

LOUIS R. RIGBY
Mayor
JOHN ZEMANEK
Councilmember At Large A
DOTTIE KAMINSKI
Councilmember At Large B
DANNY EARP
Councilmember District 1
CHUCK ENGELKEN
Councilmember District 2



DARYL LEONARD
Councilmember District 3
KRISTIN MARTIN
Councilmember District 4
JAY MARTIN
Mayor Pro-Tem
Councilmember District 5
MIKE CLAUSEN
Councilmember District 6

CITY COUNCIL MEETING AGENDA

Notice is hereby given of a Regular Meeting of the La Porte City Council to be held December 21, 2015, beginning at 5:30 PM in the City Hall Council Chambers, 604 W. Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action.

- 1. CALL TO ORDER**
- 2. PUBLIC COMMENTS** (Limited to five minutes per person.)
- 3. AUTHORIZATIONS**
 - (a)** Consider approval or other action authorizing the City's Stop Loss Coverage with HM at an annual premium of \$380,958.60 - M. Hartleib
- 4. COUNCIL COMMENTS** regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies – Councilmembers K. Martin, Kaminski, Zemanek, Leonard, Engelken, Earp, Clausen, J. Martin and Mayor Rigby
- 5. ADJOURN**

The City Council reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code (the Texas open meetings laws).

In compliance with the Americans with Disabilities Act, the City of La Porte will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact Patrice Fogarty, City Secretary, at 281.470.5019.

CERTIFICATION

I certify that a copy of the December 21, 2015, agenda of items to be considered by the City Council was posted on the City Hall bulletin board on December 16, 2015.

Patrice Fogarty



**Council Agenda Item
December 21, 2015**

1. **CALL TO ORDER**
2. **PUBLIC COMMENTS** (Limited to five minutes per person.)
3. **AUTHORIZATIONS**
 - (a) Consider approval or other action authorizing the City's Stop Loss Coverage with HM at an annual premium of \$380,958.60 - M. Hartleib

REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested:	<u>December 21, 2015</u>		<u>Appropriation</u>
Requested By:	<u>Matt Hartleib</u>	Source of Funds:	<u>Reinsurance Premiums</u>
Department:	<u>Human Resources</u>	Account Number:	<u>01461445156012</u>
Report: <input checked="" type="radio"/>	Resolution: <input type="radio"/> Ordinance: <input type="radio"/>	Amount Budgeted:	<u>\$409,176.00</u>
Other: <input type="radio"/>		Amount Requested:	<u>\$380,958.60</u>
Attachments :		Budgeted Item:	<input checked="" type="radio"/> YES <input type="radio"/> NO

- 1. Claims History
- 2. Quote Comparison and Recommendation

SUMMARY & RECOMMENDATIONS

The City purchases stop loss insurance to protect against high claims exposure. Specific stop loss covers individual member claims in excess of \$165,000. The City is reimbursed for any claims in excess of \$165,000. Aggregate insurance covers the entire health plan claims and will reimburse if claims exceed 125% of expected claims. The City had a budget amount of \$409,176, which was partially based on the health plan claims running approximately 9% lower than the prior fiscal year. On October 08, 2015, a Request for Proposal for Stop Loss Reinsurance was sent to directly to 13 Stop Loss carriers with an additional 11 carriers notified through the City's practice of posting RFP's on Public Purchase. Following the November 9, 2015 Council meeting the City's consultant requested best and final offers from targeted vendors. This process required the provision of additional claims data to the vendors.

After reviewing the additional claims data 4 of the 8 proposing vendors submitted revised proposals. All vendors provided stop loss proposals matching the current contract with Voya Financial. Rates provided by the vendors on fixed premiums (specific and aggregate rates paid by the City) range from a 5.39% decrease in premium with HM to a 44.99% increase in premium with Aetna. Voya Financial provided a firm renewal offering with fixed rates at a minimal .02% increase in the annual premium. Voya's renewal offer also includes a slight increase in the aggregate factor at 2.93%. The aggregate factor is used to base the City's maximum claims liability for the aggregate stop loss policy. HM provided the most competitive proposal with an overall 5.39% decrease in premium and an Aggregate retention at .04% above current.

