



## Legislation Details (With Text)

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**Title:** City Council consideration and approval of the Disability, Life, Employee Assistance, Dental, and Vision insurance policies for calendar year 2019 and 2020.

**Sponsors:**

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Date	Ver.	Action By	Action	Result
9/5/2018	1	City Council	approved	

### AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

**DATE:** 9/5/2018

**TO:** Honorable Mayor and City Council Members

**FROM:** Administrative Services Department

**SUBJECT:**

City Council consideration and approval of the Disability, Life, Employee Assistance, Dental, and Vision insurance policies for calendar year 2019 and 2020.

**RECOMMENDED ACTION:**

That the City Council:

1. Authorize renewal of the short-term and long-term disability, life, and employee assistance insurance policies with The Standard Insurance Company for calendar year for 2019 and 2020.
2. Authorize renewal of the dental health maintenance organization (HMO) and the dental preferred provider (PPO) policies with Delta Dental for calendar year 2019 and 2020.
3. Authorize renewal of the vision insurance policy with EyeMed for calendar year 2019 and 2020.

4. Authorize the above insurance policy renewals using USI insurance Services competitive process as an appropriate alternative to the City's formal public competitive bidding procedures, as authorized by Corona Municipal Code Section 3.08.140 E.

**ANALYSIS:**

Wells Fargo Insurance Services (WFIS) was acquired by USI Insurance Services (USI) along with more than forty smaller WFIS brokerage offices in November of 2017. USI is headquartered in Valhalla, New York and is one of the largest privately held insurance brokerage firms in the country. They have more than \$1.0 billion in revenue, employ more than 4,400 professionals and operate out of 140 local offices serving every state. USI has more than 100 years of consulting and brokerage experience through their acquired agencies, with local offices dating back in their communities as far as the late 1800s. USI combines industry leading national capabilities delivered through longstanding, passionate, and committed local service teams. By joining USI, an industry leader, WFIS insurance professionals were able to continue to provide customers with products and services that best meet their insurance. USI's employee benefit practice is designed to contain cost, promote regulatory compliance, and deliver superior account service. USI reviews ancillary benefit programs to manage and measure plan effectiveness, maximize value, and employee satisfaction. Their services include aggressive negotiation and strategic plan design of ancillary benefit programs, such as life, short-term and long-term disability, dental, vision and employee assistance plans. By managing and measuring best-in-class vendors and carriers, they maximize plan value and effectiveness.

Upon a comprehensive benefits program review and competitive bidding process, the City continues to leverage the insurance providers and stabilize rates. For seven consecutive benefit plan years, the PPO dental plan experienced a rate pass (0% increase). The HMO dental plan rates are even more stable, since 2010 the plan rates have not increased. Both dental plans are currently in the second-year of a three-year rate guarantee. The vision plan increased only once on January 1, 2015 by 3%; however, the rate is now decreasing by 4.52% passing along a cost savings to our employees. With this decrease, the vision rates are effectively lower than they were in 2010.

The Standard Insurance Company

The City's current short-term disability, long-term disability, life insurance, and employee assistance insurance policies are provided by The Standard Insurance Company (Standard). USI requested carrier quotes from various providers. Three carriers declined to quote while three carriers quotes resulted in increases to current rates ranging from 8.1% to 17.8% and were not competitive. The Standard quoted an overall 4.4% increase whereas Lincoln Financial quoted an overall increase of 2.9% from current rates. Although Lincoln Financial rates are slight less than the Standard, so is the proposed benefit structure offering reduced benefits in multiple areas of coverage.

The Standard is the most experienced carrier in working with municipalities in California and nationally, having more than 60 years of experience in meeting the needs of public employer groups. They provide benefits to several hundred municipalities in California alone and the first group policy, written in 1951 is still in force today and stands as a testament to their commitment to building long-term relationships. Along with competitive renewal rates, the Standard is also providing a rate guarantee through December 31, 2020.

Delta Dental

The Delta Dental HMO and PPO plans are in the middle of a rate guarantee period. The rate guarantee will end December 31, 2020.

EyeMed Vision

Carrier quotes were requested, one carrier declined to quote. The other carriers quoted rates ranging from 9.79% to .22% decrease in premiums, yet the plans did not offer the same level of coverage as the current incumbent. A provider disruption analysis of the leading competitor VSP, generated a 45.80% provider disruption for our employees. Overall, EyeMed is providing a 4.52% decrease consistent with pre-2010 rates and a rate guarantee through December 31, 2022.

Renewal Calendar

For benefit plan year commencing January 1, 2019, the lines of coverage requiring negotiations were vision, short-term and long-term disability, and life insurance. Below is a table showing the renewal by line of coverage and carrier. The rates are guaranteed for plan year 2019 and 2020. Based on the rate guarantees staff is requesting approval to renew the lines of coverage for two consecutive benefit plan years, 2019 and 2020. Presentation of competitive bidding process results for Council's consideration would then take place in 2020 for benefit plan year 2021 except for the vision insurance since the rate guarantee runs through December 31, 2022.

Line of Coverage	Carrier	2018 Current Monthly Rates	2019 + 2020 Monthly Renewal Rates	Rate Guarantee
Dental PPO	Delta	\$49.06 (Single) \$98.83 (Two-Party) \$167.94 (Family)	\$49.06 (Single) \$98.83 (Two-Party) \$167.94 (Family)	Through 12/31/2020
Dental HMO	Delta	\$22.84 (Single) \$37.75 (Two-Party) \$55.80 (Family)	\$22.84 (Single) \$37.75 (Two-Party) \$55.80 (Family)	Through 12/31/2020
Vision	Eyemed	\$9.68 (Single) \$18.42 (Two-Party) \$27.03 (Family)	\$9.24 (Single) \$17.59 (Two-Party) \$25.81 (Family)	Through 12/31/2022
Basic Life (Emp+Retiree)	Standard	\$0.11/\$1000	\$0.11/\$1000	Through 12/31/2020
AD&D	Standard	\$0.015/\$1000	\$0.015/\$1000	Through 12/31/2020
Disability STD	Standard	\$0.305/\$10	\$0.320/\$10	Through 12/31/2020
Disability LTD	Standard	\$0.600/\$100	\$0.680/\$100	Through 12/31/2020
EAP	Standard/MS embedded	\$0.10 (if on LTD) \$0.35 (if not on LTD)	\$0.10 (if on LTD) \$0.35 (if not on LTD)	Through 12/31/2020

**COMMITTEE ACTION:**

Not applicable.

**STRATEGIC PLAN:**

This item supports the City's Strategic Goal 6: Improve Communications with our Community; Commit to transparency in all city actions.

**FISCAL IMPACT:**

Insurance premiums for 2019 were accounted for in the budget process and are available in the Fiscal Year 2018-19 budget. Premiums for 2020 will be accounted for during the Fiscal Year 2019-20 budget process. Dental and vision insurance are employee paid.

**ENVIRONMENTAL ANALYSIS:**

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

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**SUBMITTED BY:** DARRELL TALBERT, CITY MANAGER