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Title: CONSIDER APPROVAL OF CIGNA POLICY RENEWALS TO PROVIDE GROUP LIFE AND AD&D, VOLUNTARY LIFE, SHORT TERM DISABILITY AND LONG TERM DISABILITY BENEFITS TO CITY EMPLOYEES AND RENEWAL OF EMPLOYEE ASSISTANCE PROGRAM (CITY COUNCIL)

Sponsors:

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Attachments: 1. Cigna's Proposal for Group Life Insurance, Short and Long Term Disability Benefits (7 16 20), 2. City of Carson - Cigna EAP Renewal Letter (07 14 20), 3. Carson CIGNA Client Application & Fiduciary Form (2017)

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, July 21, 2020

Consent

SUBJECT:

CONSIDER APPROVAL OF CIGNA POLICY RENEWALS TO PROVIDE GROUP LIFE AND AD&D, VOLUNTARY LIFE, SHORT TERM DISABILITY AND LONG TERM DISABILITY BENEFITS TO CITY EMPLOYEES AND RENEWAL OF EMPLOYEE ASSISTANCE PROGRAM (CITY COUNCIL)

I. SUMMARY

Cigna has confirmed a three (3) year rate guarantee (Exhibit 1) effective retroactive to March 1, 2020 for 36 months. The next renewal is March 1, 2023. Cigna has determined that there are no rate increases required during the entirety of the renewal period and further, there are rate reductions for Basic Life and Short Term Disability.

Staff is submitting the renewal proposal for the policies to the City Council with a recommendation that CIGNA continue to serve as the City's vendor for Group Life and AD&D Insurance, Voluntary Life, Short Term Disability and Long Term Disability, which originally went into effect March 1, 2017. The rates that were previously in place continued in place after March 2020. However, as a result of another bid proposal, Cigna met the reduced rates on two lines of coverage and agreed to make those reduced coverage line rates effective 8/1/2020.

II. RECOMMENDATION

1. APPROVE renewal of CIGNA policies for Group Life and AD&D Insurance, Voluntary Life, Short Term Disability and Long Term Disability benefits for an additional thirty-six months with guaranteed rates equal to the current rates paid by City, with the exception Basic Life and Short Term Disability which rates will be reduced for that period.
2. APPROVE renewal of CIGNA Employee Assistance Program (EAP) with a rate pass effective for twenty-four months.
3. AUTHORIZE the Mayor to sign all documents that are necessary to effectuate the renewal of the policies.

III. ALTERNATIVES

The City Council may take other action deemed appropriate.

IV. BACKGROUND

On February 21, 2017, the City Council approved CIGNA to be the provider of Group Life Insurance, Short Term Disability, and Long Term Disability benefits for City employees, whereby the policies went into effect March 1, 2017.

At the time, CIGNA provided an aggregate premium reduction over a 36-month rate guarantee period as compared to the City's previous provider. CIGNA's plan also includes Healthy Rewards, My Secure Advantage, Cignassurance, Healthy Working Life, Secure Travel and Life Assistance Program. These additional employee benefits are at no additional cost to the City. As this is a group policy, Cigna accepts all employees and there are no exclusions. Cigna rolls over life insurance policy limits, with no changes to the coverage amount.

Now, Cigna has confirmed a three (3) year rate guarantee retroactive to March 1, 2020, at the same rates currently paid by City for most coverages, and at reduced rates for Basic Life and Short Term Disability. Staff is submitting the renewal proposal for the policies to the City Council with a recommendation that CIGNA continue to serve as the City's vendor for Group Life Insurance and AD&D, Voluntary Life, Short Term Disability and Long Term Disability. CIGNA's Proposal for the renewed Group Life Insurance, Short and Long Term Disability Benefits (Exhibit No. 1) summarizes the premium rates as follows:

Product	Policy #'s	Inforce Rate	Renewal Rate	Rate Basis	% Change
Basic AD&D	OK0969324	\$0.025	\$0.025	per \$1,000 of coverage	0%
Basic Life	FLX0967822	\$0.014	\$0.012	per \$1,000 of coverage	-14.29
Voluntary Life-Employee	FLX0967822	\$0.49	\$0.49	per \$1,000 of coverage	0%

Voluntary Life- Family	FLX0967822	\$2.40	\$2.40	per \$1,000 of coverage	0%
Long-Term Disability	LK0965343	\$1.05	\$1.05	per \$100 of covered payroll	0%
Short Term Disability	LK0752174	\$0.42	\$0.38	per \$10 of weekly benefit	-9.52%
Rate Guarantee Period	Life, LTD, STD and AD&D= 35 month period to next renewal on 07/01/2023.				

The City’s benefits insurance broker put these coverages out to bid and Standard Insurance Company (the City’s former provider) was the only carrier that met the contract requirements. As a result, Cigna’s Underwriting Department has agreed to offer a one-time Open Enrollment on the Voluntary Life with a guarantee issue offering of \$200,000. Cigna has approved the rate reduction effective 08/01/2020 through 07/01/2023 resulting in an approximate savings of \$56,100 over the next 35 months. (This number is based on active employee count at the time of proposal). The City will utilize the above cost saving offers during the upcoming 2020 Open Enrollment dates, September 21 - October 16.

Cigna has also confirmed the renewal for the Employee Assistant Program (EAP) (Exhibit No. 2) effective January 1, 2021 with a rate pass effective for 24 months. The current rate is \$2.31 per employee per month (PEPM).

V. FISCAL IMPACT

Funds for these employee benefits were included in the FY 20/21 General Fund Budget. Funds for the next two years will be included in subsequent budgets.

VI. EXHIBITS

1. CIGNA’s Proposal for Group Life and AD&D Insurance, Voluntary Life, Short and Long Term Disability Benefits (07/16/20) (pages 4-6)
2. CIGNA’s EAP Renewal Letter (07/14/20) (pgs. 7-8)
3. CIGNA’s 2017 Client Application & Fiduciary Form (pgs. 9-22)

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