

ACTION ITEM MEMO

Port of Tacoma Commission



Item No: 5C
Meeting Date: 2/21/2024

DATE: February 13, 2024
TO: Port of Tacoma Commission
FROM: Eric Johnson, Executive Director
Sponsor: Jean West, Chief Human Resources Officer
Project Manager: Trisha Perez, Manager, Human Resources
SUBJECT: Benefit Vendor Contract Renewal

A. ACTION REQUESTED

Commission approval of vendor contract renewal for Reliastar Life Insurance Company.

B. BACKGROUND

The Master Policy Resolution stipulates that any benefit vendor contract which exceeds \$350,000 must be approved by the Commission. The Master Policy Resolution does not exempt personal services contracts, and benefit vendor contracts are considered personal services contracts.

Reliastar Life Insurance Company:

Reliastar provides individual and aggregate stop loss insurance for our self-insured medical plans.

Individual stop loss insurance pays claim costs when individual claims exceed \$135,000.

Aggregate stop loss provides protection for a group's overall claims costs and caps the employer's liability for the entire group. Underwriting projects a group's future expected claims by using such factors as historical claims experience, inflationary trend, and enrollment/migration adjustments to generate an expected claims cost. From the expected claims cost, a corridor (typically 25%) is applied to develop a maximum claims factor (i.e., 125% of expected claims). Aggregate stop loss insurance pays when overall claims exceed the projected maximum claims factor. The Port enters agreements annually for this service.

Based on current census data, the premium for the April 1, 2024, through March 31, 2025, plan year is estimated to be \$1,074,222 and is billed through First Choice Health Administrators.

C. FINANCIAL SUMMARY

Cost:

The cost of the contract renewal reflects a 9.99% increase over the prior year. Based on 2023 claims experience, Reliastar originally quoted a 21.4% increase, however our broker was able to negotiate a lower renewal rate increase. In the previous plan year, the negotiated increase was 9.7% for a total quoted premium of \$976,635.

Vendor	Contract / Policy Number	Contract Period	Cost
Reliastar Life Insurance	66606-8	Apr 1, 2024 - Mar 31, 2025	\$1,074,222

D. NEXT STEPS

Upon approval, the contract will be renewed through March 31, 2025.