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**CITY OF TEMPE**  
**REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 06/09/2016**  
**Agenda Item: 5B5**

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**ACTION:** Approve a one-year contract renewal with Symetra Life Insurance Company to provide Stop Loss Insurance.

**FISCAL IMPACT:** Total cost of this contract will not exceed \$750,000 during the one-year renewal period beginning July 1, 2016. Sufficient funds will be appropriated in the Health Fund – cost centers 4167 (Employees) and 4169 (Cobra Participants) – for the anticipated expenditures in fiscal year 2016/2017.

**RECOMMENDATION:** Approve the renewal of the contract.

**BACKGROUND INFORMATION:** (T12-150-01) City Council originally approved the award of a contract to Symetra Life Insurance Company on June 26, 2012 to provide Stop Loss Insurance coverage for the City. The contract was issued for an initial one-year period with four one-year renewal options. This renewal request is for the fourth of four available renewal options.

Stop Loss Insurance is purchased to mitigate financial risk associated with the City's self-funded medical plan. Claims in excess of \$275,000 are covered by this policy. Additionally, to mitigate City costs related to the increased use of specialty drugs, which have a high cost, prescription drug coverage is covered under the stop loss policy.

**Contractor Performance**

The performance of Symetra Life Insurance Company was rated by the Internal Services Department as shown in the table below:

Criteria	Score
Personnel are responsive, cooperative and available	A
Overall quality of products or services delivered	A
Timeliness of performance	B
Quality of follow-up in resolving complaints or problems	A
Firm's promptness in submitting accurate invoices	A

A = Exceeds Standards; B = Meets Standards; C = Below Standards

**Renewal Cost**

Per the terms of the contract, annual adjustments to rates are allowed and are based on experience (utilization). Requested changes are reviewed by both City staff and the City's employee benefits consultant who analyze the necessity for and negotiate the final rate changes associated with a renewal. Based on claim experience, and projected future events, it is the determination of City staff that the overall rate increase requested with the renewal is fair.

In order to reduce City costs associated with this policy, the City has reviewed available options and has increased its deductible (risk) for this policy from \$250,000 to \$275,000 and eliminated aggregate coverage (this coverage historically has had limited impact in controlling City costs).

The overall cost for the policy will **decrease** by approximately \$1,400 by changing the deductible to \$275,000 and eliminating aggregate coverage – without the change the City would have seen an increase of \$108,500.

**ATTACHMENTS:** None

**STAFF CONTACT(S):** Suzanne Olson, Human Resources Benefits Manager, (480) 350-2975

Department Director: Renie Broderick, Internal Services Director  
Legal review by: David Park, Assistant City Attorney  
Prepared by: Tony Allen, CPPB, Procurement Officer