

PORT OF TACOMA COMMISSION CONSENT AGENDA

Item: 4D

Date: 2/17/22

DATE: January 31, 2022
TO: Port of Tacoma Commission
FROM: Eric Johnson, Executive Director
SPONSOR: Jean West, Chief Human Resources Officer
SUBJECT: Benefit Vendor Contract Renewals

A. ACTION REQUESTED

Commission approval of two current benefits vendor contracts: First Choice Health Administrators and Reliastar Life Insurance Company.

B. SYNOPSIS

The Master Policy Resolution stipulates that any personal services contracts which exceed \$300,000 must be approved by the Commission. The Master Policy Resolution does not provide an exemption for benefit vendor contracts, which are considered personal services contracts.

First Choice Health Administrators:

The Port entered into an agreement on April 1, 2019 with First Choice to administer the Port's self-insured medical plan. The agreement provided for two years with three one-year options to extend. Although the total contract cost will not exceed \$300,000, the contract specified Commission authorization was required for approval of extensions.

The Commission approved the first extension in May 2021, and we are requesting the authorization for the final two years of extensions. The cost is projected to be \$93,300 for April 1, 2022 through March 31, 2023; and \$97,000 for April 1, 2023 through March 31, 2024.

Reliastar Life Insurance Company:

Reliastar provides individual and aggregate stop loss insurance for our self-insured medical plan:

Individual stop loss insurance pays claims 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.

The premium for the April 1, 2021 through March 30, 2022 plan year is \$879,601 and is billed through First Choice Health Administrators.

C. SUMMARY OF CHANGES

Commission approval of two current benefits vendor contracts: First Choice Health Administrators and Reliastar Life Insurance Company.

D. FINANCIAL IMPACT

The costs of these contracts are as follows:

Vendor	Contract / Policy Number	Contract Period	Cost
First Choice Health Administrators	071133	Apr 1, 2022 thru Mar 31, 2023	\$93,300
First Choice Health Administrators	071133	Apr 1, 2023 thru Mar 31, 2024	\$97,000
Reliastar Life Insurance Company	66606-08	Apr 1, 2022 thru Mar 31, 2023	\$879,601