



# **City of Grand Island**

**Tuesday, August 13, 2019**

**Council Session**

## **Item G-18**

**#2019-241 - Approving Agreement for Health Insurance  
Administration with UMR**

**Staff Contact: Aaron Schmid, Human Resources Director**

# **Council Agenda Memo**

**From:** Aaron Schmid, Human Resources Director

**Meeting:** August 13, 2019

**Subject:** Approval of Agreement for Health Insurance  
Administration with UMR

**Presenter(s):** Aaron Schmid, Human Resources Director

## **Background**

The City of Grand Island subscribes to health insurance for its employees and other eligible participants, as authorized by the City of Grand Island Personnel Rules and Regulations and federal regulations.

## **Discussion**

The City recently completed a request for proposal for an administrator and reinsurance carrier for the City of Grand Island medical and prescription health plan. The City received three bids in response. The Health Insurance Committee consisting of union, non-union, management and non-management employees, along with the Human Resources Director, the Finance Director, Consultant, and the Attorney/Purchasing Agent met and reviewed the bids along with hearing presentations from the bidders.

Administration is recommending UMR of Wausau, Wisconsin as the third party administrator for the City's health insurance plan. Year one costs with UMR are as follows: administrative fees of \$15.79 per employee per month, stop loss coverage of \$141.14 per employee per month and aggregate stop loss coverage of \$5.01 per employee per month. The renewal of the administrative fee and stop loss amounts shall be negotiated on an annual basis with UMR, prior to the automatic renewal. Reinsurance coverage for the health plan will be quoted annually by UMR and the best bid shall be selected.

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve

2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council approve the agreement for health insurance administration with UMR of Wausau, Wisconsin.

### **Sample Motion**

Move to approve the agreement for health insurance administration with UMR of Wausau, Wisconsin.



Stacy Nonhof, Purchasing Agent

*Working Together for a  
Better Tomorrow, Today*

**REQUEST FOR PROPOSALS  
FOR  
MEDICAL/RX HEALTH PLAN**

**RFP DUE DATE:** May 23, 2019 at 4:00 p.m.

**DEPARTMENT:** Human Resources

**PUBLICATION DATE:** April 26, 2019

**NO. POTENTIAL BIDDERS:** 4

**PROPOSALS RECEIVED**

**BlueCross BlueShield**  
Omaha, NE

**Aetna, Public & Labor**  
Lincoln, NE

**UnitedHealthcare**  
Omaha, NE

**Blue Cross Blue Shield of Nebraska**  
Omaha, NE

cc: Aaron Schmid, Human Resources Director  
Jerry Janulewicz, Interim City Administrator  
Stacy Nonhof, Purchasing Agent

Tami Herald, HR Benefits Coor.  
Patrick Brown, Finance Director

**P2128**

# PROPOSAL



Brighter under the sun

Created for:  
CITY OF GRAND ISLAND



# Introduction

Thank you for the opportunity to offer this proposal to you.

## Proposal presented to

CITY OF GRAND ISLAND  
3013 E SWIFT RD  
GRAND ISLAND, NE 68801-8686

SIC Code: 9111

## Proposal presented by

Sun Life Financial

## Benefits quoted

Specific Stop-Loss and Aggregate Stop-Loss

## Proposed Effective Date

October 1, 2019

## Things to know

- This proposal shows a summary of proposed benefits, rates, and underlying assumptions. It is not part of the group policy or an administrative services agreement with Sun Life or its affiliated companies.
- This proposal is valid for 60 days, starting from July 30, 2019, and only for the proposed Effective Date.
- For fully insured coverages, the rates shown may be subject to recalculation pending a) final enrollment, b) census data, and c) review of any additional data requested in the proposal. Please review the assumptions for information about how the rates were derived.

## Producer licensing

All Sun Life companies require producers who use insurance quotes for the purpose of soliciting, selling, or negotiating insurance to be licensed both by the state where the prospective client is located and by any state where the solicitation, sale, or negotiation of insurance occurs, if different. This requirement pertains to all forms of solicitation, sale, or negotiation of insurance, including but not limited to solicitation, sale, or negotiation conducted in person or by telephone, by e-mail, by fax, or otherwise.

## Producer compensation

We encourage brokers and their clients to discuss what commission or other compensation may be paid in connection with the purchase of products and services from Sun Life companies. All Sun Life companies may pay the selling broker, agency, or third party administrator for the promotion, sale, and renewal of the products and services offered in this proposal. In addition to our standard compensation arrangements, we may make additional cash payments or reimbursements to selling brokers in recognition of their marketing and distribution activities, persistency levels, and volume of business. For New York-issued cases, producers must comply with the specific compensation disclosure requirements of New York Regulation 194.

