

Council of the City of York, PA  
Session 2013  
Resolution No.

INTRODUCED BY: Michael Ray Helfrich      DATE: December 2, 2014

**WHEREAS**, The City of York maintains a self funded health insurance program to provide health insurance benefits to the employees of the City; and,

**WHEREAS**, the City purchases Stop-Loss Insurance for the purpose of limiting risk exposure to excess liability; and,

**WHEREAS**, The City requested quotes for a Stop Loss Insurance provider services for the year 2015; and,

**WHEREAS**, Optum administered proposed the best combination of services, price and products.;

**NOW, THEREFORE, BE IT RESOLVED**, by the Council of the City of York, Pennsylvania, that the Mayor is authorized and the Controller is authorized and directed to execute the documents necessary to implement the contract for services proposed by Optum for stop loss insurance for the year 2015.

**PASSED FINALLY:**

**YEAS:** \_\_\_\_\_

**NAYS:** \_\_\_\_\_

\_\_\_\_\_  
Carol Hill-Evans, President of Council

**ATTEST:**

\_\_\_\_\_  
Dianna L. Thompson-Mitchell, City Clerk



# The City of York Pennsylvania

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Honorable C. Kim Bracey, Mayor

Business Administration

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**TO: CITY COUNCIL**

**FROM: MICHAEL DOWEARY, ASSISTANT BUSINESS ADMINISTRATOR**

**DATE: NOVEMBER 24, 2014**

**RE: 2015 STOP LOSS INSURANCE**

Evolution Consulting Group on behalf of the City of York, requested stop loss quotes from nine (9) stop loss insurers including the current insurer, AIG/National.

Three (3) insurers declined to quote on the coverage for next year and there are two (2) quoting vendors, Sunlife and HM Life that are not shown on the attached bid analysis because their rates were just so non-competitive. All provide similar service and reimbursement timeframes.

The current insurer initially came out with a 19.1% increase, which Evolution negotiated down to 5.2%. There are options to decrease fixed costs if the City were willing to adjust the deductible from \$175,000 to \$200,000. 2014 is the first year with Evolution that the deductible has not been met (but there are still 6 weeks left in the year). In 2011, there were 4 claimants reaching the deductible. 2012 had 2 claimants and 2013 had 1 claimant.

The decision to switch carriers will require the completion of an application and a binder check by the end of December. If the City remains with the current vendor, no binder check is needed, just a signed application.

Stop loss insurance is what reduces the financial risk for the City of York should a covered employee, retiree or dependent experience very high healthcare expenses under the self-insured medical plan. For 2014, any expense for a member above \$175,000 is refunded through stop loss.

The City has an annual specific deductible of \$175,000, with an aggregating deductible of \$70,000. The aggregating deductible of \$70,000 is the amount that the City would pay over and above the normal stop loss deductible for the first claimant. This special deductible only applies to the first person. Once one claimant has met the aggregating deductible, the policy reverts to the standard deductible at \$175,000 per person.

The premium quoted by Optum with the above referenced specific and aggregating stop loss deductibles is \$346,000 for the 2015 calendar year, which is a zero percent increase over 2014. There are no lasered claims identified in 2015. Lasered means the specific stop loss deductible would be more than the \$175,000.

