

HUMAN RESOURCES DEPARTMENT
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Davenport, IA 52801



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Date: November 21, 2023

To: Mahesh Sharma, County Administrator

From: Vanessa Wierman, Human Resources Director

Subject: Stop Loss Insurance and Flexible Savings Plan

In October, the County renewed the health and dental coverages; however, final renewal rates for Stop Loss insurance and Flexible Savings Plan had not been received at the time.

Stop Loss Coverage

Our benefits consultant engaged their strategic partner, Stealth, to procure proposals for stop loss coverage. The request for proposals was sent to sixteen (16) carriers and eight (8) quotes were initially received. All carriers that provided a response quoted an increase from 27% to 64%. At the time of the quote, two (2) claimants exceeded the current specific stop loss coverage of \$175,000 with an additional two (2) claimants anticipated to exceed the specific stop loss coverage by the end of the calendar year. These large claims and anticipated claims resulted in the large percentage increases in rates.

Berkshire Hathaway is currently the County's stop loss provider and in reviewing September claim information, submitted a final quote at the end of October. Provided information included rates for maintaining the current specific stop loss coverage of \$175,000 and removing the aggregate stop loss amount of \$50,000 which resulted in a 17.4% rate increase. Also included was an additional quote for rates if the County raised the specific stop loss coverage to \$200,000 and removal of the aggregate stop loss amount. The second quote is a 2.6% reduction from the current rate. The County has maintained the specific stop loss coverage of \$175,000 for more than four (4) years and in consultation with County Administrator Mahesh Sharma and Budget and Administrative Services Director David Farmer, we believe increasing the specific stop loss to \$200,000 makes financial sense.

Holmes Murphy is recommending the County accept the second proposal and to continue with Berkshire Hathaway as the County's stop loss insurance provider. This would result in the County increasing specific stop loss coverage to \$200,000, removal of the aggregate stop loss amount, and an overall 2.6% decrease in rates.

Flexible Spending Account

In calendar year 2021, the County moved to iSolved Benefit Services for flexible savings plan administration. At that time a three (3) year rate agreement was put in place which expires at the end of 2023. iSolved Benefit Services provided renewal information for the next year and is not increasing the \$3.50 PPM rate. We are recommending the County continue with iSolved Benefit Services for flexible savings plan administration.

Cc: David Farmer, Budget and Administrative Services Director
Anna Evans, Holmes Murphy
Jeff Clayton, Holmes Murphy
Tiffany Paarmann, Holmes Murphy



**Medical Stop Loss Renewal
Proposal For
Scott County
Davenport, IA**

Producer
Stealth Partner Group

Underwriter
Brinson, Morgan

Regional Sales Director
Mittleman, Tara

Group: **Scott County**
 Administrator: **United Healthcare**
 Issuing Carrier: **Berkshire Hathaway Specialty Insurance Company**

Proposal No: **0**
 Proposal Date: **10/31/2023**
 Effective Date: **01/01/2024**
 Proposal Valid Through: **11/03/2023**

SPECIFIC STOP LOSS BENEFIT

		Current	Option 1	Option 2
Covered Benefits		Medical, Rx Card	Medical, Rx Card	Medical, Rx Card
Contract Basis		24/12	24/12	24/12
Annual Specific Deductible per Individual		\$ 175,000	\$ 175,000	\$ 200,000
Maximum Annual Reimbursement		Unlimited	Unlimited	Unlimited
Maximum Lifetime Reimbursement		Unlimited	Unlimited	Unlimited
Quoted Rate Per Month	<u>Enrollment</u>			
Single	202	\$ 36.68	\$ 42.22	\$ 34.45
Family	346	\$ 121.20	\$ 142.71	\$ 118.83
Composite	548	\$ 90.04	\$ 105.67	\$ 87.73
Estimated Annual Premium		\$ 592,135	\$ 694,873	\$ 576,889
Quoted Rate(s) includes Commissions of		0.00%	0.00%	0.00%

AGGREGATE STOP LOSS BENEFIT

		Current	Option 1	Option 2
Covered Benefits		Medical, Rx Card	Medical, Rx Card	Medical, Rx Card
Contract Basis		24/12	24/12	24/12
Loss Limit Per Individual		\$ 175,000	\$ 175,000	\$ 200,000
Maximum Annual Reimbursement		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Rate Per Month	<u>Enrollment</u>			
Composite	548	\$ 3.99	\$ 3.97	\$ 4.38
Estimated Annual Premium		\$ 26,238	\$ 26,107	\$ 28,803
Rate(s) includes Commissions of		0.00%	0.00%	0.00%
Annual Aggregate Deductible		\$ 11,931,113	\$ 12,883,760	\$ 13,088,610
Minimum Aggregate Deductible		\$ 11,931,113	\$ 12,883,760	\$ 13,088,610
Run-in Limited To		\$ 2,319,100		
Run-in Limited To		\$ 2,355,900	\$ 2,319,100	\$ 2,355,900
Monthly Aggregate Claim Factors	<u>Enrollment</u>			
<u>Medical, RxCard</u>				
Single	202	\$ 848.44	\$ 903.00	\$ 917.35
Family	346	\$ 2,378.25	\$ 2,575.84	\$ 2,616.80
Composite	548	\$ 1,814.34	\$ 1,959.21	\$ 1,990.36

