



Legislation Text

File #: 191938, **Version:** 1

191938
SUBSTITUTE 1

THE CHAIR

Substitute resolution authorizing the Department of Employee Relations to issue a request for proposal for Stop Loss Insurance for the City's medical and prescription health plan.

This resolution authorizes the Department of Employee Relations to issue a request for proposal for stop loss insurance. Following the request for proposal process, the Department of Employee Relations will provide the Finance and Personnel Committee with a recommendation for a stop loss insurance carrier.

Whereas, The City of Milwaukee provides health care and prescription drug benefits to eligible employees and retirees and the City continues to self-insure those health plans; and

Whereas, There is risk to self-insured entities such as the City because health and pharmacy plan experience can be volatile causing annual expenditures to significantly vary; and

Whereas, Volatility results from variations in normal utilization levels as well as the number of individuals who experience large aggregate medical and pharmacy expenses in any one year and the costs associated with those claims; and

Whereas, The City established and maintained a health care reserve fund to protect the health care budget from expenditure variations and due to significant claim volatility the reserve fund has been depleted over the last two years; and

Whereas, The City has seen an increase in the number of high cost claims reaching and exceeding \$1.0 million or more on an annual basis; and

Whereas, Stop loss insurance coverage provides an additional layer of protection to self-insured plans by covering costs for catastrophic claims exceeding predetermined levels; and

Whereas, Stop loss insurance augments the City's health care reserve fund and prevents the City from assuming total liability for expenditures arising from extremely high medical and pharmacy claims; and

Whereas, It is in the City's best interest to conduct a request for proposal process to obtain competitive rates for stop loss insurance coverage; and

Whereas, The Department of Employee Relations will retain the services of Gallagher Benefits

Services, Inc. the City's benefits consultant, to lead the request for proposal process; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee that the Department of Employee Relations is authorized to issue a request for proposal for stop loss insurance coverage for the City's medical and prescription health plan; and, be it

Further Resolved, That following the request for proposal process, the Department of Employee Relations shall provide the Finance and Personnel Committee with a recommendation for a stop loss insurance carrier.

Department of Employee Relations

Renee Joos
05/14/2020