

INDIAN RIVER COUNTY
MEMORANDUM

TO: The Honorable Board of County Commissioners

THROUGH: John A. Titkanich, Jr., County Administrator

FROM: Suzanne Boyll, Human Resources Director

DATE: August 21, 2024

SUBJECT: Approval County's Stop Loss Policy Transition to Highmark FY24/25

BACKGROUND:

The County is self-insured in its Group Health Insurance Program and carries 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 OptumHealth and has an individual stop loss deductible of \$300,000 for individual claims and an aggregating specific stop loss deductible of \$100,000. The County also carries aggregate stop loss coverage for the entire medical/pharmacy plan as a whole. Below is an explanation of individual stop loss, aggregating specific stop loss deductible, and aggregated stop loss coverages.

- Individual Stop Loss Specific Deductible (ISL) – IRC's liability on each individual on the plan (currently ISL is \$300k)
- Aggregating Specific Deductible (ASD) – For any ISL claims in excess of \$300k, IRC takes the liability for an additional \$100k in claims. This can either be satisfied by one member in excess of \$300k, or multiple members. The purpose of an aggregating specific deductible is to lower premiums paid to the stop-loss carrier in exchange for the plan sponsor potentially paying a bit more in claims throughout the policy period.
- Aggregated Stop Loss (ASL) – ASL protects the plan from unexpected, catastrophically high claims that exceed the limits of potential reserves. The aggregate stop loss coverage provides a \$1M policy to IRC in the event the claims paid in the plan year exceeded 125% of expected claims.

The current annual premium for the stop loss policy with Optum is \$1,215,533 with a total fixed cost liability of \$1,315,533 to include the aggregating specific deductible of \$100K. The monthly premium is based on a per employee per month (PEPM) rate of \$58.82 per 1,699 lives. The actual monthly premium amount fluctuates based on monthly enrollment in the health plan.

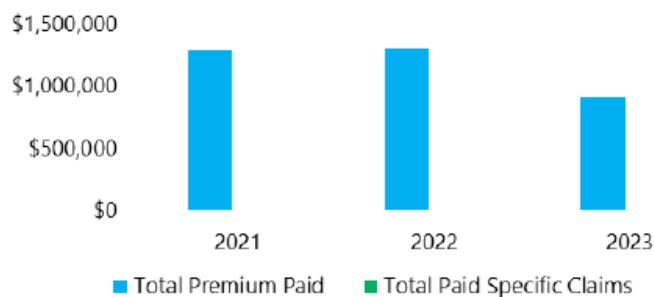
Each year, Lockton markets our stop loss policy to obtain the most competitive rates. We have received firm quotes from OptumHealth, HM Insurance Group, and Granular. Quotes were also received from Berkley, Berkshire Hathaway, QBE, Swiss Re, TMHCC, Voya, Wellpoint, but they were determined to be uncompetitive.

Our stop loss plan performance for 2021, 2022, and the current year through June 30, 2024 is illustrated below. The total premiums paid through June 31, 2024 are \$3,483,130. There were no stop loss claims paid in 2022, 2023, or in the current year through June 30, 2024.

Historical Plan Performance			2021	2022	Current Plan Performance
			HM Insurance Group		OptumHealth
Stop Loss Carrier			OptumHealth		
Specific Deductible			\$300,000	\$300,000	\$300,000
Aggregating Specific			\$100,000	\$100,000	\$100,000
Contract Basis			Paid	24/12	Paid
# of Lives			1,670	1,650	1,699
PEPM Specific Rate			\$62.51	\$62.51	\$58.82
PEPM Aggregate Rate			\$2.03	\$3.06	\$0.00
Total Paid Premium			\$1,287,638	\$1,293,958	\$901,534
Total Paid Specific Claims			\$0	\$0	\$0
Annual Loss Ratio			0%	0%	0%
Cumulative Loss Ratio				0%	

Historical Claimant Activity			2021	2022	Current Claimant Activity
Claimant 1			\$369,463	\$339,707	\$0
Claimant 2			\$0	\$306,852	\$0
					Large Claims Thru: 6/30/2024

Claims vs. Premium



The below worksheet reflects the results of the competitive responses from Optum Health, HM Insurance Group and Granular:

Carrier	Current	Renewal	Neg. Renewal	Option 1	Option 2
	OptumHealth	OptumHealth	OptumHealth	HM Insurance Group	Granular
Quote Status	Current	Initial Renewal	Negotiated Renewal	Quote-Firm	Quote-Firm
Coverage Included	Medical, RX	Medical, RX	Medical, RX	Medical, RX	Medical, RX
Contract Basis	Paid (36/12)	Paid (48/12)	Paid (48/12)	Paid (36/12)	24/12
Enrollment*	1,699	1,699	1,699	1,699	1,699
Specific Deductible	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Aggregating Specific Deductible	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
FINANCIAL ASSESSMENT					
Annual Interface Fee	\$16,310	\$16,310	\$16,310	\$0	\$16,310
Total Fixed Cost	\$1,215,533	\$1,362,326	\$1,215,329	\$1,068,739	\$1,577,623
Fixed Cost Change \$		\$146,794	-\$204	-\$146,794	\$362,091
Fixed Cost Change %		12%	0%	-12%	30%
Total Laser Liability*	\$0	\$0	\$0	\$0	\$0
Total Fixed Cost + Additional Liability**	\$1,315,533	\$1,462,326	\$1,315,329	\$1,168,739	\$1,677,623
2ND YEAR RENEWAL PROTECTION (NO NEW LASERS / RATE CAP)					
Renewal Protection Included	Yes	Yes	Yes	Yes	Yes
Rate Cap Maximum %	50%	50%	50%	40%	40%

ANALYSIS:

Each of the three respondents have provided competitive firm quotes maintaining the \$300k individual specific deductible and the \$100K aggregating specific deductible stop loss coverage. The Granular quote is not competitive at a 30% rate increase. Our current carrier is OptumHealth who provided an initial renewal reflecting a 12% rate increase; however, Lockton negotiated the renewal quote to 0%. The incumbent, OptumHealth has quoted to renew with no rate increase through the September 10, 2024 BOCC meeting. HM Insurance Group's firm quote is a 12% reduction in premiums and reduces the PEPM specific premium rate from \$58.82 to \$52.42 at an annual savings of \$146,794. The total annual premium is \$1,068,739 with a total fixed cost liability of \$1,168,739. The rate is good through September 13, 2024. The renewal also has a rate cap maximum of 40%. HM Insurance Group is offered through Florida Blue and reimbursements are processed automatically after stop loss claim deductibles are reached. Lockton recommends the Board approve the proposal from HM Insurance Group reflected as Option 2 on the attached proposal and staff agrees with this recommendation. **This proposal must be accepted and signed and returned by September 13, 2024.**

FUNDING

Sufficient funding for the annual stop loss insurance premiums is included in the Fiscal Year 2024/2025 budget, in the amount of \$1,068,739, in the Employee Health Insurance Fund/Stop Loss Fees account, number 50412719-034589.

Account Description	Account Number	Amount
Employee Health Insurance Fund/Stop Loss Fees	50412719-034589	\$1,068,739

RECOMMENDATION:

Staff recommends and respectfully requests that the Board approve staff's recommendation to accept the stop loss insurance proposal from HM Insurance Group for the 2024/2025 plan year with the current \$300K ISL and \$100K ASD at a 12% reduction in premiums at a PEPM rate of \$52.42 , reflecting a savings of \$146,794, and authorize the Chairman to execute the proposal acceptance after review and approval by the County Attorney as to form and legal sufficiency.

c: Stop Loss Proposal HM Insurance Group