

# Executive Summary

Board of Governors Meeting, September 22, 2021

## Basic and Voluntary Life Insurance; Voluntary Long-Term Disability; Basic and Voluntary Accidental Death & Dismemberment; Short-Term Disability and Family Medical Leave Administration Services

### Topic

This Basic and Voluntary Life Insurance; Voluntary Long-Term Disability; Basic and Voluntary Accidental Death and Dismemberment; Short-Term Disability and Family Medical Leave Administrative Services Action Item will be presented at the September 22, 2021 Citizens Board of Governors Meeting.

Recommended Vendor: CIGNA

### History

Cigna is the incumbent provider under contract with Citizens for Basic and Voluntary Life Insurance; Voluntary Long-Term Disability; Basic and Voluntary Accidental Death & Dismemberment; Short-Term Disability and Family Medical Leave Administrative Services through December 31, 2021. A new three-year contract with Cigna is the recommendation for Citizens by its Benefits Consultant, Mercer Health & Benefits, LLC. ("Mercer").

Citizens procures/places employee benefits insurance products through its broker/agent, Mercer, competitively procured under s. 287.057, F.S. Within this framework, Mercer places the insurance products and follows the recommendations, as approved by Citizens, for offers of coverage or quotes from the insurance market which result in contracts of insurance. The relationship between the insurer and Citizens is therefore managed through the procured broker/agent.

Mercer conducted a survey with several national carriers for these types of coverages. This showed increases between 5%-10% for policies starting January 1, 2022. Since Cigna has agreed to hold their rates for three years, to include both renewal years, Mercer recommends that the Cigna coverages are the best option at this time for Citizens. Additionally, moving the disability coverages would be very complicated operationally. This implementation would impact employees on any kind of disability or FMLA leave, so this is to be avoided, unless there are issues with current service.

The "Basic Life" and "Basic Accidental Death and Dismemberment" (AD&D) policies are paid 100% by Citizens as a benefit to our full-time employees. The "Voluntary (additional) Life", "Voluntary Accidental Death and Dismemberment", and "Voluntary Long-Term Disability" policies are 100% funded by the individual employee. The participation in these offerings will be determined during the open enrollment period later this year.

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The administration of the Citizens' self-insured Short-Term Disability plan must be aligned with and have claims integration through Citizens' fully insured Short-Term Disability Plan, together with FMLA Administration and employee funded long-term disability coverage. These multiple activities need to be harmonized operationally through a single provider.

Estimated cost of Basic and Voluntary Life Insurance; Voluntary Long-Term Disability; Basic and Voluntary Accidental Death and Dismemberment; Short-Term Disability and Family Medical Leave Administrative Services through Cigna for the contract period of January 1, 2022, through December 31, 2022, is approximately \$961,693 (Citizens and Employees total contribution).

Citizens estimated cost for the company-paid coverage plans at 100 percent by Citizens:

- Short-Term Disability & Leave Administration \$62,956
- Basic Life cost \$185,044
- Basic AD&D cost \$25,442

Employees estimated cost for the 100 percent employee-paid voluntary life and long-term disability plans:

- Voluntary Life cost \$462,853
- Voluntary AD&D cost \$20,678
- Long-Term Disability cost \$204,720

Each renewal year of the two (2) year renewal term is similarly valued, using the above estimates, at approximately \$961,693 each year, for a total contract amount of \$2,885,079 for the potential three-year total term.

## Recommendation

- a) Approve a contract with Cigna for a three-year term, January 1, 2022, through December 31, 2024, together with two one-year renewal terms at approximately \$961,693 each year, for a total contract amount of \$2,885,079 for the potential three year total term, depending upon employee enrollment, as set forth in the corresponding Action Item; and
- b) Authorize staff to take any appropriate or necessary action consistent with the corresponding Action Item.

