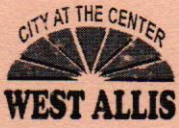


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City of West Allis Matter Summary

7525 W. Greenfield Ave.
West Allis, WI 53214

File Number	Title	Status
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R-2006-0074 Resolution In Committee

Resolution relative to acquiring Health Insurance Stop Loss for the March 1, 2006 to February 28, 2007 Plan Year.

Introduced: 3/7/2006

Controlling Body: Administration & Finance Committee

COMMITTEE RECOMMENDATION

Adopt

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
MAR 07 2006		✓	Barczak	✓			
			Czaplewski	✓			
			Dobrowski				
			Kopplin				
		✓	Lajsic	✓			
			Narlock				
			Reinke				✓
			Sengstock				
		Vitale					
		Weigel		✓			
		TOTAL		4			1

SIGNATURE OF COMMITTEE MEMBER

[Signature] _____ Chair Vice-Chair Member

COMMON COUNCIL ACTION **ADOPT**

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
MAR 07 2006		✓	Barczak	✓			
		✓	Czaplewski	✓			
			Dobrowski	✓			
			Kopplin	✓			
			Lajsic	✓			
			Narlock	✓			
			Reinke				✓
			Sengstock		✓		
		Vitale		✓			
		Weigel		✓			
		TOTAL		9			1



City of West Allis

7525 W. Greenfield Ave.
West Allis, WI 53214

Resolution

File Number: R-2006-0074

Final Action:
MAR 07 2006

Resolution relative to acquiring Health Insurance Stop Loss for the March 1, 2006 to February 28, 2007 Plan Year.

WHEREAS, it is necessary to have stop loss coverage for the City of West Allis 2006-2007 Self-Funded PPO Medical Plan Renewal; and,

WHEREAS, Frank Haack has obtained bids for the City for such stop loss coverage; and,

WHEREAS, Allianz Life Insurance Co. of North America was the lowest and best bid for such stop loss coverage.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of West Allis that City staff is hereby authorized to acquire the Revised Stop Loss coverage for the City's 2006-2007 Self-Funded PPO Medical Plan Renewal with Allianz.

BE IT FURTHER RESOLVED by the Common Council of the City of West Allis that the proper City Officials are authorized and directed to execute all related stop loss agreements on behalf of the City when provided to it by Humana/Allianz for the 2006-2007 Self-Funded PPO Medical Plan Renewal.

ADM\ORDRES\ADMR314

ADOPTED

March 7, 2006

Paul M. Ziebler

Paul M. Ziebler, City Admin. Officer, Clerk/Treas.

APPROVED

March 9, 2006

Jeannette Bell

Jeannette Bell, Mayor

Allianz Life Insurance Company of North America

5701 Golden Hills Drive
 Minneapolis, MN 55416-1297
 (Herein called the Company)



APPLICATION - EXCESS RISK INSURANCE

(Type or Print)