## Plan and rates

This proposal may be based on employee census information provided by the employer. Acceptance of the group and final rates will be determined by Sun Life based on actual enrollment and case experience, if required. Terms and conditions of any coverage under the policy may be determined by all required final data and by underwriting rules, minimum participation requirements, and policy provisions in effect on the date coverage begins.

## Underwriting companies

The Sun Life Financial group of companies operates under the "Sun Life Financial" name strictly as a marketing name, and no legal significance is expressed or implied. In the United States and elsewhere, insurance products are offered by members of the Sun Life Financial group that are insurance companies. Sun Life Financial Inc., the publicly traded holding company for the Sun Life Financial group of companies, is not an insurance company and does not guarantee the obligations of these insurance companies. Each insurance company relies on its own financial strength and claims-paying ability.



# Stop-Loss

We are pleased to offer Stop-Loss insurance to employers. Our coverage provides a full range of services and features designed to make self-funding easier and more affordable. Here are some highlights:

- **Autonomy:** Receive fast, final decisions to underwriting and claim requests because we don't need to take the time to ask for a reinsurer's approval. As a direct-writer carrier, we retain 100% of the risk for our Stop-Loss policies.
- **Excellent Claims Service:** Experience a high standard of customer service, including an average 7-business-day turnaround time for complete Specific claim requests.
- **Money-Saving Programs:** Get SunResources® and SunElite<sup>SM</sup> —both are provided to all Sun Life Stop-Loss customers. Sun Life nurse consultants work with administrators even before the Stop-Loss deductible is reached to help reduce claim expenses for the plan through SunResources<sup>®</sup> access to specialized vendors. The SunElite<sup>SM</sup> medical plan document review service delivers insight you can use to strengthen cost containment, federal law compliance, and discretionary authority language.
- **Comprehensive Policy:** Enjoy a Stop-Loss policy that covers a variety of managed care fees, off-label drug use, alternative care, state assessments, and state-mandated hospital surcharges. These reimbursable expenses can help lower the total cost of self-funding.
- **Flexibility:** Choose from a full range of plan designs to meet any budget. Designs include a range of deductibles and run-in and run-out options.
- **Customized Protection:** Tailor coverage with the innovative Cancer rider deductible (requires an in force Sun Life Cancer/Critical Illness policy), Aggregating Specific deductible, Monthly Aggregate Accommodation option, Clinical Trials option, and Advance Funding.
- **No New Lasers at Renewal:** Eliminate the potential for additional lasers with the No New Lasers at Renewal option. It includes the Renewal Rate Increase Cap to help make renewals even more predictable and stable.
- **Gapless Renewals:** Catch claims that would otherwise go uncovered between policy years with the Gapless Renewals option. This added coverage was created for claims that don't fall into the normal run-out pattern.
- **No Redisclosure at Renewal:** Rely on this to make things easier—you don't have to send in a large claims disclosure again at renewal.

Group Stop Loss coverage is underwritten by Sun Life Assurance Company of Canada (Wellesley Hills, MA) under Policy Form Series 07-SL REV 7-12.



# Stop-Loss

## Rates

### No New Lasers at Renewal Option

Proposed Third Party Administrator: UMR, Inc.

Proposed network: United Healthcare, ChoicePlus

Specific Stop-Loss Insurance			
Effective Date: October 1, 2019		Commission: 0%	SIC: 9111
Policy year end date: September 30, 2020			
Covered benefits		Medical including prescription drug plan	
Annual maximum: Unlimited			
Claim Basis		24/12	
Specific Deductible		\$150,000	
Aggregating Specific Deductible		\$50,000	
Employee tier / lives			
Composite	450	\$141.14	
Monthly premium		\$63,513	
Policy year premium		\$762,156	
Aggregate Stop-Loss Insurance			
Effective Date: October 1, 2019		Commission: 0%	SIC: 9111
Policy year end date: September 30, 2020			
Maximum Aggregate benefit: \$1,000,000			Corridor: 125%
Claim Basis		24/12	
Internal maximum		\$150,000	
Employee tier / lives			
Medical			
Composite	450	\$992.64	
Prescription Drug Card			
Composite	450	\$286.66	
100% Minimum Attachment Point		\$6,908,220	
Aggregate premium			
Monthly rate per employee		\$5.01	
Policy year premium		\$27,054	
Policy year cost summary			
Specific Deductible		\$150,000	
Internal maximum		\$150,000	
Total premium		\$789,210	
Aggregate Attachment Point		\$6,908,220	
Maximum exposure		\$7,697,430	
Sequence Number: 6			

### Included in this plan:

- Managed care discount for pre-certification, utilization review, medical case management
- Retirees not included for Specific coverage
- Retirees not included for Aggregate coverage

Group Stop Loss coverage is underwritten by Sun Life Assurance Company of Canada (Wellesley Hills, MA) under Policy Form Series 07-SL REV 7-12.

