


INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll 
Human Resources Director

DATE: September 4, 2018

SUBJECT: Approval of Agreement with Florida Blue for the County's Excess Loss/Reinsurance Policy

BACKGROUND:

The County is self-insured in its Group Medical Insurance Program and we carry a policy that reimburses the County for claims that exceed a specific limit. This type of policy is called a stop loss policy, excess loss policy, or reinsurance policy. The County's current excess loss/reinsurance policy is with Florida Blue and has a specific deductible of \$300,000 for individual claims and an aggregate stop loss deductible of \$148,750. The current annual premium for this policy is \$498,995.

Currently, the medical plan has five (5) ongoing high cost claims that are estimated to have an impact on the plan of \$395K - \$1.15M for 2018-2019. Lockton Companies marketed the stop loss and received 4 quotes, with 7 firms declining to quote due to being uncompetitive. Various renewal options from Florida Blue were considered that included retaining/increasing/decreasing the individual and aggregate deductibles (attached).

ANALYSIS:

Six renewal options were reviewed by our broker/consultant Lockton Companies using a Monte Carlo Modeler analysis to evaluate risk (attached). Two of the six renewal proposals would result in an annual fixed premium savings; however, it would require increasing our specific deductible from \$300,000 to \$350,000 (Option 1) and one would also include increasing the aggregating specific deductible from \$148,750 to \$200,000 (Option 5). Lockton's analysis reflects the premium savings would not outweigh the increase in the deductibles based on projected claims experience.

After analysis of the proposal and the projected claims experience, Lockton is recommending we renew with the current specific deductible of \$300,000 and reduce the aggregate specific deductible from \$148,750 to \$100,000 as proposed in Option 2. The premium for this policy is \$625,615 annually and is \$38K more than renewing at current deductible levels (\$587,215) and provides a lower aggregate specific deductible of \$100,000.

FUNDING

Funding for the annual stop loss insurance premiums of \$625,615 are included in the health insurance fund. The increased cost is estimated to be \$126,615 based on current enrollment.

RECOMMENDATION:

Staff recommends and respectfully requests that the Board approve Renewal Option 2 with Florida Blue for the County's excess loss/reinsurance policy for plan year 2018/2019 and authorize the Chairman to execute the renewal agreement.

ATTACHMENTS:

Indian River County Self-Funded Reinsurance Renewal 2018/19
Lockton Companies Monte Carlo Modeler