Currently, the City's Stop Loss coverage takes effect when an individual employee's annual claims reach \$165,000. The City's benefits consultant has reviewed the specific deductible levels and finds that there is no need to increase the specific deductible in the upcoming plan year. Keeping in mind the City's budget for the upcoming fiscal year, the City's consultant does not recommend lowering the current specific deductible. It is the recommendation of the City's consultant to stay at the current \$165,000 Specific level and move to HM for stop loss coverage. The proposed total annual premium of \$380,958.60 below the budgeted fiscal year dollar amount for the City's stop loss policy, and is a \$21,708.96 decrease from the 2015 cost for this line of insurance.

Action Required of Council:

Consider approval or other action to place the City's Stop Loss Coverage with HM at an annual premium of \$380,958.60.

Approved for City Council Agenda

Corby D. Alexander, City Manager

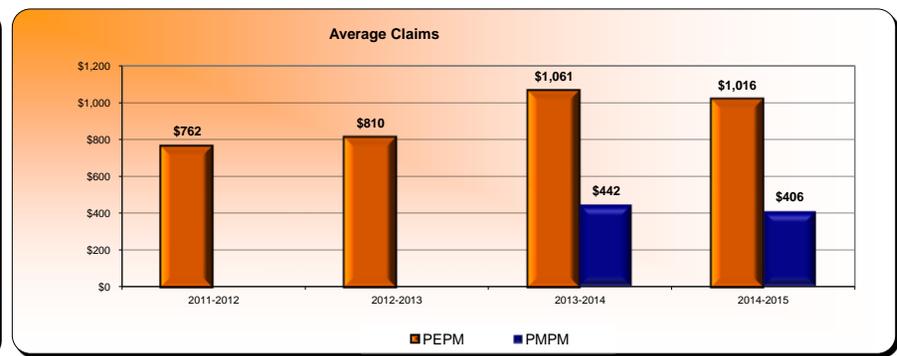
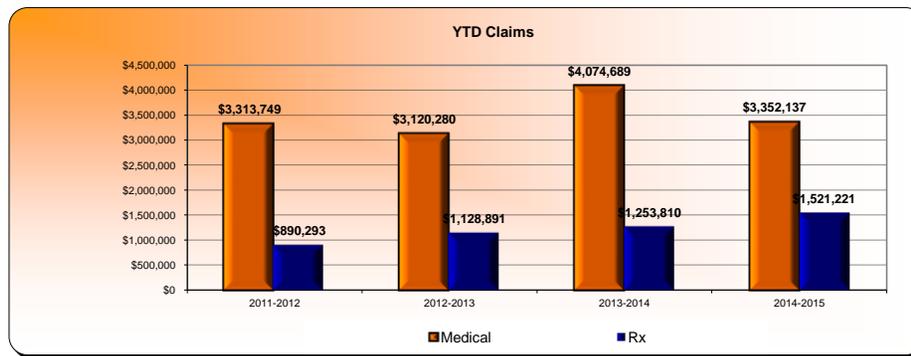
Date

