

**CITY OF BILOXI
AGENDA ITEM
FACT SHEET**

Item No.: 5 A

Council Meeting Date: September 3, 2019

ITEM TITLE: **RESOLUTION**
INTRODUCED BY: **Mayor Andrew "FoFo" Gilich**
CONTACT PERSON: **E. Michael Leonard, CAO** *EM*

SUMMARY EXPLANATION:

Resolution authorizing self-funded employee group health insurance with Blue Cross Blue Shield of Mississippi

Resolution Ordinance _____ Public Hearing _____ Routine Agenda _____

Exhibits for Review

Contract _____ Minutes _____ Plans/Maps _____ Deed _____ Lease _____

Other (Specify):

Submittal Authorization: Council President _____ Mayor

STAFF RECOMMENDATION: Staff recommends approval

COUNCIL ACTION: Motion By: _____ Second By: _____

Vote:	<u>Councilmember</u>	<u>Yes</u>	<u>No</u>	<u>Other</u>	<u>Councilmember</u>	<u>Yes</u>	<u>No</u>	<u>Other</u>
	Lawrence	___	___	___	Tisdale	___	___	___
	Gines	___	___	___	Glavan	___	___	___
	Newman	___	___	___	Barrett	___	___	___
	Deming	___	___	___				

ACTION TAKEN:

Resolution No.

RESOLUTION AUTHORIZING SELF-FUNDED EMPLOYEE GROUP HEALTH
INSURANCE WITH BLUE CROSS BLUE SHIELD OF MISSISSIPPI

WHEREAS, the City of Biloxi is currently providing comprehensive medical insurance benefits for City employees and their dependents through Blue Cross Blue Shield of Mississippi; and

WHEREAS, it has been determined that it is in the best interest of the City of Biloxi to provide health insurance coverage through a self-funded health insurance plan with for its employees with an employee contribution of fifty (\$50.00) dollar per month for single/employee only coverage and with an employee contribution amount of one hundred (\$100.00) dollars per month for family/dependent coverage; and

WHEREAS, the self-funded health insurance plan will be administered by Blue Cross Blue Shield of Mississippi under an Administrative Services Contract between the City of Biloxi and Blue Cross Blue Shield of Mississippi; and

WHEREAS, the proposed self-funded health insurance plan, to be administered by Blue Cross Blue Shield of Mississippi, is for the term of one year beginning October 1, 2019, and ending September 30, 2020; and

WHEREAS, under such self-funded health insurance plans, where a third party administrator handles and pays claims, it is established practice that premium payments are paid and recorded as an expenditure through the payroll function and that such premium payments are deposited into an account from which the plan administrator withdraws reimbursement for claim payments and administrative fees (claims funding and fixed costs); and

WHEREAS, Blue Cross Blue Shield of Mississippi will make claim payments at

various times each month and require reimbursement for such claim payments, by electronic funds transfer, within three days; and

WHEREAS, except with respect to three (3) specific individuals, who each have a \$175,000 specific deductible, the reinsurer covers claims in excess of \$125,000 specific deductible and an additional aggregating specific deductible of \$150,000, to be pooled by one or all participants in the health plan whose specific claims exceed \$125,000; and

WHEREAS, the City will fund approximately \$6,248,279.40 (plus \$621,600.00 in employee contributions) in lieu of 120% fixed cost and attachment point (or approximately \$9,531,700.68) determined by the reinsurer. By funding less than reinsurance requirements, the City will assume a risk corridor of approximately \$2,661,821.28 the difference between 120% and funded amount to be drawn from the reserve fund; and

WHEREAS, employees and dependents eligible for COBRA benefits shall pay for total fixed costs and expected claims funding at a single rate of \$515.89 per month and a family rate of \$1,383.98 per month; and

WHEREAS, the governing authority of the City of Biloxi finds such practice expedient.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF BILOXI, MISSISSIPPI, THAT:

SECTION 1: The statements, findings, and conclusions contained in the preamble of this resolution are hereby, approved, adopted, ratified, and incorporated herein.

SECTION 2: The Mayor and/or Municipal Clerk are hereby authorized to take the necessary steps to provide health insurance coverage for the City of Biloxi employees and their dependents through a self-funded health insurance plan with Blue Cross Blue Shield

of Mississippi with total fixed costs and claims funding for employees of \$441.14 per month and total fixed costs and claims funding for employee/family of \$1,037.23 per month.

SECTION 3: The Mayor and/or Municipal Clerk be and are hereby authorized to enter into an Administrative Services Contract between the City of Biloxi and Blue Cross Blue Shield of Mississippi.

SECTION 4: The City agrees to make funds available at any time for payment to Blue Cross Blue Shield of Mississippi for payment of health insurance claims.

SECTION 5: Consistent with this resolution, the Mayor and/or Municipal Clerk be and are hereby authorized to enter into and execute any and all paperwork necessary to continue the self-funded insurance program for the City employees and their dependents.

SECTION 6: This resolution shall take effect and be in force from and after adoption.