



BoardDocs Cover Page

(Due to final Cabinet-level approval on Monday at noon, 2+ weeks prior to BOE meeting date)

Meeting Date:	March 13, 2019	
Agenda Session: (Category)	<input checked="" type="checkbox"/> Work Session (Bids, former F&F items, etc.) <input type="checkbox"/> Closed <input type="checkbox"/> Regular, Preliminary Items (System Recognitions)	<input type="checkbox"/> Regular, Action/Consent <input type="checkbox"/> Board Items <input type="checkbox"/> Public Hearing
Title (Subject):	RFP 19MISC1, Life Insurance	
Access:	<input type="checkbox"/> Private	<input checked="" type="checkbox"/> Public
Type:	<input type="checkbox"/> Business Item <input type="checkbox"/> Policy Item <input type="checkbox"/> Strategic Plan Item <input type="checkbox"/> System Recognition <input checked="" type="checkbox"/> Action (e.g., bids, action/consent items) <input type="checkbox"/> Consent (e.g., staffing, policies, grants over \$25k)	<input type="checkbox"/> Information (e.g., grants under \$25k) <input type="checkbox"/> Discussion <input type="checkbox"/> Minutes <input type="checkbox"/> Report <input type="checkbox"/> Special Agenda Type <input type="checkbox"/> Procedure
Aspirational Goals: (May select multiple)	<input type="checkbox"/> 1-Student Achievement <input type="checkbox"/> 2-Effective and Engaged Staff <input checked="" type="checkbox"/> 3-Resource Allocation	<input type="checkbox"/> 4-Family and Community Involvement <input type="checkbox"/> 5-Health and Safety
Recommended Action:	Board approval of RFP 19MISC1 Life Insurance	
Backup Documents:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO If yes, how many? _____ Is one a PowerPoint (PPT): <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	Submitted: <input checked="" type="checkbox"/> Herewith <input type="checkbox"/> Later <input type="checkbox"/> Both Comment: _____
Immediately following receipt of an email confirmation that this item has been approved by the Superintendent, the person posting this item to BoardDocs is responsible for emailing the approved PPT to jeremy.eccard@fcps.org and kelly.gordon@fcps.org.		

PURPOSE OF PRESENTATION: Staff has reviewed the attached contract and recommends approval by the Board of Education of Frederick County.

BACKGROUND/SUMMARY: This recommendation is to establish a contract for providing life insurance benefits to eligible Frederick County Public Schools employees, their dependents and retirees.

PRESENTER(S) & TITLE(S):

Kim Miskell, CSBO, Assistant Purchasing Manager
 Penny Opalka, Senior Manager, Human Resources

SUBMITTED BY:

Stephen P. Starmer, C.P.M., CSBA, Purchasing Manager
 Leslie R. Pellegrino, Chief Financial Officer

RFP 19MISC1
LIFE INSURANCE

FACT SHEET

A. **Overview:** This recommendation is to establish a contract for providing life insurance benefits to eligible employees, their dependents and retirees. Proposals were opened on January 11, 2019.

1. **RFP participation:**

66 proposals downloaded
9 companies submitted RFP

2. **Proposals were received from:**

Dearborn National Life Insurance Company (Lombard, IL)
Guardian Life Insurance Company of America (Radnor, PA)
Hartford Life and Accident Insurance Company (Hartford, CT)
Metropolitan Life Insurance Company dba: MetLife (Bridgewater, NJ)
Minnesota Life Insurance Company dba: Securian Financial (St. Paul, MN)
ReliaStar Life Insurance Company dba: Voya Financial, Inc. (Minneapolis, MN)
Standard Insurance Company dba: The Standard (Portland, OR)
Sun Life Assurance Company of Canada dba: Sunlife Financial (Wellesley Hills, MA)
Symetra Life Insurance Company (Enfield, CT)

