

Legislation Text

File #: 17-606, **Version:** 1

Presenter/Contact
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SUBJECT:

Approval of an annual contract with Aetna Life Insurance Company for the provision of stop loss insurance for the City of New Braunfels.

BACKGROUND / RATIONALE:

The City of New Braunfels solicited a bid in August 2017 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 current specified limit is \$125,000 per individual claim.

A Competitive Sealed Proposal solicitation was issued on August 3, 2017, 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 pricing based upon several different scenarios, such as referenced-based pricing and a range of deductible levels, to allow for a proactive evaluation of options when the City's current contract with Aetna Life Insurance Company for medical and pharmacy services expires on September 30, 2018.

Sealed proposals were opened on August 21, 2017, and two (2) responses were received. The proposals were evaluated based upon the company's financial stability, experience, cost of services, and adherence to the requested scenarios submitted by each proposer.

After extensive review and discussion, the highest ranking vendor is Aetna Life Insurance Company.

The base term of the contract is October 1, 2017 through September 30, 2018. Additionally, there are four, one-year options to renew for a combined total of five years at City-negotiated rates.

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 adopted FY 2017-18 budgets. Therefore, sufficient funds are available for the referenced annual contract.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends the approval of an annual contract with Aetna Life Insurance Company for the provision of stop loss insurance for the City of New Braunfels.