



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 24

Agenda Date: December 7, 2023

In Control: City Council A Session

DEPARTMENT: Department of Human Resources

DEPARTMENT HEAD: Renee Frieda

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

2024 Contract for Stop Loss Insurance

SUMMARY:

This ordinance authorizes the City Manager or his designee to purchase a Stop Loss Insurance Policy through Blue Cross Blue Shield of Texas to cap the City's risk at a \$1,200,000.00 deductible per individual City Civilian and Uniformed Employee, non-Medical eligible Civilian Retiree and their dependent enrolled in the City's medical insurance plans. The purpose of this policy is to protect the City from catastrophic individual medical claims expenses that exceed \$1.2 million incurred and paid in 2024. The term of the policy is for claims incurred and paid during the 12 months beginning January 1, 2024 and ending December 31, 2024.

BACKGROUND INFORMATION:

The City of San Antonio provides self-insured medical benefit plans to approximately 26,500 individuals. The adopted budget to cover expenses for medical and pharmacy claims for FY 2024 is \$168 million.

Stop-loss insurance is a risk-mitigation product that provides financial protection for self-insured employers such as the City of San Antonio. Without stop-loss insurance, the City is responsible for the full cost of any catastrophic claims. With stop-loss coverage, the City would receive reimbursement for payments made for individual claimants in excess of the \$1.2 million deductible.

The City's Benefits Consultant, Gallagher Benefits, Inc. has seen catastrophic claims within their Texas Book of Business ranging from \$2 million to \$14 million. They have also seen claims in excess of \$1 million increase significantly year over year.

ISSUE:

Securing Stop Loss Coverage protects the City from the risk associated with catastrophic medical claims in excess of the \$1.2 million dollar deductible per covered individual.

ALTERNATIVES:

Failure to approve this Ordinance will result in the City becoming liable for the full cost of medical claims that exceed \$1.2 million per covered individual incurred and paid in 2024.

FISCAL IMPACT:

This ordinance authorizes the City Manager or his designee to purchase a Stop Loss Insurance Policy through Blue Cross Blue Shield of Texas to cap the City's risk at a \$1.2 million individual deductible per City Civilian and Uniformed Employee, non-Medicare eligible Civilian Retiree and dependent enrolled in the City's medical insurance plans. Funding in the amount of \$1,010,362.00 (a \$53,324 annual savings over current vendor premium) is available in the Employee Benefits Insurance Fund FY 2024 Adopted Budget. Funding in the amount of \$189,638.00 is contingent upon City Council approval of the FY 2025 Adopted Budget.

RECOMMENDATION:

Staff recommends approval of this Ordinance authorizing the purchase of Stop Loss Insurance through Blue Cross Blue Shield of Texas at an estimated annual amount of \$1,010,362.