



Karen Sterling Goens
Manager

MEMORANDUM

TO: Jack Louws, County Executive
FROM: Karen Goens, Human Resources Manager
RE: **Medical – Stop Loss Insurance Policy**
DATE: October 9, 2019

A handwritten signature in blue ink, appearing to read "Karen", is written over the "FROM:" line of the memorandum.

Enclosed is a recommended Renewal Proposal for Whatcom County's Group Policy for Specific and Aggregate Stop Loss Insurance for your review and signature.

▪ **Background and Purpose**

The County is required by law to protect its financial assets in the self-insured medical program with reserves and excess insurance coverage (also called stop loss or reinsurance) [RCW 48.62.071(4)]. Each year our benefit consulting contractor, USI (formerly Kibble & Prentice), seeks bids from the market, obtains and analyzes quotes (pursuant to Resolution No. 2007-058), recommends coverage levels, and includes the rates in the medical plan renewal pricing.

For January 1, 2020, USI was able to secure a favorable renewal from current carrier SunLife Assurance Company. Due to the reduced size of the group, last year the County increased Aggregate Stop Loss (ASL) protection for the fund from 200% to 125% and Individual Stop Loss (ISL) for individual claims from \$275,000 to \$200,000 per occurrence. In 2019, claims costs are running 14% higher than expected. Sun Life has reimbursed Whatcom County \$847,981 year to date. The renewal quote for 2020 is 13.4% higher than the 2019 premium which is reasonable in light of the adverse claims experience.

▪ **Funding Amount and Source**

The anticipated annual premium, \$791,757 will be covered from cost center 507340.

▪ **Differences from Previous Contract**

The only difference is the cost as described above.

Please feel free to contact me at extension 5305, if you have any questions or concerns regarding this recommendation.