3. **Other Facts:**

- The initial contract period shall be for three years effective July 1, 2019 through June 30, 2022, with one additional two-year renewal option available.
- Frederick County Public Schools (FCPS) retained the services of our employee benefit consulting firm, Trion, to assist with this RFP.
- To manage costs and mitigate premium increases the following plans will be a new offering:
 - Voluntary Life Insurance for Employee, Spouse and Child Coverage
 - Short Term Disability Coverage
- Technical proposals were evaluated and scored based on various factors, including but not limited to plan provisions, contractual terms, performance guarantees and administrative capabilities.
- The projected premium increase for Basic Life/AD&D was approximately +42% based on utilization and claims. The plan incurred large losses over the past five years exceeding the premium paid in every year except 2016. The sale of optional Life/AD&D products coupled with market pressure allowed rates to remain unchanged.
- The school system currently offers group term life insurance to employees and retirees. The coverage amount for active employees is two times basic annual earnings rounded to the nearest \$1,000. The coverage amount for eligible retirees is one times basic annual earnings at retirement, subject to a \$50,000 maximum benefit; however, the Board of Education only pays the first \$25,000 with the retiree paying the difference up to the \$50,000 maximum benefit.
- This recommendation has been reviewed and approved by the Insurance Council which consists of members from FCPS, Frederick County Teachers Association (FCTA), Frederick Association of School Support Employees (FASSE) and Frederick County Administrative and Supervisory Association (FCASA).
- The contract will be administered by the Senior Manager, Human Resources.

4. **Source of Funding:** Contingent upon FY20, FY21 and FY22 Operating Budget Board approval.

B. **Recommendation:** Staff recommends that RFP 19MISC1 Life Insurance, be awarded to Standard Insurance Company dba: The Standard (Portland, OR), per the attached Summary of Award.

C. **Action taken by the Board (Purchasing use only):**

AB Approved Denied Deferred Other KM/ab

03.13.19 Date Date Date Date BOE Mtg.: 03.13.19

**RFP 19MISC1, LIFE INSURANCE
SCORING SUMMARY**

SUMMARY - BASIC LIFE/AD&D AND OPTION LIFE			
	Technical Score 40 Points Max	Fee Score 60 Points Max	Total Score
The Standard	38.6	60.0	98.6
Met Life	29.8	60.0	89.8
Dearnborn National	21.9	56.2	78.1
Securian	21.5	55.6	77.1
Symetra	21.4	53.5	74.9
Voya	24.9	48.4	73.3
The Hartford	26.0	46.7	72.7
SunLife	21.4	51.0	72.4
Guardian	22.6	33.7	56.3

Net Plan Cost (Current vs. FY20)	\$ 2,120,866	\$ 2,120,866
Net Plan Cost Increase Over Current		\$ -
Net Plan Cost Increase Over Current %		0.0%

SUMMARY - VOLUNTARY SHORT-TERM DISABILITY			
	Technical Score 40 Points Max	Fee Score 60 Points Max	Total Score
The Hartford	23.4	60.0	83.4
The Standard	37.9	42.0	79.9
Guardian	24.3	45.9	70.2
Voya	30.0	38.2	68.2
Met Life	32.1	20.8	52.9
Dearnborn National	27.1	25.3	52.4
Securian			No Bid
SunLife			No Bid
Symetra			No Bid

****The Hartford declined to quote Voluntary Short Term Disability with Sick Leave Bank giving them the most competitive cost proposal because they didn't quote the plan as required.**

Net Plan Cost (FY20)		\$ -	\$ 886,124
Net Plan Cost - Employee ineligible for SLB program or opting out of SLB program - Based on 604 employees	Covered Payroll Rate/\$10 = \$0.560	\$ 438,733	
Net Plan Cost - Employees participating in the SLB Bank - Based on 802 Employees	Covered Payroll Rate/\$10 = \$0.430	\$ 447,391	

Rate calculation example using \$50,000 salary with no Sick Leave Bank

\$50,000 / 52 weeks x 60% benefit = \$576.92 weekly benefit
 \$576.92 x \$0.56 / \$10 = \$32.31 per month cost
 \$32.21 x 12 months / 20 pay periods = \$19.38 per pay period

