CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM
Council Bill 2024-519 – Approving a one-year Contract with Berkley to provide stop loss coverage for the City's health self-insurance coverage.

MEETING DATE
November 4, 2024

ORIGINATING DEPT
Finance

ATTACHMENTS
CB 2024-519 Ordinance; Exhibit "A" Berkley Agreement

REVIEWED BY
Department Head: Leslie Haase; Human Resources Director: Michelle Ducre; City Attorney: Peter Edwards; City Manager: Nick Edwards

SUMMARY
This Council Bill approves a one-year contract with Berkley to provide stop loss coverage for the City's health self-insurance coverage for City employees.

BACKGROUND
In early 2020, the City let a bid for dental, vision, life and health insurance services for a five-year period. Stop loss insurance is bid on an annual basis. In October, the stop loss contract is negotiated based on actual claims experience. Bids were let with UMR's preferred providers. As the current provider, Berkley responded with the lowest and best bid for these services. Given the City's large claim history and the bids received, it was determined that the current stop loss coverage should remain at the same level of $175,000 per claim beginning January 1, 2025.

With this level of change, Berkley's bid results in an overall increase of approximately 8% from the current year stop loss cost. The single fee will increase from $57.66 to $64.01 per employee per month. The family fee will increase from $186.67 to $199.32 per employee per month. The annual premium will be approximately $793,112.00, which is an increase of about $58,800.00.

As a result of actual claims costs, the bid process, the stop loss fees and administrative fees, the health insurance premiums will be increasing about 4.9% for 2025. Over the last ten years', the national trend increase for health insurance costs has been 7.4%, while the City's average increase over the same time period has been 5.4%. Claims costs are a function of both utilization and prices. The Wellness Works Group continues to work with city employees to decrease utilization and become better "consumers" of health products, in order to try to stay below national trends for health insurance increases.

The City provides single health insurance to employees. The monthly premium will increase from

$605.06 to $634.44 per employee. For family coverage, the City covers 75% and the employee is responsible for 25% of the monthly premium, as well as usage costs set forth in the plan design. The City's monthly premium will increase from $1,270.68 to $1,332.38 per employee. The employee's monthly premium will increase from $401.22 to $423.56. The total estimated increase to the City for this benefit is around $289,000.00.

The contract will begin on January 1, 2025.

FUNDING SOURCE

This item is expensed to all funds based on where employees are charged.

RECOMMENDATION

Staff recommends approval of this council bill on an emergency basis.