



Mendocino County

Legislation Text

File #: 21-0221, **Version:** 1

To: Board of Supervisors

From: Human Resources

Meeting Date: February 23, 2021

Department Contact: William Schurtz

Phone: 234-6600

Department Contact: Cherie Johnson

Phone: 234-6600

Item Type: Consent Agenda

Time Allocated for Item: N/A

Agenda Title:

Approval of Retroactive Agreement with Coefficient Insurance Company (Coefficient) to Provide a Stop Loss Reinsurance Policy Which Includes Specific Excess Loss and Aggregate Excess Loss Insurance Coverage for the County's Self-Funded Health Plan, in the Estimated Amount of \$1,496,556, for the Period of January 1, 2021 through December 31, 2021

Recommended Action/Motion:

Approval of Retroactive Agreement with Coefficient to Provide a Stop Loss Reinsurance Policy Which Includes Specific Excess Loss and Aggregate Excess Loss Insurance Coverage for the County's Self-Funded Health Plan, in the Estimated Amount of \$1,496,556, for the Period of January 1, 2021 through December 31, 2021; authorize the Human Resources Director, upon completion of a marketing analysis each year, to approve future annual stop loss renewals with Coefficient that do not exceed an annual 10% increase over the 2021 rates; and authorize Chair to sign same.

Previous Board/Board Committee Actions:

Each year, Keenan & Associates (Keenan), the County's consultant to the self-funded health plan, markets the stop-loss re-insurance coverage on behalf of the County. Re-insurance protects the County on any claim over the attachment point. Specific stop-loss provides protection against catastrophic or unpredictable losses above the \$250,000 individual deductible. For any individual claim exceeding the \$250,000 deductible, the re-insurance company pays 100% of the remaining claim.

Only two proposals were received and the most cost effective was chosen. Coefficient is the selected stop-loss provider. Coefficient recently purchased General Fidelity Life Insurance Company and the policy documents reflect the General Fidelity name due to the time it takes for the State to approve the name change to the documents but the re-insurance policy is in actuality being provided by Coefficient.

The Coefficient excess loss insurance policy includes both specific and aggregate re-insurance coverage. Aggregate re-insurance provides a maximum on the dollar amount of eligible expenses that an employer would pay, in total, during a contract period. The Coefficient aggregate re-insurance policy will pay up to \$1,000,000 over the aggregate attachment point of \$15,823,179.

The monthly premium is calculated on a per-employee per month (PEPM) basis and according to the type of

health plan coverage the employee has selected. The Specific Stop-Loss premium is \$79.83 PEPM for single coverage, \$172.21 PEPM for family coverage. The Aggregate Loss premium is \$1.45 PEPM. A definitive amount for the contract cannot be accurately determined as the monthly premium amount is based on the number of employees enrolled in the health plan and the type of plan the employee has enrolled in. The premium amount will vary from month to month.

This request for approval of this Agreement is retroactive due to the timing of the marketing. Keenan markets until very late in the calendar year in an effort to obtain the most cost efficient policy. When the marketing is complete and a contractor is selected, there is a County contracting processes to complete before being able to place on the Board's agenda.

Alternative Action/Motion:

Return to Human Resources with further direction.

Supervisory District: All

vote requirement: Majority

Supplemental Information Available Online At: N/A

Fiscal Details:

source of funding: 0715

current f/y cost: \$1,381,136

annual recurring cost: \$1,496,556

budget clarification: Calendar year contract budgeted over two fiscal years.

budgeted in current f/y: Yes

if no, please describe:

revenue agreement: No

Agreement/Resolution/Ordinance Approved by County Counsel: Yes

CEO Liaison: Janelle Rau, Deputy CEO

CEO Review: Yes

CEO Comments:

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Executed By: Atlas Pearson, Deputy Clerk I

Date: FEBRUARY 25, 2021

Final Status: Approved

Executed Item Type: Agreement **Number:** 21-032

Note to Department Number of Original Agreements
Returned to Dept: 1 Original Agreement Delivered to Auditor?
Yes