City of La Porte

Fiscal Year Medical & Rx Plan Review - 2015

October 1, 2014 - September 30, 2015

Plan Year Vendor Specific SL Deductible Specific & Aggregate Contract	2011-2012 Aetna \$145,000 24/12				2012-2013 Aetna \$165,000 24/12				2013-2014 Aetna \$165,000 24/12				2014-2015 Aetna \$165,000 24/12			
	Enroll	Mbhrs	Med	Rx	Enroll	Mbhrs	Med	Rx	Enroll	Mbhrs	Med	Rx	Enroll	Mbhrs	Med	Rx
October	424	1,037	\$ 282,510	\$ 85,897	431	1,048	\$ 364,852	\$ 84,927	416	986	\$ 253,325	\$ 106,582	419	1,028	\$ 296,972	\$ 113,753
November	422	1,034	314,544	82,463	429	1,044	267,324	80,512	419	989	224,954	90,892	420	1,033	261,265	129,114
December	425	1,048	298,577	82,264	429	1,046	376,065	75,167	415	988	287,367	98,344	422	1,036	361,867	132,809
January	430	1,062	273,020	100,851	439	1,029	210,488	107,793	410	978	262,161	107,257	396	997	229,675	111,358
February	432	1,059	252,938	95,285	441	1,032	190,482	96,078	411	984	251,459	98,414	395	994	412,690	112,272
March	435	1,067	277,568	93,040	442	1,036	254,097	90,068	412	990	413,665	108,526	395	991	265,575	126,336
April	432	1,064	278,049	88,497	416	985	208,189	114,761	416	998	417,668	105,858	396	1,000	286,296	130,196
May	431	1,055	229,905	92,207	414	981	242,355	99,691	421	1,016	444,204	108,815	390	985	251,467	117,965
June	429	1,051	210,371	85,080	414	981	393,319	80,425	420	1,011	238,525	124,535	391	984	276,454	124,787
July	428	1,044	391,474	82,611	419	997	267,777	103,297	417	1,007	404,345	103,288	389	981	279,854	133,778
August	431	1,052	228,795	1,052	421	1,009	180,096	99,152	419	1,013	448,881	97,302	386	973	218,441	155,589
September	428	1,046	275,998	1,047	421	1,006	165,236	97,018	418	1,025	428,135	103,997	391	984	211,582	133,266
Totals	5,147	12,619	\$ 3,313,749	\$ 890,293	5,116	12,194	\$ 3,120,280	\$ 1,128,891	4,994	11,985	\$ 4,074,689	\$ 1,253,810	4,790	11,986	\$ 3,352,137	\$ 1,521,221
Total Gross Claims			\$4,204,042				\$4,249,170				\$5,328,499				\$4,873,358	
(Less Spec Claims)			(\$279,209)				(\$110,841)				(\$31,709)				(\$8,121)	
Total Net Claims			\$3,924,832				\$4,138,329				\$5,296,790				\$4,865,236	
Members Per Subscriber			N/A				N/A				2.40				2.50	
Average Employees Per Month			429				426				416				399	
Total Net Claims PEPM			\$762.40				\$809.53				\$1,061.06				\$1,015.71	
Percent Over Prior Year			N/A				6.18%				31.07%				-4.27%	
Average Members Per Month			N/A				1,016				999				999	
Total Net Claims PMPM			N/A				\$339.43				\$441.84				\$405.91	
Percent Over Prior Year			N/A				N/A				30.17%				-8.13%	



City of La Porte

High Dollar Claimant Report - 2015

January 1, 2015-September 30, 2015

Claimants > \$72,500						
	Class	Plan	Relationship	Diagnosis	Amount	Over Specific (\$165,000)
1	Active	PPO	Spouse	Infection and inflammation due to vascular device or implant	\$170,683.33	\$ 5,683
2	Active	HRA 1000	Employee	Precription drug for late-stage kidney disease (Votrient)	104,301.86	-
3	Active	HRA 1000	Employee	Bone infection in ankle or foot	98,966.48	-
4	Active	PPO	Employee	Heart attack	95,716.45	-
5	Ret <65	HRA 1000	Employee	Heart failure	75,151.68	-
Total					\$ 544,820	\$ 5,683

January 1, 2014-December 31, 2014

Claimants > \$72,500						
	Class	Plan	Relationship	Diagnosis	Amount	Over Specific (\$165,000)
1	Active	HRA 1000	Employee	Open fracture of tibia (lower leg)	\$ 239,318	\$ 74,318
2	Active	PPO	Spouse	Septicemia (blood poisoning)	197,729	32,729
3	Active	PPO	Spouse	Degenerative joint disease in lower leg	166,419	1,419
4	Ret <65	PPO	Employee	Malnutrition related to diabetes	128,635	-
5	Active	PPO	Spouse	Septicemia (blood poisoning)	118,940	-
6	Active	PPO	Spouse	Aneurysm in blood vessel in chest	106,562	-
7	Active	HRA 1000	Spouse	Kidney stone(s)	88,299	-
8	Ret <65	PPO	Employee	Degenerative disc in lower back	86,131	-
9	Active	HRA 1000	Child	Premature birth	83,561	-
10	Active	HRA 1000	Child	Paralysis of one side of body	81,182	-
11	Ret <65	PPO	Spouse	Mechanical loosening of prosthetic joint	78,558	-
Total					\$ 1,375,333	\$ 108,465

Note: Claimant 1 not eligible for reimbursement.

