

INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll 
Human Resources Director

DATE: August 25, 2021

SUBJECT: Approval of Agreement with Florida Blue for the County's Stop Loss Policy

BACKGROUND:

The County is partially self-insured in its Group Health 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 stop loss policy is with Florida Blue Highmark (HM) and has a specific deductible of \$300,000 for individual claims and an aggregate stop loss deductible of \$100,000. The current annual premium for this policy is \$1,116,028. The monthly specific & aggregate premium is based on a per employee per month (PEPM) rate of \$55.69 per 1,670 lives. According to Lockton, our current PEPM rate is 32% lower than market benchmark. The actual premium amount fluctuates based on monthly enrollment in the health plan.

Lockton has provided information regarding the current stop loss market indicating that stop loss carriers have tightened underwriting requirements. High cost elective procedures are pushed into 2021 due to COVID-19 and there is a pipeline of gene therapy treatments that is impacting the stop loss industry.

Indian River County's trend reflects that high-cost claims continue and we have five (5) ongoing claims that are projected to total \$1.35M - \$2.075M in 2022. Since 2018 our cumulative stop loss ratio has been 120% and our current year stop loss performance through June 2021 is at 26%. Through June 30, 2021 we have three (3) claims that exceed \$300,000. Our known risk is projected to result in 2-4 stop loss deductible breaches in the upcoming year.

Lockton Companies marketed the County's stop loss coverage and received firm quotes from three (3) carriers, with eight (8) carriers declining to quote due to being uncompetitive, and/or historical losses, and/or ongoing liability. The quotes are from our current carrier Florida Blue HM, Voya, and Anthem Life. The renewal option being considered maintains the aggregate deductible at \$100,000 and retains the individual specific deductible at \$300,000. Options to increase the specific deductible were received, but are not recommended by Lockton since our current specific deductible is slightly higher than similarly sized employers. The Voya and Anthem proposals include lasers on one of our high cost claimants (\$700K and \$500K respectively). The laser would result in excluding claims up to either \$700K or \$500K for this individual from stop

loss coverage. Although the premiums are lower, the laser increases our liability and is not recommended.

ANALYSIS:

Our broker/consultant Lockton Companies evaluated and reviewed the Florida Blue HM, Voya, and Anthem quotes maintaining the status quo \$300,000 specific deductible and the \$100,000 aggregate deductible. Attached is a renewal summary of options.

Although the best fixed price option is the Voya Option 2 proposal at \$903,804, it contains a \$700K laser which is not recommended by Lockton. The most competitive quote without a laser was from our current stop loss carrier Florida Blue HM which reflects a negotiated increase of 16% and a total estimated annual premium of \$1,293,382. The initial renewal proposed a 19% increase. However, Lockton was able to leverage the other quotes in securing a lower renewal. This renewal does not have a laser, has a renewal protection cap of 50%, and includes no new laser protection for next year.

Staff is in agreement with Lockton's recommendation to renew with Florida Blue HM at \$64.54 PEPM composite specific and aggregate rate, which preserves the current individual specific deductible of \$300,000 and does not have a laser. The estimated annual premium is \$1,293,382 and reflects a 16% increase in premium.

FUNDING

Funding for the annual stop loss insurance premiums of \$1,293,382 is included in the Employee Health Insurance/Stop Loss Fees Account 50412719-034589.

RECOMMENDATION:

Staff recommends and respectfully requests that the Board approve the Renewal Option with Florida Blue Highmark for the County's stop loss policy for plan year 2021/2022 and authorize the Chairman to execute the renewal agreement.

ATTACHMENTS:

Lockton Status Quo Renewal Summary 2021

Indian River County Self-Funded Reinsurance Renewal 2021/22 Agreement