1. Full legal name of Applicant <input type="checkbox"/> City of West Allis	Principal Office (Street, City, State, Zip) 7525 West Greenfield Ave West Allis, WI 53214																																										
2. Nature of Business 9111																																											
3. If employee benefit plans of subsidiary or affiliated companies (companies under common control through stock ownership, contract, or otherwise) are to be included, list legal names, addresses of such companies and nature of their business.																																											
4. Enter the full name of your Employee Benefit Plan(s) City of West Allis (A copy of such Employee Benefit Plan(s) must be attached to and form a part of the Policy.)																																											
5. Name of Administrator Humana Inc	Address of Administrator 1100 Employers Boulevard Green Bay, WI 54344																																										
6. Advance premium (this will be refunded if the Policy is not approved) \$ <u>26660.31</u>	7. Requested effective date: 03/01/2006 (This date is subject to Company approval and receipt of the required accompanying documents)																																										
8. Number of Covered Units: <table style="width:100%; border: none;"> <tr> <td>Medical</td> <td style="text-align: center;"><u>329</u></td> <td>Single</td> <td style="text-align: center;"><u>740</u></td> <td>Family</td> <td style="text-align: center;">_____</td> <td>Other (describe)</td> </tr> <tr> <td>Rx as a separate benefit</td> <td style="text-align: center;">_____</td> <td>Single</td> <td style="text-align: center;">_____</td> <td>Family</td> <td style="text-align: center;">_____</td> <td>Other (describe)</td> </tr> <tr> <td>Dental</td> <td style="text-align: center;">_____</td> <td>Single</td> <td style="text-align: center;">_____</td> <td>Family</td> <td style="text-align: center;">_____</td> <td>Other (describe)</td> </tr> <tr> <td>Vision</td> <td style="text-align: center;">_____</td> <td>Single</td> <td style="text-align: center;">_____</td> <td>Family</td> <td style="text-align: center;">_____</td> <td>Other (describe)</td> </tr> <tr> <td>Weekly Income</td> <td style="text-align: center;">_____</td> <td>Employee Only</td> <td colspan="4"></td> </tr> <tr> <td>Other</td> <td style="text-align: center;">_____</td> <td>Single</td> <td style="text-align: center;">_____</td> <td>Family</td> <td style="text-align: center;">_____</td> <td>Other (describe)</td> </tr> </table>		Medical	<u>329</u>	Single	<u>740</u>	Family	_____	Other (describe)	Rx as a separate benefit	_____	Single	_____	Family	_____	Other (describe)	Dental	_____	Single	_____	Family	_____	Other (describe)	Vision	_____	Single	_____	Family	_____	Other (describe)	Weekly Income	_____	Employee Only					Other	_____	Single	_____	Family	_____	Other (describe)
Medical	<u>329</u>	Single	<u>740</u>	Family	_____	Other (describe)																																					
Rx as a separate benefit	_____	Single	_____	Family	_____	Other (describe)																																					
Dental	_____	Single	_____	Family	_____	Other (describe)																																					
Vision	_____	Single	_____	Family	_____	Other (describe)																																					
Weekly Income	_____	Employee Only																																									
Other	_____	Single	_____	Family	_____	Other (describe)																																					
9. AGGREGATE EXCESS RISK INSURANCE applied for: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Paid <input checked="" type="checkbox"/> 12/15 <input type="checkbox"/> _____ Policy includes Covered Expenses Incurred in the following Incurred Period and Paid in the following Paid Period: Incurred Period: From <u>03/01/2006</u> through <u>02/28/2007</u> . Paid Period: From <u>03/01/2006</u> through <u>05/31/2007</u> . Limit on Covered Expenses Incurred prior to the effective date (if requested and applicable): \$_____. Covered Expenses for AGGREGATE EXCESS RISK INSURANCE includes medical (including inpatient prescription drugs) plus: Outpatient Prescription Drugs As a medical expense <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Weekly Income <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No As a pharmacy benefit plan <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Vision <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Dental <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Other _____ List any other expenses covered by the Plan but not a Covered Expense for Aggregate Excess Risk Insurance _____ _____ Maximum Aggregate Excess Risk Insurance (per Policy Period) <input checked="" type="checkbox"/> \$1,000,000.00 <input type="checkbox"/> Other: \$_____. Aggregate Terminal Coverage Option <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																																											

- COMPLETE REVERSE SIDE ALSO -

10. SPECIFIC EXCESS RISK INSURANCE applied for: Yes No
 Paid Incurred 12/15 _____ Policy includes Covered Expenses Incurred in the following Incurred Period and Paid in the following Paid Period:
Incurred Period: From 03/01/2006 through 02/28/2007.
Paid Period: From 03/01/2006 through Thereafter.
 Limit on Covered Expenses Incurred prior to the effective date (if applicable): \$ N/A.
 Covered Expenses for SPECIFIC EXCESS RISK INSURANCE includes medical (including inpatient prescription drugs) plus:
Outpatient Prescription Drugs
 As a medical expense Yes No
 As a pharmacy benefit plan Yes No
 List any other expenses covered by the Plan but not a Covered Expense for Specific Excess Risk Insurance:
 Any other benefits covered by the Plan not shown above.

Specific Attachment Point \$225,000 per Covered Person
N/A per Covered Single N/A per Covered Family
 Maximum Specific Excess Risk Insurance Per Covered Person:
 \$1,000,000.00 \$2,000,000.00 Other: 5,000,000.00 (per lifetime of Covered Person)

11. As of the date of this Application, the attached Disclosure Statement is updated by making the following additions, deletions, and changes:

I UNDERSTAND AND AGREE, on behalf of the Applicant, that the statements in this Application, and the attached Disclosure Statement, and other information provided to the Company for the purposes of underwriting the Policy, are complete and true. All statements will be deemed representations and not warranties, and no such statement shall be used in defense to a claim unless it is contained in this Application. The Policy will not become effective until the Application is approved and a Policy is issued by the Company. □

