

INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll *SB*
Human Resources Director

DATE: June 4, 2018

SUBJECT: Approval of a Renewal Contract for Basic Life, Voluntary Life, Voluntary Retiree Life, Voluntary Long-Term Disability with Mutual of Omaha and Dental Insurance with Ameritas

BACKGROUND:

On June 17, 2014, a contract was awarded to Mutual of Omaha for basic life insurance, voluntary life insurance, voluntary retiree life insurance, and voluntary long-term disability (LTD). A contract was also awarded to Ameritas for dental insurance. The rate guarantees for these benefits expire September 30, 2018 and Lockton Companies marketed these benefits to evaluate offerings in the market place in comparison to renewal proposals.

LIFE/LTD

The County's broker and benefits consultant, Lockton Companies, marketed the County's life and disability benefits to twelve (12) carriers. Each of the proposals received, included an overall rate increase.

The renewal proposal from Mutual of Omaha (MOO) under our existing policies was also reviewed and compared to the marketed proposals. The MOO renewal offers a two (2) year rate guarantee through September 30, 2020. The policy provisions remain unchanged. The renewal proposal is attached and outlined below:

- Basic Life (employer paid) No change in rates
- Child Life Rates (employee paid) No change in rates
- Retiree Life (Retiree paid) Increase from .50 per 1,000 to .70 per 1,000
- Basic AD&D Rates (employer paid) No change in rates
- Voluntary Life Rates (employee paid) No change in rates
- Voluntary Life Rates (employee paid) No change in rates
- Grandfathered and Composite Rated Increase from \$.38 per 1,000 to .50 per 1,000*
- Voluntary AD&D Rates (employee paid) No change in rates
- Voluntary LTD (employee paid) No change in rates

*The updated premium to include \$.04 AD&D premium will be \$.54 per 1,000 – current is \$.42 per 1,000

Lockton's analysis indicates the Mutual of Omaha renewal proposal is reasonable. The impact to retiree life insurance premiums under this proposal is outlined below:

Retiree Life Insurance Premium Comparison

Life Amount	Old Monthly Rate	New Monthly Rate 10/1/18
\$5,000	\$2.50	\$3.50
\$10,000	\$5.00	\$7.00
\$20,000	\$10.00	\$14.00

DENTAL

Dental insurance for the Board of County Commissioners, Supervisor of Elections and Tax Collectors benefit eligible employees is currently provided through Ameritas. To evaluate market competitiveness, Lockton Companies marketed the dental insurance to eleven (11) carriers. Ten (10) carriers responded. Several of the proposals were financially very competitive; however, there would be a disruption to members due to changes in the network of participating dentists if a change in carriers were to be made. Also, members currently enrolled under Ameritas may lose their accumulated benefits under the current dental insurance program. As a part of the dental marketing, Lockton was able to negotiate a 10% rate reduction with Ameritas with a two (2) year rate guarantee through September 30, 2020 as outlined below:

High Plan

Rates	Enrollment	Current & Renewal Rates	
Employee	159	\$35.04	\$31.56
EE+SP	50	\$72.48	\$65.28
EE+CH(ren)	29	\$87.64	\$78.92
Family	65	\$125.00	\$112.52
Total Monthly Premium	303	\$19,862	\$17,885
Total Annual Premium		\$238,343	\$214,614
Difference from Current \$		N/A	-\$23,729
Difference from Current %		N/A	-10.0%

Low Plan

Rates	Enrollment	Current & Negotiated Renewal Rates	
Employee	96	\$24.92	\$22.44
EE+SP	25	\$51.44	\$46.32
EE+CH(ren)	24	\$60.76	\$54.72
Family	52	\$87.20	\$78.48
Total Monthly Premium	197	\$9,671	\$8,706
Total Annual Premium		\$116,052	\$104,478
Difference from Current \$		N/A	-\$11,574
Difference from Current %		N/A	-10.0%

Based on current enrollment, the renewal offer from Ameritas would result in over a \$35,300 annual savings to employees. There would be no network disruption to members under this renewal offer and current accumulated benefits would remain in effect for members.

FUNDING

The Mutual of Omaha renewal is budget neutral with no increase in the employer paid premiums. The increase in premiums is limited to retiree life insurance premiums and premiums for the

closed class of voluntary life benefits (composite rate). These premiums increases are warranted due to increased risk associated with coverage in these areas.

The Ameritas dental benefit is 100% employee paid and the 10% reduction in premiums results in over a \$35,300 annual savings to members based on current enrollment.

RECOMMENDATION:

Staff respectfully requests the Board of County Commissioners approve the renewal agreement for basic life, voluntary life, voluntary retiree life, voluntary long-term disability with Mutual of Omaha and the renewal agreement for dental insurance with Ameritas and authorize the Chairman of the Board to sign acceptance of the renewal offers with two year rate guarantees through September 30, 2020.