



## Sun Life Stop-Loss Insurance Renewal

June 3, 2024

The Honorable Mayor Kropp and  
Members of the City Commission:

In July of 2022 the city commission voted to join a group captive cell operated by Pareto Health called legend Re that uses Sun-Life as the fronting carrier. A group captive is a stop-loss insurance company that is owned by a collection of like-minded employers who are committed to better controlling health care costs while reducing the profiteering that exists in the insurance markets. Each employer takes less than 1% ownership stake while maintaining all autonomy in managing the other aspects of its medical and prescription drug plan. Mount Clemens ownership is less than 0.1% of the captive.

The City has had Sun-Life administer their stop-loss insurance since July 2019. This year will be the second renewal since the city joined the captive. Stop-loss insurance is used to protect against catastrophic claims that the City would otherwise be responsible for paying. It is made up of two parts:

- Individual stop loss coverage – Limits the amount the City pays per member. The City accepts the first \$80,000 of claims liability per family unit. The City is reimbursed after a family unit has exceeded \$80,000 of paid claims.
- Aggregate stop-loss coverage – Limits the total amount the City would spend collectively on all plan participants. After that threshold has been met, the City is reimbursed dollar for dollar on eligible paid claims.
- Fixed fees are expected to increase by 9.00% or approximately \$35,600 for the period July 1, 2024 – June 30, 2025.
  - The 9.00% **increase** suggests that Sun-Life's underwriters expect the City's high-cost claims to slightly exceed the normal trend of 8.00%



- The City received a 8.15% **increase** in the stop-loss premium costs in July 2023
- **Please note:** when the group first moved to the captive in July 2022, the City received about 6.8% **decrease** in the stop-loss premium costs
- The aggregate attachment point will not be increasing. This means that Sun-Life believes, even with inflationary pressures, that the City's maximum liability is appropriately set at current levels.
  - **Please note:** when the group moved to the captive in 2022, Sun-Life **reduced** the projected liability by about 5%

The total renewal increase for the entire stop-loss premium is 1.4% from the previous year.

**Recommended Motion:** I move to approve option 1 of the stop-loss insurance renewal with Sun Life as presented and authorize the appropriate city officials to execute the same.

Respectfully submitted,



Gregg S. Shipman  
City Manager





**STOP-LOSS**

# Expertise

**Renewal proposal created for**  
City of Mount Clemens

**Presented by Geoff Kragness**

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## Renewal options

### To accept the renewal proposal, please do the following:

- At the bottom of this page, **select a renewal option and sign where indicated.**
- Email, fax, or mail this page to me by June 1, 2024, in order to avoid a lapse in coverage.

Policyholder name:	City of Mount Clemens	Account number:	933177
Policyholder Address:	1 Crocker Blvd	Renewal status:	Open
	Mount Clemens, MI 48043	TPA Name:	BLUE CROSS/BLUE SHIELD OF MI
Situs State:	MI	PPO Name:	BCBS Michigan
Renewal Eff. Date:	July 1, 2024		

Current and renewal rate summary	
Tier	Employees
Single	29
Family	60
<b>Total</b>	<b>89</b>

Specific Stop-Loss policy details and renewal options		
Plan thresholds	Current	Renewal option 1
Family Specific deductible	\$80,000	\$80,000
Aggregating Specific deductible	None	None
Annual maximum	Unlimited	Unlimited
Lifetime maximum	Unlimited	Unlimited
Specific rates	Current	Renewal option 1
Claims basis	PAID	PAID
Benefits covered	Medical and Rx	Medical and Rx
Single	\$183.23	\$199.72
Family	\$395.04	\$430.59
<b>Total monthly premium</b>	<b>\$29,016.07</b>	<b>\$31,627.28</b>
Renewal rate action as a % increase to current monthly premium		9.0%

Aggregate Stop-Loss policy details and renewal options		
Aggregate rates	Current	Renewal option 1
Aggregate Benefit Maximum	\$1,000,000	\$1,000,000
Per employee per month rate	\$13.62	\$14.85
<b>Total monthly premium</b>	<b>\$1,212.18</b>	<b>\$1,321.65</b>
Renewal rate action as a % increase to current monthly premium		9.0%

