

COUNTY OF MILWAUKEE
DEPARTMENT OF HUMAN RESOURCES
INTER-OFFICE COMMUNICATION

DATE : February 21, 2020

To : Chairman Theodore Lipscomb Sr., County Board of Supervisors

FROM :  Tony L. Maze, Director of Benefits Administration – Department of Human Resources

SUBJECT : Report from the Director of Benefits Administration, Employee Benefits Division, Department of Human Resources, regarding stop loss coverage for Milwaukee County's medical plans

Issue/Background

Milwaukee County purchases stop loss insurance as a means of mitigating the risk exposure of catastrophic medical claims incurred under the County's self-funded health plans. In terms of process, the stop loss component has been treated as an ancillary agreement to the total health care contract, as the health care contract controls the County's risk exposure related to excessive health care costs. Stop loss coverage is a separate component from the medical Third-Party Administration (TPA) contract because it is a purchased insurance policy, as opposed to a professional service contract. Stop loss policies are generally negotiated and written on an annual basis.

Historically, the market for stop loss insurance in general has been challenging. The County's stop loss policies have been no exception. In the 2020 renewal process, Voya was the only firm to submit a quote for this coverage.

The market for stop loss insurance continues to be difficult for 2020 based on the aging retiree population which is included under this policy. Willis of Wisconsin Consulting Group negotiated a quote from Voya for a \$500,000 deductible.

Voya's 2020 Option

(1) \$500,000 Deductible:

- Quoted rate of \$31.57 per member per month (PMPM); a \$661,364.76 decrease in premium from last years \$350,000 deductible rate for 2019
- Adjusts the County's risk exposure to keep pace with inflation

****If utilizing an external stop loss carrier other than UHC, the County's current medical provider, UHC will charge and additional \$1 per employee per month (PEPM) to send reports to another vendor for a total cost of \$80,556. ****

Summary of Request

The Benefits Division, the Budget Office and the Comptroller evaluated all options and recommendations presented by Willis Towers Watson that Milwaukee County should continue stop loss coverage with Voya. Consequently, the Benefits Division recommends approval for purchasing the stop loss insurance policy quoted by Voya with a \$500,000 deductible effective January 1, 2020.

CC: County Executive Chris Abele
Raisa Koltun, Chief of Staff, County Executive's Office
Julie Landry, Chief Human Resources Officer
Margaret Daun, Corporation Counsel
Supervisor James "Luigi" Schmitt, Chair, Finance & Audit Committee
Supervisor Eddie Cullen, Chair, Personnel Committee
Teig Whaley-Smith, Director of Administrative Services
Scott Manske, Comptroller
Stephen Cady, Comptroller's Office
Rick Norris, Director, Office of the Community Business Development Partners
Chris Luttrell, Director, Risk Management