Dated at _____ State of _____ the _____ day of _____ 20 _____

Name of Agent/Broker <u>Dan Aschenbrener</u> <small>Please Print</small>	Applicant <u>City of West Allis</u> <small>Please Print</small>
License Number/State <u>2319067</u> <small>Please Print</small>	By _____ <small>Please Print</small>
Issuance of the Policy is contingent upon such agent/broker being appointed with Allianz Life.	Title _____ <small>Please Print</small> Signature _____

Any person who knowingly and with intent to injure, defraud or deceive any insurance company or other person files a statement of claim containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subject to criminal prosecution, substantial civil penalty and restitution for the stated value of the claim for each such violation.



Self Funded Administration/U/R & PPO Renewal/Cost Analysis

eff 3/1/06

Administrator Stop Loss Carrier Network	Humana ChoiceCare Current	Humana ChoiceCare Renewal	Humana ChoiceCare Revised Renewal	Humana with Allianz revised	Humana with ING revised
MONTHLY FEES (Per EE/MO)					
Administration Fees					
71	Medical/Prescription Drug/UR Administration Fee (Indemnity)	\$21.41	\$21.41	\$21.41	\$21.41
1007	Medical/Prescription Drug/UR Administration Fee/PPO Access (PPO)	\$27.16	\$27.16	\$27.16	\$27.16
1078	Medical/Prescription Drug/UR Administration Fee/PPO Access (Indemnity & PPO)				
1078	Network Access Fee				
1035	Network Access - HealthEOS				
38	Network Access - PHCS				
5	Network Access - Texas True Choice				
	Annual Administration Fee				
	Set-Up Fee/Installation (One Time Charge)				
1078	Government Reporting & Disclosure				
1078	Stop Loss Interface Fee			\$0.15	\$0.15
	Monthly Administration Costs	\$28,870.23	\$28,870.23	\$28,870.23	\$29,031.93
	Annual Administration Costs	\$346,442.76	\$346,442.76	\$346,442.76	\$348,383.16
	Total Annual Administration Costs	\$346,442.76	\$346,442.76	\$346,442.76	\$348,383.16
	Increase(Decrease) over current administration costs	0.0%	0.0%	0.0%	0.6%
	Specific Stop Loss Deductible (Medical/Rx)	\$225,000	\$225,000	\$225,000	\$225,000
	Contract Type	12/15	12/15	12/15	12/15
	Specific Premium				
341	Single	\$12.98	\$14.41	\$13.49	\$11.14
737	Family	\$32.39	\$35.95	\$34.17	\$28.98
1078	Composite				
	Monthly Specific Premium	\$28,297.61	\$31,408.96	\$29,783.38	\$25,157.00
	Annual Specific Premium	\$339,571.32	\$376,907.52	\$357,400.56	\$301,884.00
	Annual Aggregate Premium	\$2.97	\$3.12	\$2.97	\$1.45
	Total Annual Stop Loss Costs	\$377,634.84	\$416,893.44	\$395,464.08	\$320,467.20
A.	Total Annual Fixed Costs	\$724,077.60	\$763,338.20	\$741,906.84	\$668,850.36
	Increase(Decrease) over current specific costs	0.0%	5.4%	2.5%	-7.6%
	PPO Aggregate Factors (Includes Medical/Rx) (1)	Medical/Rx	Medical/Rx	Medical/Rx	Medical/Rx
	Contract Type	12/15	12/15	12/15	12/15
303	Single	\$629.76	\$639.83	\$639.83	
704	Family	\$1,662.72	\$1,689.33	\$1,689.33	
	Indemnity Aggregate Factors				
38	Single	\$710.88	\$722.25	\$722.25	
33	Family	\$1,403.18	\$1,425.64	\$1,425.64	
	Composite (PPO & Indemnity)				
341	Single			\$663.62	
737	Family			\$1,758.62	
1078					\$1,477.68
B.	Est. Aggregate Attachment Point (%)	\$17,216,286.48	\$17,491,781.16	\$17,491,781.16	\$18,268,768.32
C.	Expected Claims (%)	\$13,773,029.18	\$13,993,424.93	\$13,993,424.93	\$14,615,014.66
	Total Annualized Maximum Costs (A+B)	\$17,940,364.08	\$18,255,117.36	\$18,233,688.00	\$18,937,618.68
	Total Annualized Expected Costs (A+C)	\$14,497,106.78	\$14,756,761.13	\$14,735,331.77	\$15,283,865.02
	Increase (decrease) over current expected costs	0.0%	1.8%	1.6%	6.0%

January, 2006

Actual rates and contract provisions will be determined by the specific carrier after completion of underwriting.

