human Resources staff evaluated several renewal options provided by Sun Life. The proposed renewal amount reflected a 32% increase in premiums. Staff was able to negotiate this amount down to a minimal increase in the premium rate for Fiscal Year 2014 with a minor change to the policy. The renewal option recommended by staff includes a 5% increase to the premium and an increase in the Individual Specific deductible amount from \$250,000 to \$275,000.

The Individual Specific deductible is the dollar amount that must be reached by a single claim before the Stop Loss carrier reimburses the county for the expenses in excess of the deductible amount. Increasing the Individual Specific Deductible to \$275,000 is an amount at or below the average typically used by plans of our size. Increasing the deductible amount also helps to minimize the increase in the premium. Attachment 1 shows the renewal plan options and rates provided by Sun Life.

Staff Recommendation:

Staff recommends approval of the 5% renewal rate increase with Sun Life in Fiscal Year 2014 which includes an increase of the Individual Stop Loss deductible from \$250,000 to \$275,000.

Budgetary and Fiscal Impact

The monthly fixed costs of the plan will increase by 5% and the Stop Loss Individual Specific deductible will increase from \$250,000 to \$275,000. The renewal option negotiated and recommended by staff keeps the premium and cost within the proposed Health Plan budgeted amount for FY 14.

	Current Fiscal Year 2013	Fiscal Year 2014
Composite Rate	\$40.13	\$42.13
Average Monthly Cost	\$205,144.56	\$215,368.56
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Authorizations

- X Planning and Budget Office (854-9106)
- X Human Resources Management Department (854-9165)
- X Purchasing Office (854-9700)

Attachment 1 Sun Life renewal quote sheet

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ATTACHMENT 1

**Renewal Proposal For
Travis County
Group Policy Number – 220525
SPECIFIC STOP LOSS - Effective October 1, 2013**

Benefits Covered:	Current Plan	Medical & PDP	Medical & PDP	Medical & PDP
Renewal Alternatives				
			<u>Option 1</u>	<u>Option 2</u>
Total Enrolled Employees		5,112		
Specific Deductible		\$250,000	\$275,000	\$300,000
Current Rates:				
Composite		\$40.13		
Est. Current Annual Premium		\$2,461,734.72		
Renewal Rates:				
Composite		\$52.97	\$42.13	\$40.15
Est. Annual Renewal Premium		\$3,249,391.68	\$2,584,422.72	\$2,462,961.60
Renewal Rate Action		32%	5%	0%
<i>Please Select Renewal Option:</i>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>