# ACTION ITEM

- Contract – New  Committee or Board Minutes  
 Contract – Amendment of Contract Terms  Product Changes  
 Contract – Additional Spend  Other \_\_\_\_\_

<b>Contract ID</b>	<b>Basic and Voluntary Life Insurance; Voluntary Long-Term Disability; Basic and Voluntary Accidental Death &amp; Dismemberment; Short Term Disability and Family Medical Leave Administration Services</b> Agreement number: <b>2020500300</b> Recommended vendor: <b>CIGNA</b>
<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Funding to be included in the Annual Operating Budget for each respective contract term year.
<b>Procurement Method</b>	The coverage for fully insured products provided to, and offered by Citizens to its employees, is placed through our competitively procured insurance broker, Mercer Health & Benefits, LLC (Mercer). The incumbent provider for these insurance products is Cigna, with our current contract expiring on December 31, 2021. Mercer negotiated on Citizens' behalf, and based upon its industry expertise, recommends Citizens continue these policy offerings for 2022 with Cigna. The administration of the Citizens' self-insured Short-Term Disability plan must be aligned with and have claims integration through Citizens' fully insured Short-Term Disability Plan, together with FMLA Administration and employee funded long term disability coverage. These multiple activities need to be harmonized operationally through a single provider.
<b>Contract Amount</b>	The estimated cost of these coverages, underwritten and administered through Cigna, for the contract period of January 1, 2022, through December 31, 2022, is approximately \$961,693 (Citizens and Employees total contribution). Citizens estimated cost for the company-paid coverage plans at 100 percent by Citizens: <ul style="list-style-type: none"><li>• Short-Term Disability &amp; Leave Administration \$62,956</li><li>• Basic Life cost \$185,044</li><li>• Basic AD&amp;D cost \$25,442</li></ul> Employees estimated cost for the employee-funded voluntary additional life and voluntary additional long-term disability plans at 100 percent employee paid: <ul style="list-style-type: none"><li>• Voluntary Life cost \$462,853</li><li>• Voluntary AD&amp;D cost \$20,678</li></ul>

# ACTION ITEM

	<ul style="list-style-type: none"><li>• Long-Term Disability cost \$204,720</li></ul> <p>Each renewal year of the two (2) year renewal term is similarly valued, using the above estimates, at approximately \$961,693 each year, for a total contract amount of \$2,885,079 for the potential three-year total term.</p>
<b>Contract Term(s)</b>	Base Term: January 1, 2022, through December 31, 2022 Renewal Term: Two (2) – one (1) year renewals
<b>Purpose/Scope</b>	<p>This Action Item requests approval for a new contract award for Cigna to provide Basic and Voluntary Life Insurance; Voluntary Long-Term Disability; Basic and Voluntary Accidental Death &amp; Dismemberment; Short-Term Disability and Family Medical Leave Administration Services provided to, and offered by Citizens to its employees, effective January 1, 2022.</p> <p>Employee participation will be determined during the annual open enrollment period and total cost will be a function of the enrollment in the plans.</p>
<b>Recommendation</b>	<p>This Basic and Voluntary Life Insurance; Voluntary Long-Term Disability; Basic and Voluntary Accidental Death &amp; Dismemberment; Short-Term Disability and FMLA Administration Services Action Item will be presented at the September 22, 2021, Citizens Board of Governors' meeting.</p> <p>Recommendation:</p> <ol style="list-style-type: none"><li>a) Approve a contract (Agreement Number 2020500300) with Cigna for a three-year term, for Basic and Voluntary Life Insurance; Voluntary Long-Term Disability; Basic and Voluntary Accidental Death &amp; Dismemberment; Short-Term Disability and Family Medical Leave Administration Services, together with two one-year renewal terms at approximately \$961,693 each year, for a total contract amount of \$2,885,079 for the potential three-year total term. (Citizens and employee total contribution), depending upon employee enrollment, as set forth in this Action Item; and</li><li>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li></ol>
<b>CONTACTS</b>	Violet Bloom, Chief Human Resources Officer James Taylor, Director, Total Rewards