Aggregate thresholds and rates		
	Current	Renewal option 1
Claims basis	PAID	PAID
Benefits covered	Medical and Rx	Medical and Rx
Corridor	125%	125%
<b>Minimum Attachment Point %</b>	<b>100%</b>	<b>100%</b>
<b>Single Aggregate deductible factor</b>	<b>\$1,036.82</b>	<b>\$1,036.82</b>
- Medical	\$738.68	\$738.68
- Rx Drug	\$298.14	\$298.14
<b>Family Aggregate deductible factor</b>	<b>\$2,289.71</b>	<b>\$2,289.71</b>
- Medical	\$1,454.91	\$1,454.91
- Rx Drug	\$834.80	\$834.80
<b>Minimum Attachment Point</b>	<b>\$167,450.38</b>	<b>\$167,450.38</b>
<b>Estimated monthly renewal liability</b>	<b>\$167,450.38</b>	<b>\$167,450.38</b>
Renewal rate action as a % increase to current monthly aggregate deductible factors.		0.0%

Total estimated annual plan costs		
Total costs	Current	Renewal option 1
Total annual premium	\$362,739.00	\$395,387.16
Annual Aggregate Attachment Point	2,009,404.56	2,009,404.56
<b>Total estimated self-funded plan costs</b>	<b>\$2,372,143.56</b>	<b>\$2,404,791.72</b>
Renewal rate action as a % increase to total estimated annual plan cost.		1.4%

Select renewal option	
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Please indicate the renewal option you have selected by initialing one of the three boxes above. The premium rates agreed upon as part of the renewal will be effective on the Policy Renewal Effective Date. Your signature on the renewal proposal constitutes your acceptance of the terms, conditions, assumptions and contingencies set forth in it.

Please acknowledge your acceptance of the renewal proposal, which includes all pages of the proposal, by signing below and returning the signed page to Geoff Kragness.

Policyholder Signature: _____	Date: _____
Printed Name: _____	Printed Title: _____

# Renewal options, continued

April 16, 2024

Policyholder name:	City of Mount Clemens
Account number:	933177
Renewal status:	Open
Renewal Eff. Date:	July 1, 2024

## Specific Stop-Loss coverage

The following options and programs are included in your policy:

Options:

- **Mirroring Endorsement**  
This option is subject to review and approval by Sun Life and may affect the quoted rates. To include this endorsement with your policy, within 90 days of the policy effective date, we need your plan document and an executed Renewal Options signature page.
- **Advance Funding option**  
This option enhances the cash flow of your self-funded plan by advancing the stop-loss funds to you or your administrator up front, before you pay the provider.
- **Electronic Funds Transfer (EFT)**  
EFT is faster than getting your reimbursement by mail, as well as more convenient and easily trackable.
- **Retiree coverage**
- **Rx claims are included and bundled with the administration (no carve-out PBM)**  
This proposal assumes that your stop-loss insurance will include coverage for prescription drug claims and that the standard large claimant reporting from your medical administrator will include both medical and prescription drug claims. Based on the information provided, your PBM vendor is Optum Rx.

Programs:

- **SunElite™ medical document review service**  
SunElite is a medical plan document review service for Sun Life Stop-Loss clients. Your custom SunElite report will analyze the plan's cost-containment, federal law compliance and discretionary authority.
- **SunResources® preferred network program**  
SunResources is our preferred cost-containment vendor program. On a voluntary basis, Sun Life clients gain access to an extensive network of cost-containment vendors that have gone through a rigorous vetting process to ensure quality service and performance. SunResources can help lower costs both before and after a catastrophic claim occurs.

The following are not included in your policy:

- **Clinical Trials option**
- **Terminal Liability option**
- **Experience Rating Refund**

## Producer commissions

Sun Life pays the following commission percent to the Stop-Loss producer: 0.0%.

## Specific Benefit Stop-Loss renewal acceptance

Acceptance of your Specific Benefit Stop-Loss renewal by Sun Life is subject to timely receipt of a signed renewal proposal and contingent upon a review of large claims over \$40,000 with diagnosis/prognosis for the period of July 1, 2023, through January 31, 2024, with accompanying required information. For large claims, the required information includes paid claims, pending claims, and notification of known situations. Upon review of your large claims information, we reserve the right to recalculate quoted rates.

Sun Life will not reimburse for claims expenses incurred outside the Policy Year parameters.

