

CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Human Resource  
AGENDA DATE: December 21, 2010

CONTACT PERSON(S) NAME(S)  
AND PHONE NUMBER(S): Bruce D. Collins, Purchasing Manager, (915) 541-4313  
Linda Ball Thomas, Human Resources Director, (915) 541-4102  
Irene Y. Morales, Risk Manager, (915) 541-4448

DISTRICT(S) AFFECTED: All

SUBJECT:

Approve the award for Specific and Aggregate Stop Loss Insurance to Aetna Life Insurance Company for four (4) years from January 1, 2011 through December 31, 2014 with a first year cost of \$2,210,198.00 for the specific stop loss and \$42,086.00 for the aggregate stop loss with a \$225,000 specific deductible.

BACKGROUND / DISCUSSION:

Request for Proposal #2011-034R was released seeking proposals for Specific and Aggregate Stop Loss Insurance for the City of El Paso Health Benefit Plan. Two proposals were received. Aetna Life Insurance Company and Reliastar Life Insurance Company dba ING Employee Benefits submitted proposals. The Hay Group and representatives from the Human Resources Department assisted the City with the evaluation of the proposals. The evaluation criteria and weight of each is attached. The evaluation committee is recommending Aetna Life Insurance Company. Aetna received the higher score in three of the five rating criteria and the higher score overall. Aetna submitted the lower more responsive bid.

ING is the current stop loss carrier for the City's Health Benefit Plan. Aetna is the current third party administrator (TPA) for the City's Health Benefit Plan. Currently, ING has access to the claims paid by Aetna. When payment on a claim exceeds \$225,000 during a plan year, ING requests a claim form from the City along with the appropriate eligibility documentation. ING then reviews the claim payments and reimburses the City for any excess eligible payment made by the City over \$225,000 and reimburses the City for the excess payment. The time frame for reimbursement directly to the City is usually 30-60 days. By awarding the stop loss coverage to Aetna, any claims over the specific deductible are automatically covered by Aetna, thus offering a better cash flow for the City. The City would not pay the amount above the \$225,000 deductible on any claim.

As the current stop loss carrier, there would be no transition issues with ING if they were the recommended vendor. However, Aetna has agreed to contract on a "claims paid" basis which covers all claims paid during the contract period. Any claims incurred prior to January 1, 2011 and paid by Aetna would be reimbursed by ING; any claims paid after January 1, 2011 and incurred prior to January 1, 2011 would be paid by Aetna. There would be no lapse in specific or aggregate coverage for the City.

The proposed Aetna aggregate stop loss premium, \$42,086, is 9.6% less than the current and proposed ING aggregate premium, \$46,551. The proposed Aetna specific stop loss composite rate, \$34.66 per employee per month is 42% higher than the current ING rate of \$24.37 per employee per month. However, the Aetna rate is lower than the proposed ING rate of \$37.23 per employee per month.

PRIOR COUNCIL ACTION:

Council awarded the specific and aggregate stop loss coverage to ING in 2007.

AMOUNT AND SOURCE OF FUNDING:

Health Benefit Fund, 502111-45121-09100248-09000

BOARD / COMMISSION ACTION: NA

DEPARTMENT HEAD:

\_\_\_\_\_  
Linda Ball Thomas, Human Resources Director

Stop Loss Insurance Committee Score Sheet  
 Solicitation No. 2011-034R Specific and Aggregate Stop Loss Insurance

<b>Total Points - Average</b>			
<b>Evaluation Criteria</b>	<b>Max Points</b>	<b>ING</b>	<b>Aetna</b>
<b>\$225K Deductible</b>			
Fee Proposal	50	47.0	50.0
Quality of Response	30	21.6	24.3
Financial Stability	10	8.3	8.3
References	10	6.6	8.0
<b>Total</b>	<b>100</b>	<b>83.5</b>	<b>90.6</b>



# CITY OF EL PASO REQUEST FOR PROPOSALS TABULATION FORM



Bid Opening Date: November 3, 2010

Solicitation #: 2011-034R

Project Name: Specific and Aggregate Stop Loss Insurance

Department: Human Resources - Risk Management

AETNA LIFE INSURANCE COMPANY	HARTFORD, CT
RELIASTAR LIFE INSURANCE COMPANY DBA ING EMPLOYEE BENEFITS	ADDISION, TX
RFPs SOLICITED: 16	RFPs RECEIVED: 2
RFPs LOCAL: 3	NO RFPs: 0

NOTE: The information contained in this rfp tabulation is for information only and does not constitute actual award/execution of contract.

APPROVED: \_\_\_\_\_

DATE: \_\_\_\_\_

11/4/10

TEXAS MUNICIPAL LEAGUE  
ATTN: JOANNA BENAVIDEZ  
1821 RUTHERFORD LAND SUITE 300  
AUSTIN, TX 78754

AETNA  
ATTN: LOUIE HEERWAGEN  
2777 STEMMONS FREEWAY SUITE 300  
DALLAS, TX 75207-2509

BLUE CROSS BLUE SHIELD TEXAS  
ATTN: DINDEE SOZA  
118 MESA PARK DRIVE  
EL PASO, TX 79912

PRUDENTIAL  
ATTN: ALAN REX  
8117 PRESTON ROAD SUITE 600  
DALLAS, TX 75225

ING EMPLOYEE BENEFITS  
ATTN: LISA M. SPREDEMAN  
7720 N 16<sup>TH</sup> STREET SUITE 150  
PHOENIX, AZ 85020

HARTFORD LIFE - GROUP SALES  
ATTN: TERRY GAUNT  
17855 DALLAS PARWAY SUITE 100  
DALLAS, TX 75287

SUNLIFE  
ATTN: STEVE EARP  
ONE GALLERIA TOWER SUITE 1250  
13355 NOEL ROAD  
DALLAS, TX 75240

HEALTHSCOPE BENEFITS INC.  
Attn: JULIE WADSWORTH  
7430 REMCON CIRCLE BUILDING C  
EL PASO, TX 79912

SENIOR DIRECTOR PUBLIC SECTOR  
ATTN: EDMUNDO GAMBOA JR.  
1900 PUEBLO CORONA  
EL PASO, TX 79936

ATTN: BRANDON MILLER  
HAYS COMPANIES  
80 SOUTH 8<sup>TH</sup> STREET #700  
MINNEAPOLIS, MN 55402

ATTN: JAY CONDRY  
HUMANA  
8111 LBJ FREEWAY SUITE 200  
DALLAS, TX 75251

HIGHMARK INSURANCE GROUP  
8214 WESTCHESTER SUITE #600  
DALLAS, TX 75225

ATTN: JOHN D. BASS  
UNITEDHEALTHCARE  
5959 NORTHWEST PARKWAY SUITE 107  
SAN ANTONIO, TX 78249

AMERICAN INSURNET  
ATTN: CHUCK EBERLE  
644 LINN STREET SUITE 430  
CINCINNATI, OH 45203

ZOE HOLMES  
MARSH USA INC.  
4400 BANK ONE CENTER  
1717 MAIN STREET  
DALLAS, TX 75201-7357

CIGNA  
ATTN: TODD BROCK  
2250 WEST JOHN CARPENTER FREEWAY  
SUITE 400  
IRVING, TX 75063

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AI-A-NK  
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