Note: Rates are rounded to the third decimal place and all other figures to the second decimal place. This accounts for any small discrepancy in cost calculations.

Gary Schmid

From: Wright, Virginia [Virginia.Wright@HRH.com]
Sent: Thursday, March 02, 2006 2:03 PM
To: Gary Schmid
Subject: RE: 2006 stop loss analysis - final.xls

Also, this is still a "better" contract, since 1. It's incurred covers eligible expenses incurred on or after the effective date regardless of the actual paid date provided the expense was incurred while the Policy was in force and Allianz was notified within 12 months from the last day of the Policy Year in which it was incurred) and 2. You get the LifeTrac Step-Down Deductible, should a person utilize the LifeTrac Network the Specific Deductible is reduced by \$50,000.

In addition to the savings the Policyholder receives on this reduction, they also receive the additional savings of the negotiated discounts achieved through the network and at no additional access fees----see attached flyer

Thanks!
Virginia

From: Gary Schmid [mailto:gschmid@ci.west-allis.wi.us]
Sent: Thursday, March 02, 2006 1:48 PM
To: Wright, Virginia
Subject: RE: 2006 stop loss analysis - final.xls

Virginia,

Dan indicated that the rate was going to be \$308,000 or about \$12,000 less than ING. Did that change?

Gary Schmid CPA, CGFM
Manager of Finance/Comptroller
414-302-8252
7525 W Greenfield Ave.
West Allis, WI 53214

-----Original Message-----

From: Wright, Virginia [mailto:Virginia.Wright@HRH.com]
Sent: Thursday, March 02, 2006 1:47 PM
To: Gary Schmid
Subject: 2006 stop loss analysis - final.xls

Here you go :-)

Employer Stop Loss

Specific Deductible Step-down with LifeTrac

Employers with self-funded healthcare benefit plans have many options to consider to control costs. One of these is deciding on a stop loss carrier that shares their interest in protecting the bottom line from catastrophic risks. Our Specific Deductible Step-down with LifeTrac is one way Allianz Life® helps you and your customers stabilize and manage the cost of healthcare benefit plans.

Allianz Life Employer Stop Loss and the LifeTrac® Network (LifeTrac) – a winning combination.

Utilize the resources offered by LifeTrac and gain access to contracted transplant rates that focus on cost predictability AND reduce Specific Deductibles by as much as \$50,000.

Eligibility/requirements:

- Follow standard LifeTrac procedures for notification of potential transplant
- Available to groups utilizing Allianz Life Employer Stop Loss

Product features:

- When a covered person uses LifeTrac, the plan's Specific Deductible is reduced as follows:
 - \$10,000 Specific Deductible reduction for Specific Deductible levels of \$35,000-\$49,999
 - \$20,000 Specific Deductible reduction for Specific Deductible levels of \$50,000-\$74,999
 - \$30,000 Specific Deductible reduction for Specific Deductible levels of \$75,000-\$119,999
 - \$50,000 Specific Deductible reduction for Specific Deductible levels \$120,000 or higher

Advantages/benefits:

- Reduce risk by reducing Specific Deductibles for transplants within LifeTrac.
- Manage costs by accessing pre-negotiated contract rates that focus on cost predictability.
- Have confidence that the covered person will be provided care at some of the nation's leading transplant facilities.

Additional benefits of LifeTrac:

- LifeTrac offers customers clinical support and access to over 40 of the nation's leading transplant facilities that provide cost-effective organ and bone marrow transplant programs.
- Distinguished as the only transplant network accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).
- Our medical management consultants have extensive transplant case management experience and are here to help.
- Access fees are waived to LifeTrac for Allianz Healthcare Risk Management excess of loss clients.

Let us put our 30 years of employer stop loss expertise to work for you. Call us at 800/328-5600.

The Specific Deductible Step-down with LifeTrac feature is not available in Washington.

Allianz Healthcare Risk Management
A division of Allianz Life Insurance
Company of North America

PO Box 884
Minneapolis, MN 55440-0884

800/328-5600
www.allianzlife.com

G40626 (R-4/2005)

Allianz Life.® The best at next.™