OVERALL COST SUMMARY

Current	Option 1	Option 2
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Group: **Scott County**
 Administrator: **United Healthcare**
 Issuing Carrier: **Berkshire Hathaway Specialty Insurance Company**

Proposal No: **0**
 Proposal Date: **10/31/2023**
 Effective Date: **01/01/2024**
 Proposal Valid Through: **11/03/2023**

Total Annual Fixed Costs	\$ 618,373	\$ 720,980	\$ 605,692
Variable Costs	\$ 11,931,113	\$ 12,883,760	\$ 13,088,610
Maximum Annual Liability	\$ 12,549,486	\$ 13,604,740	\$ 13,694,302

Contingencies

This Proposal is based on the following stipulations:

Identification of all risks known to: Be currently disabled, hospital confined, or pre-certified in the last 3 months; Have received services in the current plan year that exceed the lesser of 50% of the Specific Benefit Deductible or \$50,000; Have been identified for Case Management having the potential to exceed the lesser of 50% of the Specific Benefit Deductible or \$50,000; Have been diagnosed, during the current plan year, with condition identified on ICD-10 codes shown in the BHSI Disclosure Statement.

Any members that have been recommended, evaluated, or on a waiting list for a transplant must be disclosed.

Final census information through the end of the enrollment period, including age or date of birth, gender, zip codes, coverage codes, and identification of any HMO, Retiree, COBRA, and non-eligible employees.

Qualifications / Assumptions

Berkshire Hathaway Specialty Insurance Company requires all producers using insurance quotes issued by the company for the purpose of soliciting, selling or negotiating insurance to be licensed both by the state where the prospective client is located and by any state where the solicitation, sale or negotiation of insurance occurs, if different. This requirement pertains to all forms of solicitation, sale or negotiation of insurance, including but not limited to, solicitation, sale or negotiation conducted in person, by telephone, by email, by fax or otherwise.

This offer assumes the continuation of current benefit plan(s) and enrollment distribution by benefit plan(s).

Our proposal is based on UHC Choice Plus as the PPO network. If a different network or no network is used, we reserve the right to revise our quoted rates and factors based on the new network.

Only full-time and regular part-time employees, as defined by Your Plan, are covered under this proposal and shall not include independent contractors for whom no W-2 is issued.

The Specific Benefit includes an Advance Funding feature.

The Minimum Annual Aggregate Attachment Point equals 100% and will be based on the greater of the lives shown on this proposal or the first month's enrollment.

Final rates and factors for the Specific and Aggregate Benefit are guaranteed for 12 months from the effective date, unless a change in risk occurs. A change in risk includes: plan or policy amendments; TPA or ASO changes; network or cost-containment vendor changes; enrollment shifts greater than 15%; participation shifts in each plan option greater than 10%; or addition/deletion of a subsidiary, division, affiliated or associated company.

This offer assumes there are no subsidiaries included. If there are any subsidiaries/divisions operating under any other name included under this arrangement they must be specifically identified by name and location (city, state) and subject to acceptance by underwriting.

The Plan Document(s) should Include:

- a) Standard provisions and definitions for eligibility, enrollment date, eligible employees (full-time and part-time), dependents, and retirees, if applicable.
- b) Clearly defined termination provisions and specific wording regarding extension of coverage due to disability, layoff or leave of absence.
- c) Transplant benefit wording that identifies any benefits applicable to the donor, the recipient, organ procurement, and any covered transportation, lodging and companion charges.

Aggregate corridor is 125%

Written documentation of the policyholder's Leave of Absence policy, including but not limited to FLMA, STD, LTD and other personal leave of absence provisions must be submitted for review and acceptance.

This proposal, the continuation of any bound insurance, and any payments to you, to a claimant or to another third party, may be affected by the administration and enforcement of U.S. economic embargoes and trade sanctions by the Office of Foreign Assets Control (OFAC), if we determine that any such party is on the "Specially Designated Nationals or Blocked Persons" list as

maintained by OFAC.

There are 2 COBRA participants based on the census provided.

Retirees are included. Assumes retirees 65 years and older are Medicare Primary

Our proposal is based on OptumRx as the Rx PBM.

Proposal assumes New Ambulance acquisition (62ppl) will be covered under this policy effective 1/1/24. New Ambulance employees will have a 12/12 contract basis and not be included in the NNL rate cap provision.

Please initial the selected proposal option:

Option 1

Option 2

Option 3

Other Option

Date: _____ By: _____

Broker of Record or Administrator

Our quote is firm subject to formal written acceptance and receipt of the signed proposal by 11/3/23. After this date, our proposal is subject to adjustment with updated claims experience.

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

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

NOVEMBER 21, 2023

APPROVAL OF 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 Berkshire Hathaway for a one year agreement for specific 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.

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

____ DATE _____

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

NOVEMBER 21, 2023

APPROVAL OF ONE YEAR AGREEMENT FOR FLEXIBLE SAVINGS PLAN

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

Section 1. That the proposal from iSolved Benefit Services for a one year agreement for flexible savings plan administration 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.