



NOVEMBER 21

2023

STOP LOSS RENEWAL

CITY OF INDEPENDENCE

CBIZ



®

Marketing Summary



- 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.
- Based on the City's 5-year contract with Cigna for all Cigna services, CBIZ was not able to market the stop loss for 2022, but CBIZ was able to negotiate the ability to market the plan for 2023.
- As such, CBIZ distributed an RFP for the stop loss program to the market for the 2023 plan year, using claims through September 2022. The market produced several competitive options, with Symetra (0% increase) and Sun Life (-1.55% decrease) as the most attractive offerings.
- Cigna also produced a renewal for 2023. The initial renewal had two options:
 - Option 1: 23% (+\$402k) increase to fixed costs with no lasers
 - Option 2: 8% (+\$140k) increase to fixed costs with a \$750k laser on a pre-65 retiree
- CBIZ used the market options to negotiate the Cigna renewal. CBIZ was successful in reducing the no-laser renewal to a +17.5% increase (+\$306k), plus a \$265,712 fee holiday on ASO fees.

Stop Loss Laser



- **What is a Laser?**
 - A laser is an individual stop loss deductible for a specific member that is higher than the group's individual stop loss deductible. This means that for a specific member, stop loss will not reimburse the plan until his/her individual claims exceed the laser amount, not the deductible amount for all other members. The laser only comes into play *if* the member's claims exceed the group's stop loss deductible.
- A benefit of having a laser is that it maintains a lower premium level, which helps keep fixed costs down with subsequent renewals.
- In the case of the Cigna renewal option 2, it means that the group's stop loss deductible remains at \$275,000 for all members, except one member who has a \$750,000 deductible. The Stay Well plan would be liable for that member's claims up to \$750,000 (an extra \$475,000 in liability.)
 - The lasered member is a pre-65 retiree whose 2022 YTD claims are at \$566k. This member turns 65 in September 2023 and will be ineligible for the Stay Well plan at that time.
- The premium difference between Cigna's Option 1 and Option 2 is a savings of \$166k, for a potential increase in claims liability of \$475k.
- Neither the Sun Life or Symetra options have lasers for any members.

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	\$275,000	7	\$808,471	\$1,640,181	49%
2022 (Sept)	\$275,000	9	\$1,930,346	\$1,380,099	140%
Total		6.4 (avg)	\$6,434,540	\$8,131,005	79%

STOP LOSS CLAIMANT HISTORY

2018	2019	2020	2021	2022 (Sept)
\$1,497,304	\$861,776	\$404,210	\$582,747	\$1,323,099
\$408,868	\$622,310	\$344,066	\$406,903	\$555,743
\$256,931	\$577,902	\$316,546	\$388,735	\$535,177
\$254,716	\$557,812	\$299,285	\$358,598	\$350,998
	\$546,756	\$290,425	\$350,648	\$344,747
	\$320,717	\$286,099	\$344,817	\$342,766
			\$293,590	\$336,374
				\$326,113
				\$295,649

Markets Approached

MARKET	RESPONSE	NOTES
Cigna	Quoted Renewal	<i>Rates locked through 11/22/22</i>
Sun Life	Quoted	<i>Rates locked through 11/28/22</i>
Symetra	Quoted	<i>Rates locked through 11/22/22</i>
Anthem	Quoted – Not Shown	Pending Large Claimant Review
Berkshire Hathaway	Quoted – Not Shown	Pending Large Claimant Review Does not include No New Laser or Renewal Cap
HCC	Quoted – Not Shown	Pending Large Claimant Review Does not include No New Laser or Renewal Cap
Unum	Quoted – Not Shown	Pending Large Claimant Review Does not include No New Laser or Renewal Cap
American Fidelity	Declined to Quote	Uncompetitive Rates
Berkley	Declined to Quote	Uncompetitive Rates
Evolution Risk	Declined to Quote	Uncompetitive Rates
Optum	Declined to Quote	Uncompetitive Rates
QBE	Declined to Quote	Uncompetitive Rates
US Fire Insurance	Declined to Quote	Uncompetitive Rates
Voya	Declined to Quote	Uncompetitive Rates

