



County of El Dorado

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Legislation Text

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Human Resources Department, Risk Management Division, recommending the Board accept the renewal offer from Symetra at the current specific stop loss level of \$175,000 and authorize the Human Resources Director to sign all required implementing insurance documents in order to maintain continuous insurance coverage for the Blue Shield Health Plan; said renewal offer's estimated annualized premium cost is \$1,105,653 and is comprised of individual stop loss of \$1,074,760 and aggregate excess of \$30,893.

RECOMMENDED ACTION: Approve.

BUDGET SUMMARY:		
Total Estimated Cost		\$1,105,653
Funding		
Budgeted	\$1,230,118	
New Funding	\$	
Savings	\$	
Other	\$	
Total Funding Available	\$	
Change To Internal Service Fnd		\$ (124,465)

Fiscal Impact/Change to Net County Cost: The FY07/08 health program budget included \$1,230,118 for stop loss premium payments. The \$1,105,653 renewal proposal is \$124,465 less than budgeted.

Background/Reason for Recommendation: The proposed renewal policy will protect the County's self-insured medical and pharmacy benefit program from specified excess losses during the policy period August 1, 2007 through July 31, 2008. In addition the proposal includes terminal liability coverage equal to 3 months. Three kinds of coverage are included and described as follows. The first coverage, *individual* stop-loss, reimburses the health benefits sub-fund for all costs above \$175,000 per individual member of the Blue Shield Plan, when those costs are paid by the County during the policy period. The second, *aggregate* excess insurance, reimburses the health benefit sub-fund up to \$1 million in the event total costs for self-insured claims exceed projections by 125% during the policy period. Finally, the third type of coverage, *terminal liability*, will provide the health plan with protection against individual and aggregate losses which occur through July 31, 2007, and which are invoiced and paid by the Blue Shield plan during the months of August, September, and October 2007.

There were several alternatives that Aon explored to determine if they would be of benefit to the County. These alternatives are discussed more fully in the Aon attachments. After analyzing the various alternatives, Aon recommends that the County renew its current Stop Loss policy at the

\$175,000 Specific Stop Loss level for the 2007/2008 plan year. The estimated Symetra premium renewal is \$1,105,653, an increase of \$9,105 over the current policy payments of \$1,096,548.

Action to be taken following Board approval: Symetra will issue a renewal policy, the Human Resources Director will sign all required implementing insurance documents in order to maintain continuous insurance coverage for the Blue Shield Health Plan, and our current excess insurance will remain in effect for the Blue Shield self-funded plan.

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cc. Auditor Controller