Rate calculation example using \$50,000 salary with Sick Leave Bank

\$50,000 / 52 weeks x 60% benefit = \$576.92 weekly benefit
 \$576.92 x \$0.43 / \$10 = \$24.81 per month cost
 \$24.8 x 12 months / 20 pay periods = \$14.88 per pay period

Financial Analysis Assumptions:

- 25% of eligible active employees
- Projected premium amounts shown above are subject to change based on actual employee benefit elections in plan year 2019-2020

KM/ab
BOE Mtg.: 03.13.19

Executive Summary

Plan Design Recommendations

	Current	Proposed
Basic Life/AD&D	See Appendix	No Changes
Employee Optional Life & AD&D (Classes 1 & 2 Only)	NA	Increments of \$25,000 up to \$100,000
Spouse Optional Life & AD&D (Classes 1 & 2 Only)	\$4,000 (life benefit only)	\$25,000 or \$50,000 of Life & AD&D
Child Optional Life (Classes 1 & 2 Only)	\$2,000	\$10,000
Voluntary Short Term Disability - With and Without a Sick Leave Bank (SLB)	NA	<ul style="list-style-type: none"> • Benefits Begin 14 days / 14 days (Accident/Sickness) • 60% of wages up to \$2,000 weekly • Benefit duration 180 days • Those with SLB must exhaust SLB bank prior to benefit payment

Note: Employees will have the opportunity to maintain their current benefit amounts or take the new benefits

Executive Summary

Voluntary Short-Term Disability – Plan Design

- Recommended Plan Design
 - STD program will be offered to active members participating and not participating in the sick leave bank (SLB) program
 - Class 1: All Active Administrative, Management, Technical and Certified Members
 - Class 2: All Other Active Members
 - For members with Sick Leave Banks; STD benefit begin after Sick Leave Bank is exhausted

Benefit	The Standard
Eligibility Waiting Period	1st day of calendar month coinciding with or next following the date you become a member
Classes 1&2 (all unions FCTA, FCASA, FASSE) Weekly Benefit Percentage	60%
Maximum Weekly Benefit	\$2,000
Employee Contributions	Voluntary (Ee paid)
Benefits Taxed (pre-tax ded) or not Taxed (post tax ded)	Post Tax Ded
Offsets for Other Income	Sick Leave must be exhausted before STD is payable. Offsets for other income: state disability income benefits, benefits from another group insurance policy, disability or retirement benefits under your Employer's retirement plan, Earnings or other Compensation, Unemployment benefits, third party settlements and claim settlements. See sample policy for more detailed description
Benefits Begin (Accidents/Sickness)	14/14
Benefit Duration	180 Days Maximum
Partial Disability	Yes
Pre-Existing Condition Limitations	No Pre-Existing Condition limitation. See Late Enrollee provision below
Late Enrollees	Late enrollees will not be required to submit evidence of insurability. They will instead be subject to a 60-day benefit waiting period for sickness or pregnancy during their first 12 months in the plan. Also, no evidence of insurability is required for those eligible for insurance under the prior plan for more than 31 days but not insured, those requesting reinstatement, nor those requesting increases in coverage. They too will be subject to a 60-day benefit waiting period.
Employer FICA match included? (Y/N)	No Employer match as STD is contributory. However, The Standard provides W-2s for members receiving benefits
Exclusions/Limitations (i.e. work related)	Work related, War, Intentionally Self-Inflicted Injury, Violent or Criminal Conduct, Loss of License or Certification. See sample policy for more detailed description
Work Incentive	With the Return To Work Incentive, work earnings will not be deducted until the benefit plus work earnings exceed 100% of Predisability Earnings.
Mandatory Rehabilitation	Yes
Telephonic Claim Submission	Yes
Medical Record Fees	No separate fee, cost included in quoted rates
Participation Requirement	20%