January 1, 2013-December 31, 2013

Claimants > \$72,500						
	Class	Plan	Relationship	Diagnosis	Amount	Over Specific (\$165,000)
1	Active	HRA 1000	Employee	Skin infection of foot	\$ 164,740	\$ -
2	Ret <65	PPO	Employee	Respiratory failure	139,875	-
3	Active	PPO	Spouse	Intense pain in lower limb (reflex sympathetic dystrophy)	121,800	-
Total					\$ 426,415	\$ -



City of La Porte
Stop Loss Renewal Analysis
Effective Date: 1/1/2016

Stop Loss Carrier	Voya Financial Current		Voya Financial Renewal - Option 1		Aetna Proposed Plan		Symetra Proposed Plan		Munich Re Proposed Plan	
TPA / Network	Aetna		Aetna		Aetna		Aetna		Aetna	
SPECIFIC RETENTION	\$165,000		\$165,000		\$170,000		\$165,000		\$165,000	
Aggregating Specific Contract	N/A		N/A		N/A		N/A		N/A	
	24/12		24/12		PAID		24/12		24/12	
Coverages	Medical + Rx		Medical + Rx		Medical + Rx		Medical + Rx		Medical + Rx	
Lifetime Maximum Reimbursement	Unlimited		Unlimited		Unlimited		Unlimited		Unlimited	
Specific Rates										
Single	135	\$ 38.62	\$ 38.62	\$ 57.21	\$ 46.86	\$ 48.21				
Family	256	\$ 104.25	\$ 104.25	\$ 147.04	\$ 105.95	\$ 98.17				
Composite	391	\$81.59	\$81.59	\$116.02	\$85.55	\$80.92				
Specific Monthly Premium	\$31,901.70		\$31,901.70		\$45,365.59		\$33,449.30		\$31,639.87	
Specific Annual Premium	\$382,820.40		\$382,820.40		\$544,387.08		\$401,391.60		\$379,678.44	
Aggregate Rate										
Composite		\$4.23	\$4.25	\$8.41	\$4.52	\$4.13				
Monthly Accomodation		N/A	N/A	N/A	N/A	N/A				
Aggregate Monthly Premium	\$1,653.93		\$1,661.75		\$3,288.31		\$1,767.32		\$1,614.83	
Aggregate Annual Premium	\$19,847.16		\$19,941.00		\$39,459.72		\$21,207.84		\$19,377.96	
AGGREGATE RETENTION										
Contract	24/12		24/12		PAID		24/12		24/12	
Coverages	Medical + Rx		Medical + Rx		Medical + Rx		Medical + Rx		Medical + Rx	
Run-In Limit	N/A		N/A		N/A		N/A		N/A	
Maximum Reimbursement	\$1,000,000		\$1,000,000		\$1,000,000		\$1,000,000		\$1,000,000	
Corridor	125%		125%		125%		125%		125%	
Aggregate Factors										
Composite		\$1,467.13	\$1,510.07	\$1,377.97	\$1,391.82	\$1,524.44				
Monthly Attachment Factor	\$573,647.83		\$590,437.37		\$538,786.27		\$544,201.62		\$596,056.04	
Annual Attachment Factor	\$6,883,773.96		\$7,085,248.44		\$6,465,435.24		\$6,530,419.44		\$7,152,672.48	
Annual Difference	n/a		\$201,474.48		(\$418,338.72)		(\$353,354.52)		\$268,898.52	
%	n/a		2.93%		-6.08%		-5.13%		3.91%	

TOTAL FIXED COSTS

Total Monthly Premium	\$33,555.63	\$33,563.45	\$48,653.90	\$35,216.62	\$33,254.70
Total Annual Premium	\$402,667.56	\$402,761.40	\$583,846.80	\$422,599.44	\$399,056.40
Annual Difference	n/a	\$93.84	\$181,179.24	\$19,931.88	(\$3,611.16)
Percent Difference	n/a	0.02%	44.99%	4.95%	-0.90%

Additional claims information may be requested.