2023 Renewal & Market Options

CBIZ

STOP LOSS

Current

Renewal

Negotiated
Renewal

Negotiated
Renewal Option

Market Option

Market Option

Cigna

Cigna

Cigna

Cigna

Sun Life

Symetra

SPECIFIC STOP LOSS

Benefits Included Contract Type	Medical, Rx PAID	Medical, Rx PAID	Medical, Rx PAID	Medical, Rx PAID	Medical, Rx 24/12	Medical, Rx 24/12
Specific Deductible	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000
Lasers	None	None	None	1 - \$750,000	None	None
Premium Enrollment Composite Rate 1128	\$129.30	\$159.00	\$151.93	\$139.64	\$127.29	\$129.30
Estimated Cost per Month	\$145,850	\$179,352	\$171,377	\$157,514	\$143,583	\$145,850
Estimated Fixed Cost per Year	\$1,750,205	\$2,152,224	\$2,056,524	\$1,890,167	\$1,722,997	\$1,750,205
Difference from Current (%)		23.0%	17.5%	8.0%	-1.6%	0.0%
Difference from Current (\$)		\$402,019	\$306,320	\$139,962	-\$27,207	\$0
				\$166,357		

AGGREGATE STOP LOSS

Benefits Included Aggregate Corridor Contract Type	Medical, Rx 125% PAID	Medical, Rx 125% PAID	Medical, Rx 125% PAID	Medical, Rx 125% PAID	Medical, Rx 125% 24/12	Medical, Rx 125% 24/12
Premium Enrollment Composite Rate 1128	\$6.59	\$6.59	\$6.59	\$6.59	\$2.19	\$5.19
Estimated Cost per Month	\$7,434	\$7,434	\$7,434	\$7,434	\$2,470	\$5,854
Estimated Cost per Year	\$89,202	\$89,202	\$89,202	\$89,202	\$29,644	\$70,252
Difference from Current (%)		0.0%	0.0%	0.0%	-66.8%	-21.2%
Difference from Current (\$)		\$0	\$0	\$0	-\$59,558	-\$18,950
Attachment Point Enrollment						
OAP 1 770	\$1,953.06	\$1,669.13	\$1,669.13	\$1,669.13	\$1,710.73	\$1,696.22
OAP 2 223	\$1,568.91	\$1,443.61	\$1,443.61	\$1,443.61	\$1,710.73	\$1,696.22
Local Plus 135	\$1,518.23	\$1,023.50	\$1,023.50	\$1,023.50	\$1,710.73	\$1,696.22
Monthly Claims Liability	\$2,065,526	\$1,745,328	\$1,745,328	\$1,745,328	\$1,929,703	\$1,913,336
Annual Maximum Claims Liability	\$24,786,312	\$20,943,932	\$20,943,932	\$20,943,932	\$23,156,441	\$22,960,034

TOTAL STOP LOSS

EXPENSE						
Annual Stop Loss Premium (FIXED COSTS)	\$1,839,407	\$2,241,426	\$2,145,727	\$1,979,369	\$1,752,641	\$1,820,457
Difference from Current (%)		21.9%	16.7%	7.6%	-4.7%	-1.0%
Difference from Current (\$)		\$402,019	\$306,320	\$139,962	-\$86,766	-\$18,950
Difference from Option 1 Renewal (%)					-18.3%	-15.2%
Difference from Option 1 Renewal (\$)					-\$393,085	-\$325,270
Maximum Cost Liability (Claims + Stop Loss Prem)	\$26,625,719	\$23,185,358	\$23,089,658	\$23,398,301	\$24,909,083	\$24,780,491
Difference from Current (%)		-12.9%	-13.3%	-12.1%	-6.4%	-6.9%
Difference from Current (\$)		-\$3,440,361	-\$3,536,061	-\$3,227,418	-\$1,716,636	-\$1,845,228
Difference from Option 1 Renewal (%)					7.9%	7.3%
Difference from Option 1 Renewal (\$)					\$1,819,424	\$1,690,832

ADDITIONAL PROVISIONS

Renewal Rate Cap	45%	45%	45%	45%	50%	50%
No New Laser Guarantee	Included	Included	Included	Included	Included	Included
Immediate Claims Reimbursement	Included	Included	Included	Included	Not Included	Not Included
Rates Firm Through	Included	11/22/2022	11/22/2022	11/22/2022	11/28/2022	11/22/2022

Overall Renewal Commentary



■ Cigna Options

- Given the claims experience of the lasered member under Cigna's Option 2 versus the premium savings, that likely presents much higher risk to the plan if the member continues to incur claims similar to 2022. The premium savings likely will be eclipsed by the member's claims, making Option 2 not a viable option.
- Option 1 represents an increase in fixed costs of \$306,320 with the ASO fee savings of \$265,712, for a net increase of \$40,608.
- Cigna includes a no new laser provision and a 45% rate cap for 2024.

■ Market Options

- Symetra represents a \$19k decrease in fixed costs (\$325k from renewal), with an aggregate claims maximum in line with the CBIZ projection.
- Sun Life represents a reduction in fixed cost premium of over \$86k from current (\$393k from the renewal), and with an aggregate claims max in line with the CBIZ projection.
- Both options include a no new laser provision and a 50% rate cap for 2024.

