

STAFF REPORT

Date: June 14, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Approval of 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 \$1,590,111. (Self-funded Medical Funds)

From: Angela Davis, Benefits Manager, Human Resources

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, 2023. The renewal has been marketed by the City's broker. The incumbent reinsurance company, Anthem (Wellpoint), issued a bid with a renewal rate increasing premiums five percent for the upcoming July 2023-June 2024 plan year. Voya Financial issued a competitive proposal with matching contract features for four percent less than current premium and rate cap protection for the July 2024 renewal. Given the financial strength of Voya, and the superior bid from their company, staff recommends Council approve the bid from Voya Financial.

Alignment with Strategic Plan:

Fiscal Sustainability

Previous Council Action:

June 3, 2022 - Council approved a one-year agreement with Anthem for the City's Self-Funded Medical Insurance. The total premium amount for FY 22/23 was \$1,607,693.

Background:

The City's healthcare broker, Lockton Co., issued a request for quotes to eleven reinsurance companies, of which nine either declined to quote citing ongoing risk or their submitted rates were not competitive. Of the two other companies that chose to submit a quote, Voya Financial was the most competitive with a four percent reduction to current premium levels.

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 upcoming fiscal 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 Financial is the only reinsurer who issued a competitive rate proposal for the upcoming year. The 2023 renewal did not have the contractual rate cap in place as it was removed by the reinsurer last year. However, the rates offered for July 2023-June 2024 now include the rate cap protection for the July 2024 renewal.

Financial Implications:

The premiums for FY 23/24 will be a total of \$1,590,111. 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.

Recommendation:

Staff recommends Council approve the contract with Voya Financial for Stop Loss Coverage for plan year July 1, 2023 through June 30, 2024.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Voya Financial Proposal

City of Reno Application

City of Reno Admin Agreement