**Additional options:**

- Additional discounts on the Specific rates have been applied for the following:
  - Neonatal network
- If this program is not in place by the Effective Date, rates will be increased 2% for each program.
- A discount may be available with the purchase of Group Life and/or LTD.

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Canada (Wellesley Hills, MA) under Policy Form Series 07-SL REV 7-12.

## Assumptions

- Clinical Trial Coverage: Costs relating to non-experimental and non-investigational treatment incurred as part of a clinical trial are covered as eligible expenses. Costs relating to experimental or investigational treatment are not covered.
- Mental/nervous/drug/alcohol coverage is based on current plan design.
- Advance Funding Endorsement included.
- This proposal includes the No New Lasers at Renewal option and a Renewal Rate Cap of 50%. The Renewal Rate Cap applies to the Specific Stop-Loss rates and Aggregating Specific Deductible (if applicable), and it assumes there are no material changes to the policyholder's plan, the Stop-Loss policy, or the group being covered.
- This quote includes an Aggregating Specific Deductible.
- This proposal assumes the mirroring amendment/endorsement is included. Mirroring of the employer's plan document is subject to review and approval by Sun Life and may impact the quoted rates. The employer plan document must be submitted within 90 days of the policy Effective Date and must include an executed signature page.
- This proposal assumes that your stop-loss insurance will include coverage for prescription drug claims and that the standard large claimant reporting from your medical administrator will include both medical and prescription drug claims. Based on the information provided, your PBM vendor is PBM VENDOR NAME NEEDED.
- This proposal assumes the police/fire employees are 28% of the group.
- We are offering a conditional 90 Day Early Lock option. You must provide all required information through 6/30/2019 including but not limited to a signed SRQ and application. The information must be received no later than 7/31/2019. This offer is no longer valid after 7/31/2019.
- Quote based on current plan of benefits.
- The standard dependent definition is an employee's spouse and unmarried natural, adopted, or step children, unless otherwise noted.
- This proposal assumes your plan covers only full-time and regular part-time hourly and salaried employees, unless otherwise noted.
- Common ownership of the business units.
- Notification of any employer-completed merger or acquisition.
- Final rates for Specific coverage are guaranteed for 12 months from the Effective Date, unless a change in risk occurs. Risk changes include plan or policy amendments; Third Party Administrator or Administrative Services Only changes; network or cost-containment vendor changes; enrollment shifts greater than 15%; participation shifts in each plan option greater than 10%; and addition/deletion of a subsidiary, division, affiliate, or associated company.

## Contingencies

- Rates and factors are subject to change upon receipt and review of requested data.

Group Stop Loss coverage is underwritten by Sun Life Assurance Company of  
Canada (Wellesley Hills, MA) under Policy Form Series 07-SL REV 7-12.

## Sold Case requirements

- Copy of plan document
- Final census information through the end of the enrollment period, including age or date of birth, gender, zip codes, coverage codes, and identification of any HMO, retiree, COBRA, and noneligible employees
- Special Risk Questionnaire (SRQ)
- For cases with run-in only:
  - Pending hospital expenses and known confinements that have not yet generated a bill
  - Pre-certification billing through 2 weeks prior to the Effective Date
  - Outstanding claims due to subrogation, audit, contested denials, or any other reason
- For cases with 12/12 or run-outs: pre-certification billing through 2 weeks prior to the Effective Date

Issuance of a contract is subject to submission of all Sold Case and Proposal Contingencies.

Group Stop Loss coverage is underwritten by Sun Life Assurance Company of  
Canada (Wellesley Hills, MA) under Policy Form Series 07-SL REV 7-12.

