



NOVEMBER 22

2022

STOP LOSS RENEWAL

CITY OF INDEPENDENCE

CBIZ



Marketing Commentary



- For self-funded clients, the CBIZ standard protocol is to market stop loss coverage annually to the top-rated carriers in the marketplace. CBIZ has a stop loss practice that markets and manages the program. Further, there is a clinical staff that helps to negotiate and manage large claim incidences.
- The City is currently in a 5-year contract with Cigna for all Cigna services. This contract prohibits marketing of Cigna-administered lines in place as of 2020 or face financial penalties.
- On October 5, CBIZ confirmed with Cigna that stop loss was included in the “No Marketing” provisions.
- When Cigna delivered the stop loss renewal, CBIZ requested that stop loss be removed from the “No Marketing” provision with the renewal for 2023.

2022 Stop Loss Renewal



STOP LOSS	Current	Renewal	Renewal Option	Renewal Option
	Cigna	Cigna	Cigna	Cigna
SPECIFIC STOP LOSS				
Benefits Included	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx
Contract Type	PAID	PAID	PAID	PAID
Specific Deductible	\$275,000	\$275,000	\$300,000	\$325,000
Premium Enrollment				
Composite Rate 1149	\$113.34	\$129.30	\$120.29	\$112.23
Estimated Cost per Month	\$130,228	\$148,566	\$138,213	\$128,952
Estimated Fixed Cost per Year	\$1,562,732	\$1,782,788	\$1,658,559	\$1,547,427
Difference from Current (%)		14.1%	6.1%	-1.0%
Difference from Current (\$)		\$220,056	\$95,827	-\$15,305
AGGREGATE STOP LOSS				
Benefits Included	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx
Aggregate Corridor	125%	125%	125%	125%
Contract Type	24/12	PAID	PAID	PAID
Premium Enrollment				
Composite Rate 1149	\$6.53	\$6.59	\$6.69	\$6.79
Estimated Cost per Month	\$7,503	\$7,572	\$7,687	\$7,802
Estimated Cost per Year	\$90,036	\$90,863	\$92,242	\$93,621
Difference from Current (%)		0.9%	2.5%	4.0%
Difference from Current (\$)		\$827	\$2,206	\$3,585
Attachment Point Enrollment				
OAP 1 868	\$1,708.29	\$1,953.06	\$1,969.73	\$1,982.68
OAP 2 167	\$1,447.09	\$1,568.91	\$1,582.31	\$1,592.71
Local Plus 114		\$1,518.23	\$1,531.19	\$1,541.26
Monthly Claims Liability	\$1,889,428	\$2,130,342	\$2,148,527	\$2,162,652
Annual Maximum Claims Liability	\$22,673,136	\$25,564,107	\$25,782,325	\$25,951,829
TOTAL STOP LOSS EXPENSE				
Benefits Included	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx
Annual Stop Loss Premium	\$1,652,768	\$1,873,651	\$1,750,800	\$1,641,048
Difference from Current (%)		13.4%	5.9%	-0.7%
Difference from Current (\$)		\$220,884	\$98,033	-\$11,720
Difference from Renewal (%)			-6.6%	-12.4%
Difference from Renewal (\$)			-\$122,851	-\$232,604
Maximum Cost Liability (Claims + Stop Loss Prem)	\$24,325,904	\$27,437,759	\$27,533,125	\$27,592,877
Difference from Current (%)		12.8%	13.2%	13.4%
Difference from Current (\$)		\$3,111,855	\$3,207,221	\$3,266,973
Difference from Renewal (%)			0.3%	0.6%
Difference from Renewal (\$)			\$95,367	\$155,119
ADDITIONAL PROVISIONS				
Renewal Rate Cap	45%	45%	45%	45%
No New Laser Guarantee	Included	Included	Included	Included
Immediate Claims Reimbursement	Included	Included	Included	Included

Stop Loss Claims Experience



LOSS RATIO HISTORY

Year	ISL	Claimants	Reimbursements	Premium	Loss Ratio
2018	\$250,000	4	\$1,417,819	\$1,695,775	84%
2019	\$250,000	6	\$1,987,273	\$1,948,611	102%
2020	\$275,000	6	\$290,631	\$1,466,339	20%
2021 (Oct)	\$275,000	6	\$465,032	\$1,369,515	34%
Total		5.5 (avg)	\$4,160,755	\$6,480,240	64%

STOP LOSS CLAIMANT HISTORY

2018	2019	2020	2021 (Oct)
\$1,497,304	\$861,776	\$404,210	\$451,370
\$408,868	\$622,310	\$344,066	\$395,514
\$256,931	\$577,902	\$316,546	\$344,817
\$254,716	\$557,812	\$299,285	\$344,674
	\$546,756	\$290,425	\$293,590
	\$320,717	\$286,099	\$289,436

Stop Loss Deductible Simulation



- As part of the renewal proposal, Cigna provided options for the City to increase the Individual Stop Loss deductible from \$275,000 to \$300,000 or \$325,000
- The CBIZ actuarial team ran a Monte Carlo analysis, which uses 10,000 simulated claim scenarios to determine the projected optimal deductible level for 2022 plan year based on the renewal and options. This analysis takes into account current known large claimants as well as the cost proposal from Cigna to arrive at a projection.
- Results of the analysis are below:

Deductible Level	Scenarios that Produced the Lowest Total Cost
\$275,000	8,457
\$300,000	0
\$325,000	1,543

- The City should consider its risk tolerance, health status, and surplus when recommending a change to the ISL.

Next Steps



1	Review renewal proposal and results of Stop Loss Simulation.
2	Determine whether to recommend a change to ISL for 2022.
3	Provide recommendation to Council at December 6 meeting.
4	Confirm deductible decision to Cigna after Council meeting.