

Legislation Text

File #: 18-559, **Version:** 1

Presenter/Contact

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SUBJECT:

Approval of an annual contract with UnitedHealthcare for the provision of stop loss insurance for the City of New Braunfels.

BACKGROUND / RATIONALE:

The City of New Braunfels solicited a bid in July 2018 seeking a qualified company to provide stop loss insurance coverage for the City. As the City's medical and pharmacy services are provided through a self-funded plan, stop loss insurance allows for reimbursement when individual or aggregate claims exceed a specified limit, thus protecting the City from the financial impact of large claims. The specified limit for the pending annual is \$150,000 per individual claim.

A Request for Proposal solicitation was issued on July 24, 2018, to obtain proposals from companies capable of providing stop loss insurance. As healthcare costs are increasing nationwide, the solicitation offered the City the opportunity to obtain competitive pricing, thereby ensuring greater value to the City.

Proposals were opened on August 23, 2018, and six responses were received. The proposals were evaluated based upon the company's financial stability, experience, the terms of the contract, and cost of services.

After extensive review and discussion, the highest-ranking vendor is UnitedHealthcare.

The base term of the contract is October 1, 2018, through September 30, 2019. Additionally, there are four, one-year options to renew for a combined total of five years at City-negotiated rates. Actual health claims costs vary; however, the estimated annual contract cost is \$880,503 based on claims history. The annual costs is essentially flat in comparison to FY 2017-18.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

<input checked="" type="checkbox"/>	Yes	Strategic Priorities:	9. Maintain fiscal stability of City operations
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FISCAL IMPACT:

Funding for the contract described above has been incorporated into the FY 2018-19 Adopted Budget; costs are paid through the Self Insurance Fund. Therefore, sufficient funds are available for the referenced annual contract.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of an annual contract with UnitedHealthcare for the provision of stop loss insurance for the City of New Braunfels.