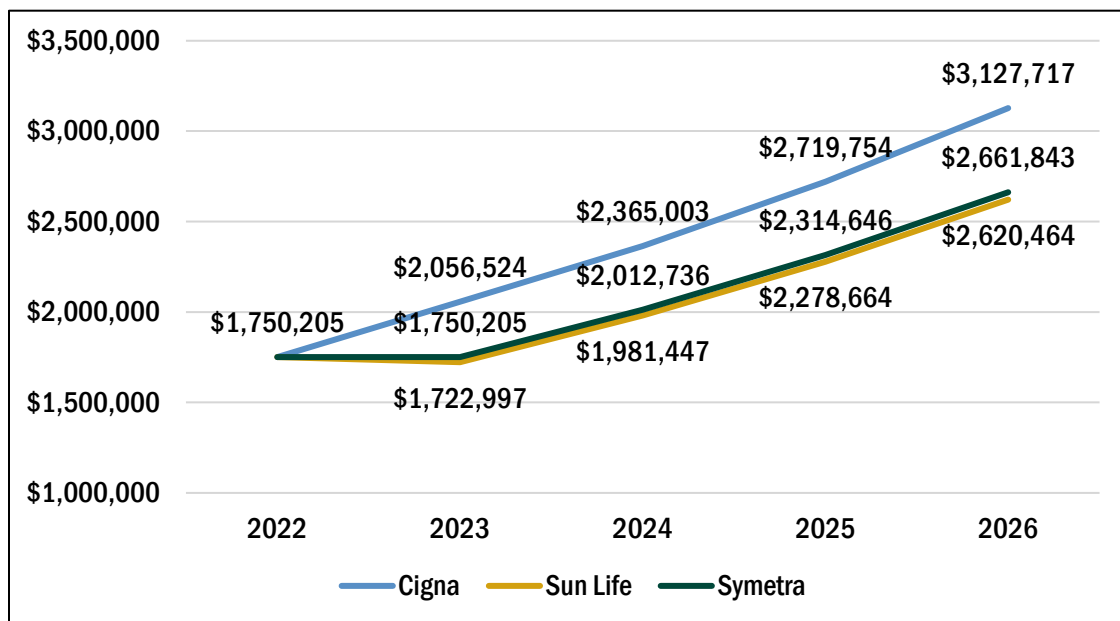
Bundled vs. Third Party Stop Loss

	CIGNA	THIRD PARTY
Claim Reimbursement	Immediate	Initial claim can take up to 45-60 days
Advance Deductible Funding	Included (immediate reimbursement)	Included
Annual Marketing & Placement	Placement, if bundled	Included
Claimant Tracking & Advocacy	Included	Included
On-staff medical professionals to review and investigate claims	Included	Included
Plan Mirroring	Included	Included
Aggregate Billing	Included	Included
Impact to Employees/Members	None	None
Additional Associated Cost	None	\$3 PEPM charged by Cigna (\$40k)

Overall Renewal Commentary



- The Cigna as-is renewal option has a net cost of \$40,608. Symetra represents a \$19k decrease and Sun Life has a \$86k decrease.
- Cigna's net cost is due to \$265k in ASO premium holiday, but the stop loss premium still increases by 17.5%. This means that the Cigna renewal for 2024 will be based on a higher rate than either Sun Life or Symetra, and given the nature of stop loss plans, there will not be a rate decrease in the future to offset the Cigna increase.
- Shown below is a multi-year illustration of stop loss premium for the 3 options:



2024 - 2026 illustrative premium shown at a 15% annual increase

- Based on this conservative 15% annual increase, carving out stop loss from Cigna could save the plan roughly \$1.5M over 4 years in fixed costs.

Overall Renewal Commentary



- If the 2024 renewal were to hit the maximum rate allowed by each option's rate cap, annual ISL premium would be:
 - Cigna (45% cap): \$2,981,961
 - Sun Life (50% cap): \$2,584,496
 - Symetra (50% cap): \$2,625,307
- Cigna's option with a laser should not be considered, as the additional potential claims liability far exceeds the premium savings.
- Carving out stop loss to a third-party for 2023 represents immediate, tangible fixed costs savings to Stay Well, that will go directly towards mitigating the structural deficit of the plan.
- Both market options would be excellent next moves for the Stay Well plan's stop loss. However, the option from Sun Life represents the more significant premium savings from current and an appropriate aggregate attachment point, making this a prudent choice for the 2023 stop loss plan.

Next Steps

1

Review renewal proposal and market options.

2

Choose stop loss program for 2023:

- Cigna
- Sun Life
- Symetra

3

Lock in selection with vendor by “Firm Through” date.

4

Present recommendation to Council for approval.