

Council Meeting Staff Report

October 29, 2019

Agenda No.:	C.
Indexes (Council Goals):	* 2019 Council Goal - Investing in Infrastructure
Presenters:	Harry Burgess
Legislative File:	AGR0637-19

Title

General Services Agreement No. AGR20-06 with Unum Life Insurance Company of America for the Purpose of Providing Long Term Disability Insurance Benefits for Los Alamos County Employees.

Recommended Action

I move that Council approve General Services Agreement No. AGR20-06 with Unum Life Insurance Company of America, in the form attached which has been approved by the County Attorney, for the Purpose of providing Long Term Disability Insurance Benefits to Los Alamos County employees; and I further move that Council authorize the County Manager to execute the Agreement on behalf of the County.

County Manager's Recommendation

The County Manager recommends that Council approve this Contract for General Services as requested.

Body

On June 9, 2019, the County issued Request for Proposal ("RFP") 20-06 for Long Term Disability Insurance Benefits for Los Alamos County employees. The County received seven (7) responses to the RFP. Using the criteria established in the RFP, the response by Unum Life Insurance Company of America was found to be the most advantageous to the County in providing services and benefits that are similar to what is currently available to employees.

The County has consistently approached the process of RFP's for employee benefits with two major objectives:

- * Maintain the current level of benefits while providing enhancements wherever possible and economically feasible, and;
- * Provide a duplication of existing services with no increase in cost, if possible, or a reasonable increase if necessary.

These objectives were achieved through a thorough evaluation of all responses received and with the assistance of Gibson & Frank, LLC., the County's benefits consultant. Gibson & Frank assisted with the preparation of the RFP, and with the analysis of all responses. The responses were also thoroughly evaluated by a team of County employees.

After the proposals were evaluated, the following determination was made:

Using the criteria established in the RFP and after requesting best and final offers, the response by Unum Life Insurance Company of America (Unum), for long-term disability insurance, was found to be the most advantageous to the County. Unum was able to provide the benefits requested in the RFP. Unum's proposed rate offers a rate guarantee for three years. The Survivor Income Benefit under Unum's coverage will provide for a lump sum payment equivalent to twenty-four (24) months of the disabled person's disability benefit immediately prior to his or her death.

Enhancements:

Unum provides incentives for participation in their Rehabilitation and Return to Work program by increasing the disabled person's disability benefit by up to 10% or \$1,000 per month for those participating. Additionally, Unum offers a dependent care benefit of \$350 per month per child up to \$1,000 per month if the disabled person is actively engaged in the Rehabilitation and Return to Work program offered under the policy. Finally, the coverage under Unum provides for up to a \$400 per month Education Benefit, paid to the disabled person, for each dependent actively enrolled and attending post-secondary education classes while the employee is disabled.

The total monthly benefit payable under this plan to any disabled individual (including all benefits provided under this plan) will not exceed 100% of his or her monthly earnings. However, if the individual is participating in Unum's Rehabilitation and Return to Work Assistance program, the total benefit payable on a monthly basis (including all benefits provided under this plan) will not exceed 110% of his or her monthly earnings

The Long Term Disability insurance services covered for calendar years 2020 through 2026 will be substantially the same as in 2019. However, through the RFP process, the County was able to obtain a reduction in rate of approximately 23.8%. This rate is guaranteed through the end of calendar year 2021.

Funding of this benefit is achieved by collecting bi-weekly premiums from both the County and Employees. The County pays 50% of the premiums and the employees pay 50%.

The Long Term Disability insurance plan has mandatory participation for all regular employees. Limited-term, temporary and casual employees are not eligible for participation.

In recent years, the County has been able to offer long term disability insurance to its employees with covered services and premiums that have remained remarkably stable. Long Term Disability insurance rates last changed in 2013.

Alternatives

Should Council choose not to approve Services Agreement AGR20-06 with Unum Life Insurance Company of America, possible alternatives would include re-issuing an RFP for the same services or discontinuing Long Term Disability coverage for Los Alamos County employees.

Fiscal and Staff Impact/Planned Item

Employee benefits are included in the County's biennial budget. The estimated total annual cost for Long Term Disability Insurance insurance benefits, based on current enrollment, will be approximately \$135,000.000. County employees will pay approximately 50% of these costs and the County will pay approximately 50%. Provided that the County does not experience an extraordinary increase in enrollments, the current/anticipated budgets for fiscal years 2020 and 2021 are adequate to pay for the County's portion of Long Term Disability insurance benefits included in this contract.

Attachments

A. AGR20-06 Unum Life Insurance Company of America_FINAL.pdf