## Aggregate Benefit Stop-Loss

- **Features**  
Monthly Aggregate Accommodation is not included.  
Terminal Liability option is not included.

### Minimum Attachment Points

<b>Renewal Option 1</b>
\$2,009,404.56

- **Aggregate Stop-Loss renewal acceptance**  
Renewal acceptance of Aggregate Benefit coverage by Sun Life is subject to timely receipt of a signed renewal proposal and contingent upon a review of monthly claims and lives, by line of coverage, for the period of July 1, 2023, through January 31, 2024. Upon review of that information, we reserve the right to recalculate the Aggregate Benefit Attachment Point.

## General coverage

- **Captive coverage**

# Renewal options, continued

April 16, 2024

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Any Stop Loss policy issued to a policyholder that is part of a captive program, is excluded from any and all Sun Life incentive, bonus or override programs.

- **Affordable Care Act accommodations**

This renewal proposal represents Sun Life's efforts to work with you to meet your requirements under the Affordable Care Act (ACA), including, but not limited to, the dependent age provisions of the ACA. It is the self-funded medical plan's responsibility to keep its census data up to date at all times. If the plan inadvertently does not remove a terminated participant, Sun Life may deny any claims from the participant. However, in that situation, the self-funded medical plan is responsible for the claim.

Proposal for City of Mount Clemens

GSLOT-2551, SLPC 24342 05/21 (exp. 05/23)

## Disclosures

1. Sun Life book of business data through March 2020.
2. For complete financial ratings, visit [www.sunlife.com/financialratings](http://www.sunlife.com/financialratings).
3. Sun Life renewal statistics data from 2018 to 2020.
4. Health Research Institute Medical Trend "Behind The Numbers" report 2021.

### Producer licensing

All Sun Life companies require producers using insurance quotes we issue for the purpose of soliciting, selling, or negotiating insurance to be licensed both by the state where the prospective client is located and by any state where the solicitation, sale, or negotiation of insurance occurs, if different. This requirement pertains to all forms of solicitation, sales or negotiation of insurance, including but not limited to solicitation, sale, or negotiation conducted in person, by telephone, by email, by fax, or otherwise.

### Producer compensation

We encourage brokers and their clients to discuss what commission or other compensation may be paid in connection with the purchase of products and services from Sun Life companies. All Sun Life companies may pay the selling broker, agency, or third party administrator for the promotion, sale, and renewal of the products and services offered in this proposal. In addition to our standard compensation, we may make additional cash payments or reimbursements to selling brokers in recognition of their marketing and distribution activities, persistency levels, and volume of business.

For New York situs business, we may pay reduced compensation where fewer services are offered and increased compensation where more services are provided. Producers must comply with the specific compensation disclosure requirements of New York Regulation 194.

### Plan and rates

This renewal proposal is based on the employee census information that was provided. Acceptance of the group and final rates will be determined by the Sun Life home office in the United States based on actual enrollment and case experience, if required. Terms and conditions of any coverage under the policy will be determined by all necessary final data and by underwriting rules, policy requirements, and policy provisions in effect on the date coverage begins.

### Sun Life Companies

The Sun Life group of companies operates under the "Sun Life" name. In the United States and elsewhere, insurance products are offered by members of the Sun Life group of companies that are insurance companies.

Currently, group underwriting companies include Sun Life and Health Insurance Company (U.S.) and Sun Life Assurance Company of Canada. Sun Life Inc., the publicly traded holding company for the Sun Life group of companies, is not an insurance company and does not guarantee the obligations of these insurance companies. Each insurance company relies on its own financial strength and claims-paying ability.

Group stop-loss insurance policies are underwritten by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all states, except New York, under Policy Form Series 07-SL REV 7-12. In New York, group stop-loss insurance policies are underwritten by Sun Life and Health Insurance Company (U.S.) (Lansing, MI) under Policy Form Series 07-NYSL REV 7-12. Product offerings may not be available in all states and may vary depending on state laws and regulations.

### Stop-Loss information

The following services are not insurance and carry a separate charge included with the price of coverage: Clinical 360, owned by Sun Life; SunElite<sup>SM</sup>, owned by Sun Life with services provided by The Phia Group, LLC.

### Information

Issuance of a Stop Loss policy is dependent upon meeting underwriting guidelines and participation requirements.



**If you have any questions or to learn more, contact your Sun Life Stop-Loss Specialist.**

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