# Disclosures

## Policy disclosures

### Stop-Loss

#### Exclusions

We do not reimburse for any of the following:

- Expenses for medical services rendered to a Covered Person by the Covered Person's spouse, parent, child, sibling, niece, nephew, aunt, uncle or grandparent.
- Expenses that are payable or reimbursable under any Workers' Compensation Law or similar legislation.
- Expenses for any cosmetic Treatment as defined in Your Plan. This exclusion does not apply to expenses relating to breast reconstruction after mastectomy.
- Expenses for any Experimental or Investigational Treatment, or for any hospital confinement or Treatment that results from Experimental or Investigational Treatment.
- Expenses for any transplant not included in the definition of Transplant.
- Expenses relating to non-human organ or tissue transplants, gene therapies, xenographs or cloning.
- Expenses for any Treatment administered outside the United States if the Covered Person traveled to the location where the Treatment was received for the purpose of obtaining the Treatment.
- Expenses for benefits in excess of Your Plan's limits, or expenses that are excluded under Your Plan.
- Expenses in excess of the Usual and Customary Charge.
- Any amount paid by You in excess of a negotiated provider discount, or any penalty or late charge incurred, or any discount lost, unless previously approved in writing by Us at Our U.S. Headquarters.
- Expenses associated with the administration of Your Plan including, but not limited to, claim payment fees, cost containment administrative fees, PDP administration fees, PPO access fees, premium functions, medical review and consultant fees, unless otherwise covered under this Policy.
- Expenses paid by You relating to any litigation concerning Your Plan, including, but not limited to, attorneys' fees, extra-contractual damages, compensatory damages and punitive damages.
- Any portion of an expense which You are not obligated to pay under Your Plan, or which is reimbursable to You under:
  - Another group health benefit program; or
  - A government or privately supported medical research program; or
  - Medicare; or
  - Any coordination of benefits or non-duplication of benefits provision of Your Plan; or
  - Worker's compensation; or
  - Any other source.
- Expenses incurred by a person who is employed by You at any unit, subsidiary or division of Yours that has not been underwritten by Us.
- Expenses incurred for any illness or injury due to, or aggravated by, war or an act of war, whether declared or undeclared.
- Expenses paid by You for any Treatment authorized or approved under any provision of Your Plan which:
  - Allows the plan administrator to approve alternative care or alternative treatment; or
  - Allows the plan administrator to alter, modify, or waive Plan provisions or limitations, or
  - Grants You or Your plan administrator discretion to approve coverage for Treatment not otherwise covered under Your Plan;unless the Treatment satisfies the criteria for Alternative Care set forth in Section II.
- Expenses covered under a Prescription Drug Plan, unless Prescription Drug Plan coverage is a Covered Benefit on the Schedule of Benefits.
- Expenses for any Transplant if You have a separate insurance policy that covers Transplants for Covered Persons regardless of whether the Covered Person is covered by that policy.

- Notwithstanding any other Policy provision, We will not reimburse any expense incurred by any employee, or by the employee's dependents, where the employee is a member of:
  - (a) a division, unit, group, subsidiary, affiliate, or class of employee of the Policyholder; or
  - (b) an association, trust, cooperative or similar organization connected with the Policyholder, that is not covered by the Plan as of the Policy Renewal Effective Date.

# General disclosures

1. For current financial ratings, please visit [www.sunlife.com](http://www.sunlife.com).

The Sun Life Financial group of companies operates under the "Sun Life Financial" name strictly as a marketing name, and no legal significance is expressed or implied. In the United States and elsewhere, insurance products are offered by members of the Sun Life Financial group that are insurance companies. Sun Life Financial Inc., the publicly traded holding company for the Sun Life Financial group of companies, is not an insurance company and does not guarantee the obligations of these insurance companies. Each insurance company relies on its own financial strength and claims-paying ability.

2. Value-added services are not insurance, are offered only on specific lines of coverage, and carry a separate charge, which is added to the cost of the insurance. The cost is included in the total amount billed. Emergency Travel Assistance is provided by Assist America®. Identity Theft Protection is provided by SecurAssist®, an Assist America program. ComPsych® is a registered trade mark of ComPsych Corporation. The entities that provide the value-added services are not subcontractors of Sun Life and Sun Life is not responsible or liable for the care, services, or advice provided by them. Sun Life reserves the right to discontinue any of the Services at any time. Employers who provide group insurance coverage and make available value added services within an I.R.C. Section 125 cafeteria plan should consult a tax professional to determine whether those services are Qualified Benefits for Section 125 plans.

Service guarantees: If we do not meet the terms of a guarantee, a policyholder may request in writing a service guarantee review. Sun Life will determine whether it failed to meet the guarantee and whether a payment is made. If the request is approved, payment will be made by check during the policy year, as long as the policy remains in force during this time. Sun Life's maximum liability under a guarantee for any policy year is limited to the lesser of 3% of the policyholder's annual premium or \$5,000 for each line of coverage. The maximum payment for a breach of any one component of a guarantee is one-third of the maximum liability (lesser of 1% or \$1,667). If a policyholder has more than one line of insurance coverage, the Overall Satisfaction component will be paid under the guarantee under which the service issue arises. Please note the Service Guarantees apply to Life, STD (including ASO), LTD and Dental (including ASO). For ASO contracts, service guarantee payments will be based on the annual service fee. Service Guarantees are not available for Stop Loss, Accident, Critical Illness, Cancer or Gap.

