

M Management Committee

Business Item

Item: 2011-308

Meeting date: November 09, 2011

Metropolitan Council Meeting: December 14, 2011

ADVISORY INFORMATION

Date:	November 1, 2011
Subject:	Contract with Hartford for Long Term Disability Insurance
District(s), Member(s):	All
Policy/Legal Reference:	Council Policy 303 Expenditures More Than \$250,000
Staff Prepared/Presented:	Ron Groess, Benefits Manager, 651-602-1370; Sandi Blaeser, Assistant HR Director, Employee Relations, 651-602-1582
Division/Department:	Human Resources

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to negotiate and enter into a contract for Long Term Disability (LTD) with The Hartford for the period of January 1, 2012, through December 31, 2014.

Issues/Background

Hartford has been our LTD carrier since 2003. The last contract ran from 2006-2011. Our rate with Hartford was \$0.35 per \$100 for 2003 through 2005. It was \$0.36 per \$100 in 2006, and dropped to the current rate of \$0.27 per \$100 in 2007.

Rationale

In July 2011, the Council issued a request for proposal (RFP) for Long Term Disability coverage.

The RFP included the following evaluation criteria in order of importance:

- Financials: Provide competitive rates and multi-year rate guarantees.
- Administrative: Ability to administer benefits exactly as negotiated, ability to adhere to other administrative requirements.
- Ability to Control Disability Costs: Provide disability management, duration guidelines, return to work assistance.
- Electronic Capabilities: Ability to interface with PeopleSoft, employee self-service utilizing phone and web technology, employer self-service technology.

There were three plan holders of record. Two addenda answering prospective proposer questions were issued. One plan holder requested additional reports. It was determined by the Project Manager not to supply this information because the information was not readily available, and no other plan holder requested the information. When the plan holder was informed of the decision they decided not to submit a proposal.

Another plan holder found out late about the solicitation and originally requested an additional week to prepare a proposal. The project manager was going to grant the extension but before an addendum could be issued this plan holder contacted the RFP Administrator and stated they had changed their minds and would not be submitting a proposal.

One proposal was received on August 11, 2011. The Proposal was submitted by The Hartford, who is the incumbent vendor.

Effective January 1, 2012, Hartford offered a 3 year guarantee continuing the current rate of \$0.27 per \$100 of covered compensation. Our annual cost would be \$230,786.64, based on a current covered payroll of \$7,123,044 per year. Figures are approximate based on the number of Council employees which can vary. Covered units are AFSCME, Non Rep, MANA, Local 35, Machinists, TMSA, Teamsters, and LELS-Command, for a total of 1351 covered employees.

The Hartford also has a comprehensive program of managing disabilities, cost containment and reporting.

Funding

Based on 2011 enrollment, the projected cost to the Council for 2012 and 2013 is \$692,359.92 (\$230,786.64 annually); a zero percent increase over 2011.

Known Support/Opposition

None