

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

HUMAN RESOURCES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Roy Sprinkle, Executive Director of Human Resources
FROM: Lynn Peterson, Supervisor of Risk Management
DATE: November 5, 2018
SUBJECT: Medical Stop Loss Insurance Renewal- Effective 01/01/2019

Background:

The current Medical Stop Loss Insurance policy with *HMIG (a Florida Blue partner)* has a self-insured retention (deductible) of \$550,000 and will expire on 12/31/2018.

Renewal

A RFP for Stop Loss Insurance was issued by the District's insurance broker, AON. Proposals were requested at 3 levels, \$550,000, \$600,000 and \$650,000. Six carriers initially responded with proposals based on the District's September 2018 medical claims experience. The responding carriers included HMIG, Sun Life, Berkshire, Swiss Re, Tokio Marine HCC and Voya. An initial review all the quotes revealed the most competitive quotes came from HMIG and Sun Life.

At the \$550,000 level, Sun Life becomes the most competitive. The table below shows the final quotes received at the \$550,000 deductible level.

\$550,000 Deductible - Final Quotation			
	Sun Life	Swiss Re	HMIG
\$550,000 Specific Deductible - PEPM			
Employee Only – 4214 EEs	\$8.78	\$8.76	\$9.20
Employee Plus Dependents - 1043 EEs	\$22.22	\$24.84	\$28.63
Annual \$550,000 Specific Deductible Premium	\$722,093	\$753,873	\$823,559
Annual Interface Fee	\$31,542	\$31,542	\$0
Total Annual Cost to District	\$753,635	\$785,415	\$823,559
Commissions Included in Premium	20%	20%	20%

At the \$600,000 and \$650,000 level, HMIG was the most competitive. The \$650,000 level appears to be the most appropriate for the District. Since becoming self-insured on January 1, 2016, the District has not had any claims exceed the stop loss insurance deductible. The largest claim this year (through September 2018) has not surpassed \$457,430. Although there is always the potential the District could experience one or more large claims over \$550,000, this has not been the case. For an additional \$100,000 in deductible, the District will save \$186,169 in premiums over the \$550,000 deductible level quote with Sun Life.

\$650,000 Deductible - Final Quotation			
	HMIG	Sun Life	Tokio Marine
\$650,000 Specific Deductible - PEPM			
Employee Only - 4214 EEs	\$6.19	\$7.47	\$6.44
Employee Plus Dependents - 1043 EEs	\$20.33	\$17.82	\$22.77
Annual \$650,000 Specific Deductible Premium	\$567,466	\$600,778	\$610,647
Annual Interface Fee	\$0	\$31,542	\$31,542
Total Annual Cost to District	\$567,466	\$632,320	\$642,189
Commissions Included in Premium	20%	20%	20%

Recommendation

It is recommended the Stop Loss Insurance proposal from HMIG at the \$650,000 deductible level be approved.

Attachment