



# Mendocino County

## Legislation Text

---

File #: 20-0002, Version: 1

---

**To: Board of Supervisors**

**From:** Human Resources

**Meeting Date:** February 4, 2020

**Department Contact:** William Schurtz

**Phone:** 234-6600

**Department Contact:** Cherie Johnson

234-6000

**Item Type:** Regular Agenda

**Time Allocated for Item:** 15 min

**Agenda Title:**

Discussion and Possible Action Including Approval of Retroactive Amendment to Agreement No. 19-008 with PartnerRe America Life Insurance Company (PartnerRe) for an Estimated Amount of \$1,300,300, for a Revised Estimated Agreement Amount of \$2,500,300 and Revised Contract Term of January 1, 2019 through December 31, 2020, to Continue 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 for the Calendar Year Period of January 1, 2020 through December 31, 2020  
(Sponsor: Human Resources)

**Recommended Action/Motion:**

Approve retroactive amendment to Agreement No. 19-008 with PartnerRe for the estimated amount of \$1,300,300, for a revised estimated Agreement amount of \$2,500,300 and revised contract term of January 1, 2019 through December 31, 2020, to continue 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 for the calendar year period of January 1, 2020 through December 31, 2020; authorize the Human Resources Director, upon completion of a marketing analysis each year, to approve future annual stop loss renewals with PartnerRe that do not exceed an annual 10% increase over the 2020 rates; and authorize Chair to sign same.

**Previous Board/Board Committee Actions:**

On February 5, 2019 the Board authorized an agreement with PartnerRe to provide stop-loss services for the County's self-funded health plan.

**Summary of Request:**

Each year, Keenan & Associates, the County's health plan consultant to the health plan, competitively markets the stop-loss re-insurance coverage on behalf of the self-funded health plan. 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. In most cases for individual claims exceeding the \$250,000 deductible, the re-insurance company pays 100% of the remaining claim. The PartnerRe 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 than an employer would pay, in total, during a contract period. The PartnerRe re-insurance aggregate re-insurance policy will pay up to \$1,000,000 over the aggregate attachment point of \$14,767,916.

Five proposals were received for the 2020 stop loss re-insurance coverage of the plan. In order to receive the most favorable rates and coverage for the plan, Keenan competitively marketed and negotiated until very late in the calendar year 2019 for a January 1, 2020 agreement effective date. The accepted policy documents were received on December 20, 2019 after the last Board of Supervisors meeting in 2019 and therefore, this request must be submitted for approval as a request to amend the current agreement retroactively.

PartnerRe will provide excess loss insurance to the self-funded health plan. The coverage is required to protect the plan from serious financial losses due to multiple large claims or even a single very large claim.

The monthly premium is calculated on a per-employee per month (PEPM) basis and according to the type of coverage that the employee has selected. The Specific Stop-Loss premium is \$61.38 PEPM for single coverage, \$150.37 PEPM for family coverage and \$102.18 PEPM composite rate. The Aggregate Loss premium rate is \$2.62 PEPM. A total 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 coverage each employee has selected.

**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:** \$1,250,142

**annual recurring cost:** \$1,300,284

**budgeted in current f/y:** Yes

**if no, please describe:**

**revenue agreement:** No

**budget clarification:** Budget unit 0715 - Health Plan budgeted \$1,300,000 for Fiscal Year 19/20 for Stop Loss Insurance coverage, there is no fiscal impact for the current fiscal year 19/20. This is a calendar year contract and the remainder of the contract amount will be budgeted in Fiscal Year 20/21.

**Agreement/Resolution/Ordinance Approved by County Counsel:** Yes

---

**CEO Liaison:** Executive Office

**CEO Review:** Yes

**CEO Comments:**

**FOR COB USE ONLY**

Executed By: Lindsey Dunham, Deputy Clerk I

Date: February 6, 2020

---

Final Status: **Approved**

Executed Item Number: **Agreement** Number:  
19-008-A1

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

