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City of West Allis Matter Summary

7525 W. Greenfield Ave.
West Allis, WI 53214

File Number	Title	Status
2008-0548	Request	In Committee
	Communication from Comptroller/Manager of Finance relative to stop-loss contract with Elite Underwriting Services.	
	Introduced: 8/5/2008	Controlling Body: Administration & Finance Committee

COMMITTEE RECOMMENDATION

approval

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
AUG 05 2008			Barczak				
			Czaplewski				
AUG 05 2008			Kopplin				✓
	✓	✓	Lajsic	✓			
			Narlock	✓			
			Reinke	✓			
			Roadt				
			Sengstock				
			Vitale	✓			
			Weigel				
			TOTAL	4			1

SIGNATURE OF COMMITTEE MEMBER

Chair

Kimberly R. Kelly
Vice-Chair

Member

COMMON COUNCIL ACTION

APPROVAL

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
AUG 05 2008			Barczak				✓
			Czaplewski	✓			
			Kopplin				✓
			Lajsic	✓			
		✓	Narlock	✓			
			Reinke	✓			
			Roadt	✓			
			Sengstock	✓			
	✓		Vitale	✓			
			Weigel	✓			
			TOTAL	8			2



DEPARTMENT OF ADMINISTRATION & FINANCE
FINANCE DIVISION

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August 4, 2008

The Honorable Mayor Dan Devine
and Members of the Common Council
7525 W. Greenfield Avenue
West Allis WI 53214

SUBJECT: Stop-Loss Contract with Elite Underwriting Services

Dear Mayor Devine and Common Council Members:


This letter is to request your approval to enter into a contract with Elite Underwriting Services for 2008-2009 stop-loss insurance. The stop-loss insurance is needed to protect the financial interests of the City in the event a major health related cost is incurred.

The contract has been modified with many of our requested changes, which are incorporated into the attached MOU. However, four (4) items are still problematic and will need to be explained further. They are as follows:

1. Definitions Section #3
2. Under Section II #1
3. Under Section X #1
4. Section X #4

Despite these remaining issues, I recommend proceeding with the contract. I will be available to explain these issues in detail, as will the City Attorney. Thank you.

Sincerely,


Gary Schmid,
Finance Manager/Comptroller

PMZ:GS:jfw
Attachment

cc: Scott Post

Memorandum of Understanding

Definitions Section

1. Page 5 - Potentially Catastrophic Loss (PCL) - attorney feels this is ambiguous - circular definition. What other conditions would be identified other than those in Exhibit I? Attorney would like to strike "but are not limited to" and just reference exhibit I.

Agreed

2. Page 5 - Specific Lifetime Maximum Reimbursement - Attorney would like "or later" taken out. His opinion is that with this wording, it is ambiguous. I explained that the plan set's forth the LTM, but he doesn't like the or later wording.

This refers to the fact that a person will have a life time maximum even though the amount may accumulate over several policy years. We agree as long as the intent is clear for the Plan Administrator and the Plan Fiduciary.

3. Page 5 - Usual and Customary - He want's "at the time service is provided" added as point # 4. His comment: "Time is noticibly absent. The usual language includes an " at the time services or supply was provided. As written, they (Elite) could pick the lowest point in the last decase (or more) and reimburse based on that."

The payor applies the usual and customary when reviewing the charges for payment. Depending upon the payor this is updated annually at a minimum. The Plan Administrator and the Plan Fiduciary have the obligation to make sure that the assets of the plan are used judiciously. We do reserve the right to review any fee to make sure that it is in line with the fees for similar procedures in the given area.

Please refer to Department of Labor 29 CFR 2560 Final Rule.

Please see the attached chart with established timelines as well.

Section II

1. Page 6 - What is "an acceptable proof of loss". Attorney wants this defined.

Elite has standard forms that the payor send to us that include the copies of the actual claims that were paid. The attach all of the proof of eligibility and support so that payment can be made as rapidly as possible.

Please see attachment with the items that are standards within the industry for Proof of Loss.

Section VI - Exclusions

1. #7 - what are hostilities (how is this defined?) Can we match the plan document wording for this exclusion?

Agreed

- a. SPD states: excluded: any loss caused by or contributed to:
 - i. War or any act of war, whether declared or not, or
 - ii. Any act of armed conflict, or any conflict involving armed forces of any authority.

2. Where would a pandemic fall in definitions?

We would follow the definitions within the plan document for this. Typically these are illnesses that occur on a nation or international scale.

Section X - Claim provisions

1. Page 11 - Payment of claims - Attorney wants the last sentence under Payment of Claims striken. This is non-negotiable. His comment: "this gives them (elite) a trump card. Even though the policy calls for payment, it is solely up to them as to whether they will pay. NOT AGREEABLE."

Elite Underwriting Services is not the Plan Administrator or the Plan Fiduciary. The payor will review the claim for payment. We do reserve the right to make sure that the benefits were applied properly by the payor according to the contract. The final decision on the payment of a claim is in the hands of the Plan Administrator and the Plan Fiduciary.

This has not been a problem but we will agree to strike the word "solely" as stated.

2. Under Recoveries/Subrogation - He wants "less the expenses of collection" added after "such action" and before "shall be used....."

Agreed

3. Page 12 - Please define "immediate attention". What is a reasonable time frame? The wording as written is ambiguous.

Immediate attention is normally something that a prudent person would take a reasonable action. It would be within twenty four (24) to seventy two (72) hours of receiving notice.

4. Page 14 - Indemnification, etc. - #2, a. Please strike the word "sole". His comment - "Nothing in the world has a "sole" cause...makes them (Elite) virtually free from liability".

As the carrier, we do reserve the right to make sure that the benefits have been applied properly. We do this in conjunction with the payor, the Plan Administrator and the Plan Fiduciary. They have the legal responsibility for the application of plan assets. We do agree with mutual indemnification.

We agree to strike "sole; it is also agreed that we have the right to re-rate the case from an underwriting perspective.

Exhibit I

1. Page 16 - Any serious condition....this is LC versus PCL and blurs the line, perhaps eliminates it between the two. Can we add a "specific amount" such as 50% of the specific?

Any condition, where the total of all claims incurred (medical, pharmacy, etc.) reaches fifty (50%) per cent of the specific will be considered serious.