

**RESOLUTION NO. 38-2017 (AS AMENDED 6/1/17)**

**Offered by All of Council**

**A RESOLUTION AUTHORIZING THE MAYOR AND THE FINANCE DIRECTOR TO ENTER INTO AN AGREEMENT WITH THE ROUNDSTONE MANAGEMENT, LTD. FOR HEALTH INSURANCE FOR FULL-TIME VILLAGE EMPLOYEES FOR JULY 1, 2017 THROUGH JUNE 30, 2018, AND DECLARING AN EMERGENCY.**

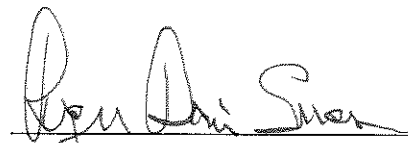
WHEREAS, the Village's insurance advisor, Associated Underwriters Insurance Inc. has recommended entering into an agreement with the Roundstone Management, LTD. to be the provider for health insurance for full-time Village employees from July 1, 2017 through June 30, 2018, which includes an increase of \$10,000 in the Village's deductible, from \$25,000 to \$35,000, for the purpose of cost savings.

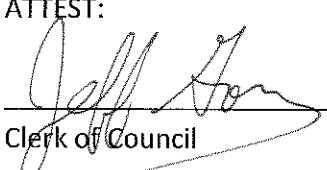
NOW, THEREFORE, BE IT RESOLVED by the Council of the Village of Richfield, Summit County, State of Ohio:


SECTION 1. That the Mayor and the Finance Director be, and they hereby are, authorized and directed to enter into an agreement with the Roundstone Management, LTD effective July 1, 2017 not to exceed \$1,167,553 in accordance with the offer from Roundstone, a copy of which offer is attached hereto as Exhibit "A" and incorporated herein fully as if by reference, subject to the final approval of the Law Director.

SECTION 2. This Resolution is hereby declared to be an emergency measure necessary for the immediate preservation of the public health, safety and welfare and for the further reason that it is immediately necessary in order to comply with the timing requirements of the program; wherefore, provided this Resolution receives the affirmative vote of two-thirds of the members of Council elected or appointed, it shall take effect immediately upon its passage and execution by the Mayor; otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

PASSED: 6/6/17

  
\_\_\_\_\_  
President of Council

ATTEST:  
  
\_\_\_\_\_  
Clerk of Council

  
\_\_\_\_\_  
Mayor

Dated: 6/6/17

TO: Village Council  
Mayor Bobbie Beshara

CC: Jeff Gorman  
William Hanna

FROM: Sandy Turk, Finance Director

RE: Resolution No. 38-2017 (as amended 6/1/17) to renew health care insurance with Roundstone for the June 6, 2017 Council Meeting

Date: June 1, 2017

ACTION BEING REQUESTED	TYPE OF REQUEST
2nd Reading	Insurance Resolution

The Finance Department requests Council have second reading at its June 6<sup>th</sup> Council meeting of the attached Resolution No. 38-2017, to enter into a renewal agreement and change the Village's deductible by \$10,000 to \$35,000 for \$1,167,553 with Roundstone Management, LTD for health care insurance for full-time Village employees effective July 1, 2017 through June 30, 2018. All other benefits remain the same.

Roundstone is a Group Captive program that is owned and/or controlled by the group members insured. The network is the Medical Mutual network and the Third-Party Administrator (TPA) is Mutual Health Services out of Copley. They utilize all local networks for their services with Medical Mutual also offering the best discounts for procedures in the field. They only use A.M. Best rated reinsurers of A rating and above.

The current maximum annual cost of coverage for 54 full-time employees is \$920,764 (plus two Lasers of \$160,000), or \$1,080,764. The Laser is a common stop-loss industry practice of setting higher coverage attachment points for certain plan members based on their prior claims experience or the likelihood that they will become high cost claimants in the future. AUI also reduced its commission to yield a savings of just over \$4,800. With increasing the deductible to \$35,000, the renewal rate of \$1,167,553 includes two Lasers totaling \$150,000. The base contract, without the Lasers, reflects a 10.5% increase and with the Lasers, an 8% increase is reflected. See the chart below.

ROUNDSTONE HEALTH INSURANCE RENEWAL OPTIONS 6/2017	CURRENT CONTRACT	RENEWAL	% INCR.	INCREASE DEDUCTIBLE	% INCR.
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VILLAGE'S DEDUCTIBLE	\$25,000	\$25,000	N/A	\$35,000	40%
ANNUAL ADMINISTRATIVE FEE	\$56,362	\$54,019	-4.2%	\$54,019	-4.2%
ANNUAL STOP LOSS COSTS	\$280,236	\$359,509	28.3%	\$281,404	0.4%
MAXIMUM CLAIM LIABILITY	\$584,166	\$638,372	9.3%	\$682,130	16.8%
<b>TOTAL COSTS</b>	<b>\$920,764</b>	<b>\$1,051,900</b>	<b>14.2%</b>	<b>\$1,017,553</b>	<b>10.5%</b>
LASER (1)	\$125,000	\$125,000	0.0%	\$115,000	-8.0%
LASER (2)	\$35,000	\$45,000	28.6%	\$35,000	0.0%
<b>GRAND TOTAL COSTS</b>	<b>\$1,080,764</b>	<b>\$1,221,900</b>	<b>13.1%</b>	<b>\$1,167,553</b>	<b>8.0%</b>

Other cost savings measures will continue to be explored with the two insurance committees and AUI this year to try and further contain our costs. Based on expenditures through April, we are expected to under spend the current contract by \$18,656 plus we received our first profit distribution check of \$22,605. Approximately \$56,000 of the \$125,000 Laser has been utilized through April.

Quotes from Anthem were reviewed but the benefit levels were reduced to reduce the price and when considering the run-out costs associated with Roundstone the Committee felt that moving to Anthem's fully insured plan would not be in the best interest of the Village. Although quotes were sought from Aetna, Allied National, ATA/Amerishare, Aultcare, Cigna, EGP, Hawaii-Mainland Administrators, Jefferson Health Plan, Medical Mutual, Meritain, National General, Starnark, Summa Care, The Health Plan, and United Healthcare no other carriers submitted any competitive quotes to consider. Let me know if you have any questions.

#### Attachments

H:/-sturk/S/2017 healthInsurance/Briefing Memos\2017 roundstone health care ins.Briefingmemo5-17.doc