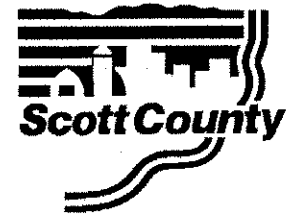


HUMAN RESOURCES DEPARTMENT
600 W. 4TH Street
Davenport, IA 52801



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Date: November 23, 2010

To: Dee Bruemmer, County Administrator

From: Mary J. Thee, Human Resources Director/Asst. County Administrator

Subject: Stop Loss Coverage Recommendation

Our consultant, Jeff Scarpinato of Holmes Murphy has worked with United Health Care to evaluate the renewal of our Stop Loss coverage from United Health Care of the River Valley (UHC). You may recall we entered into a 3 year agreement with UHC for administrative services, however the stop loss coverage is renegotiated annually (based on claim experience). The chart demonstrates the various options related to the Specific and Aggregate Stop Loss. The recommendation is to consider a Specific Stop Loss amount of \$130,000. The belief from reviewing our claims history the past 4 years and our current year's experience indicates that this is feasible. By electing the \$130,000 coverage for the specific stop loss the County will receive a \$2,023 savings rather than a \$19,939 increase should we remain at the \$125,000 coverage. Approximately 10% of the overall costs will be paid by SECC for coverage of their staff.

Cc: Sarah Kautz, Budget Manager
Jeff Scarpinato, Holmes Murphy
Cheri Sexton, Benefits Coordinator



Scott County
Self Funded Medical Benefit Cost Analysis
 Effective January 1, 2011

| Administrator Carrier | UHC of River Valley Self-Funded Current | UHC of River Valley Self-Funded Renewal | UHC of River Valley Self-Funded Renewal Option #1 | UHC of River Valley Self-Funded Renewal Option #2 |
|---|---|---|---|---|
| FIXED COSTS | | | | |
| 496 | Administration Fee Medical | \$36.64 | \$36.64 | \$36.64 |
| | Monthly Administration Costs | \$18,173.44 | \$18,173.44 | \$18,173.44 |
| | Total Annual Administration Costs | \$218,081.28 | \$218,081.28 | \$218,081.28 |
| SPECIFIC STOP LOSS (Medical & Rx) | | | | |
| | Specific Stop Loss Deductible | \$125,000 | \$125,000 | \$125,000 |
| | Contract Type | Paid | Paid | Paid |
| | Specific Premium | | | |
| 224 | Single | \$48.26 | \$51.49 | \$40.87 |
| 272 | Family | \$48.26 | \$51.49 | \$40.87 |
| | Monthly Specific Premium | \$23,936.96 | \$25,539.04 | \$20,271.52 |
| | Annual Specific Premium | \$287,243.52 | \$306,468.48 | \$243,258.24 |
| AGGREGATE STOP LOSS (Medical & Rx) | | | | |
| | Aggregate Premium | Paid | Paid | Paid |
| 496 | Per Employee Per Month | \$4.82 | \$4.94 | \$5.14 |
| | Monthly Aggregate Premium | \$2,290.72 | \$2,450.24 | \$2,549.44 |
| | Annual Aggregate Premium | \$28,688.64 | \$29,402.88 | \$30,593.28 |
| | Total Annual Stop Loss Costs | \$315,932.16 | \$313,908.48 | \$273,851.52 |
| VARIABLE COSTS | | | | |
| AGGREGATE FACTORS (Medical & Rx) | | | | |
| | Contract Type | Paid | Paid | Paid |
| | Expected Claims | | | |
| 224 | Single | \$679.01 | \$697.22 | \$705.45 |
| 272 | Family | \$679.01 | \$697.22 | \$705.45 |
| | Maximum Claims | | | |
| 224 | Single | \$846.16 | \$868.55 | \$878.83 |
| 272 | Family | \$846.16 | \$868.55 | \$878.83 |
| | Annual Expected Claims | \$4,041,467.52 | \$4,149,853.44 | \$4,198,838.40 |
| | Est. Aggregate Attachment Point (125%) | \$5,056,344.32 | \$5,186,453.76 | \$5,230,796.16 |
| | Total Annualized Fixed Costs | \$534,013.44 | \$531,989.76 | \$491,932.80 |
| | Increase/(Decrease) to Current Fixed Costs - \$ | \$19,939.20 | (\$2,023.68) | (\$42,080.64) |
| | Increase/(Decrease) to Current Fixed Costs - % | 3.7% | -0.4% | -7.9% |
| | Total Annualized Expected Costs | \$4,575,480.96 | \$4,695,294.72 | \$4,690,771.20 |
| | Increase/(Decrease) to Current Expected Costs - \$ | \$128,325.1 | \$119,813.8 | \$115,290.2 |
| | Increase/(Decrease) to Current Expected Costs - % | 2.8% | 2.6% | 2.5% |
| | Total Annualized Maximum Costs | \$5,570,357.76 | \$5,723,562.24 | \$5,722,728.96 |
| | Increase/(Decrease) to Current Maximum Costs - \$ | \$153,204.5 | \$148,085.8 | \$152,371.2 |
| | Increase/(Decrease) to Current Maximum Costs - % | 2.8% | 2.7% | 2.7% |

Notes: This is a summary of benefits provided by the plans. Refer to the carrier's descriptive material for a full discussion of benefits and rates. Please note that Scott County's administrative fee was reduced from \$37.01 to \$36.64 perpm in February 2010 by eliminating the Choice Option.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

RESOLUTION

SCOTT COUNTY BOARD OF SUPERVISORS

November 23, 2010

APPROVAL OF A ONE YEAR AGREEMENT FOR STOP LOSS COVERAGE

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the proposal from United Health Care of the River Valley for one year agreement for specific and aggregate stop loss coverage is hereby accepted and approved.

Section 2. That the Human Resources Director hereby authorized to sign the health insurance contracts for services on behalf of the Board.

Section 3. This resolution shall take effect immediately.