Group insurance policies are underwritten by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all states, except New York, under Policy Form Series 93P-LH, 15-GP-01, 98P-ADD, 07-SL REV 7-12, 07P-LH-PT/07C-LH-PT, 01P-ADD-PT/01C-ADD-PT, GP-A, GC-A, 12-GP-01, 16-DEN-C-01, 12-DI-C-01, 16-DI-C-01, 13-SD-C-01, 12-AC-C-01, 16-AC-C-01, 16-ACPort-C-01, 13-ADD-C-01, 15-ADD-C-01, 12-GPPort-P-01, 13-ADDPort-C-01, 12-STDPort-C-01, ACPort-C-01, 13-SDPort-C-01, 16-SD-C-01, 16-SDPort-C-01, 16-CAN-C-01, 16-CANPort-C-01, 15-LF-C-01, 15-LFPort-C-01, 16-VIS-C-01, TDBPOLICY-2006, and TDI-POLICY. In New York, group insurance policies are underwritten by Sun Life and Health Insurance Company (U.S.) (Lansing, MI) under Policy Form Series 15-GP-01, 13-GP-LF-01, 13-LF-C-01, 13-GP-LH-01, 13-ADD-C-01, 12-DI-C-01, 13-LTD-C-01, 13-STD-C-01, 06P-NY-DBL, 06P-NY-DBL-R-PFL, 07-NYSL REV 7-12, GC-A, GP-A, 12-GP-SD-01, 13-SD-C-01, 12-GP-01, 12-AC-C-01, 12-GPPort-01, 13-LFPort-C-01, 13-ADDPort-C-01, 15-LF-GP-01, 15-SD-GP-01, 12-STDPort-C-01, 12-ACPort-C-01 and 13-SDPort-C-01. Prepaid dental products are provided and administered by Sun Life Assurance Company of Canada (SLOC) under Form Series BDC-GDSA, PDC, and are provided by prepaid dental companies, affiliated with SLOC, under Form Series BDC-GDSA, UDC-CA-GA06-UDC, UDC-CA-GA06-89, FB-NJ-0281, UDC-09-GDSA-TX, PDC in certain states except New York. Prepaid dental companies are Denticare of Alabama, Inc., United Dental Care of Arizona, Inc., UDC Dental California, Inc., United Dental Care of Colorado, Inc., Union Security DentalCare of Georgia, Inc., United Dental Care of Missouri, Inc., Union Security DentalCare of New Jersey, Inc., United Dental Care of New Mexico, Inc., UDC Ohio, Inc., United Dental Care of Texas, Inc., and United Dental Care of Utah, Inc. In New York, prepaid dental products are provided and administered by Sun Life and Health Insurance Company (U.S.) (SLHIC) (Lansing, MI) under Form Series BDC-GDSA-NY. Product offerings may not be available in all states and may vary depending on state laws and regulations.

This coverage does not constitute comprehensive health insurance (often referred to as "major medical coverage") and does not satisfy the requirement for Minimum Essential Coverage under the Affordable Care Act.

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RESOLUTION 2019-241

WHEREAS, the City subscribes to health insurance for its employees and other eligible participants, as authorized by the City of Grand Island Personnel Rules and Regulations and federal regulations; and

WHEREAS, a Health Insurance Committee consisting of union, non-union, management and non-management employees, along with the Human Resources Director, the Finance Director, and the Attorney/Purchasing Agent met and reviewed plan changes; and

WHEREAS, UMR of Wausau, Wisconsin is the recommended Third Party Administrator for the City's health insurance plan; and

WHEREAS, the reinsurance coverage for the health plan will be quoted annually by UMR and the best bid shall be selected and;

WHEREAS, year one costs with UMR are as follows: administrative fees of \$15.79 per employee per month, stop loss coverage of \$141.14 per employee per month and aggregate stop loss coverage of \$5.01 per employee per month. The renewal of the administrative fee and stop loss amounts shall be negotiated on an annual basis with UMR, prior to the automatic renewal.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the proposal from UMR of Wausau, Wisconsin for the administration of health insurance and procurement of reinsurance is hereby accepted and approved. Furthermore, any subsequent enacting documents related to the execution of this proposal are also approved.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, August 13, 2019.

\_\_\_\_\_  
Roger G. Steele, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

Approved as to Form    ☐  
August 9, 2019           ☐ City Attorney