

STAFF REPORT

Date: June 12, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Approval of renewal of a contract with Voya Financial for stop loss insurance for the City of Reno’s self-funded health plans for a one-year term in the amount of \$1,695,927. (Self-Funded Medical Funds)

From: Angela Davis, Benefits Manager

Department: City Manager’s Office – HR

Summary:

The current stop loss coverage for the City of Reno’s self-funded health plans expires on June 30, 2024. The renewal has been marketed by the City’s broker, Lockton Companies. The incumbent reinsurance company, Voya Financial, issued a bid with a renewal rate decreasing premiums 2% for the upcoming fiscal year (FY) 24/25 plan year. Voya Financial issued a competitive proposal with matching contract features and “No New Laser” contractual protection for 2% less than the current premium and rate cap protection for the renewal. Given the financial strength of Voya, and the superior bid from their company, staff recommends Council approve the bid from Voya Financial.

Consent Review	Yes	No
1. Is this item an annual or standard item that comes before Council for regular approval?	X	
2. Is this item an agreement required based on an item previously approved by Council?	X	
3. Is this item included in the current budget approved and adopted by Council?	X	
Other Considerations		
What percent of the total City budget does this item represent?	0.2%	

Alignment with Strategic Plan:

Fiscal Sustainability

Previous Council Action:

On June 14, 2023, Council approved a one-year agreement with Voya for the City's self-funded medical insurance. The total premium amount for FY 23/24 was \$1,730,537.76.

Background:

Lockton issued a request for quote (RFQ) to 13 reinsurance companies, of which 9 either declined to quote citing ongoing risk or their submitted rates were not competitive. Of the five companies that chose to submit a quote, Voya Financial was the most competitive with a 2% reduction to current premium levels, no lasers, a rate cap and a "No New Laser" provision.

Discussion:

Stop loss insurance coverage provides payments for claims when they exceed \$400,000. This is critical for self-insured health insurance plans. The stop loss renewal this year is a result of reduced large claim activity during the recent year as well as projected lower, large claims exposure for the upcoming year. Stop loss insurance remains a critical cost and risk control element supporting the City's health plans. Voya is the only reinsurer who issued a competitive rate proposal for the upcoming year. Historically, they have proven both competent and reliable in administration of our stop loss insurance and remain the most competitive choice for the FY 24/25 contract.

Financial Implications:

The premiums for FY 24/25 will be a total of \$1,695,927 which represents a 2% decrease. Funds are available and will be paid from the Self-Funded Medical Plan.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada Law. Pursuant to Nevada Revised Statute (NRS) 332, Nevada's local government purchasing statute, contracts for insurance are not subject to competitive bidding requirements (NRS 332.115.)

Recommendation:

Staff recommends approving the contract with Voya Financial for stop loss coverage for plan year July 1, 2024, through June 30, 2025.

Proposed Motion:

I move to approve the contract renewal with Voya Financial for stop loss insurance for the City of Reno's self-funded health plans for a one-year term in the amount of \$1,695,927.

Attachments:

Voya Stop Loss Renewal Offer