In order to complete review, additional information is needed on Active child #3 diagnosed with Respiratory Distress Syndrome \$140K in paid claims. Date of birth, current status, and treatment plan is needed



City of La Porte
Stop Loss Renewal Analysis
Effective Date: 1/1/2016

Stop Loss Carrier	HM Proposed Plan	SunLife Proposed Plan	SunLife Proposed Plan	AIG Proposed Plan	QBE Proposed Plan
TPA / Network	Aetna	Aetna	Aetna	Aetna	Aetna
SPECIFIC RETENTION	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000
Aggregating Specific Contract	N/A 24/12	N/A 24/12	N/A 24/12	N/A 24/12	N/A 24/12
Coverages	Medical + Rx	Medical + Rx	Medical + Rx	Medical + Rx	Medical + Rx
Lifetime Maximum Reimbursement	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Specific Rates					
Single 135	\$ 39.37	\$ 48.66	\$ 50.03	\$ 38.47	\$ 38.26
Family 256	\$ 97.75	\$ 123.06	\$ 126.62	\$ 114.86	\$ 104.43
Composite 391	\$77.59	\$97.37	\$100.18	\$88.48	\$81.58
Specific Monthly Premium	\$30,338.95	\$38,072.46	\$39,168.77	\$34,597.61	\$31,899.18
Specific Annual Premium	\$364,067.40	\$456,869.52	\$470,025.24	\$415,171.32	\$382,790.16
Aggregate Rate					
Composite	\$3.60	\$5.64	\$5.64	\$4.64	\$4.23
Monthly Accomodation	N/A	N/A	N/A	N/A	N/A
Aggregate Monthly Premium	\$1,407.60	\$2,205.24	\$2,205.24	\$1,814.24	\$1,653.93
Aggregate Annual Premium	\$16,891.20	\$26,462.88	\$26,462.88	\$21,770.88	\$19,847.16
AGGREGATE RETENTION					
Contract	24/12	24/12	24/12	24/12	24/12
Coverages	Medical + Rx	Medical + Rx	Medical + Rx	Medical + Rx	Medical + Rx
Run-In Limit	N/A	N/A	N/A	N/A	N/A
Maximum Reimbursement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Corridor	125%	125%	125%	125%	125%
Aggregate Factors					
Composite	\$1,467.73	\$1,499.13	\$1,497.96	\$1,409.78	\$1,482.44
Monthly Attachment Factor	\$573,882.43	\$586,159.83	\$585,702.36	\$551,223.98	\$579,634.04
Annual Attachment Factor	\$6,886,589.16	\$7,033,917.96	\$7,028,428.32	\$6,614,687.76	\$6,955,608.48
Annual Difference	\$2,815.20	\$150,144.00	\$144,654.36	(\$269,086.20)	\$71,834.52
%	0.04%	2.18%	2.10%	-3.91%	1.04%

TOTAL FIXED COSTS

Total Monthly Premium	\$31,746.55	\$40,277.70	\$41,374.01	\$36,411.85	\$33,553.11
Total Annual Premium	\$380,958.60	\$483,332.40	\$496,488.12	\$436,942.20	\$402,637.32
Annual Difference	(\$21,708.96)	\$80,664.84	\$93,820.56	\$34,274.64	(\$30.24)
Percent Difference	-5.39%	20.03%	23.30%	8.51%	-0.01%

Firm

Firm

Firm

Firm

FIRM

Additional claims information may be requested.

*NNL + 50% Rate Cap

L Robert contingent on paid claims
B Dove contingent on paid claims
L Cain contingent on paid claims

