



Legislation Text

File #: 19-0427, **Version:** 1

Consider and take action on a resolution authorizing agreements with 1) Davis Vision for vision benefits and 2) Mutual of Omaha for employee life, accidental death & dismemberment (AD&D), long-term disability, short-term disability and voluntary life insurance (Director of Human Resources and Civil Service)

Approval of this item will adopt vision benefits and the employee life, AD&D, long term disability, short term disability and voluntary life insurance program and authorize the City Manager to execute all contracts related to these programs.

Both Davis Vision and Mutual of Omaha contracts expire on September 30, 2019. The City conducted a request for proposal (RFP) for both contracts.

The RFP was released on Monday, May 27, 2019 and closed on Tuesday, July 2, 2019. With the help of our benefits consultants, HUB International, a detailed analysis of the submitted responses was conducted, continuing with the following objectives as we have with our other employee benefits:

- Alignment with City of League City's objectives and support by management and Council;
- Demonstrated superior member service and claims processing;
- Ability to proactively meet the City of League City's service needs;
- Willingness, experience and capability to effectively administer the programs;
- Support during the implementation process; and
- Options to manage costs.

A review of the results of RFP identified three finalists for basic and voluntary life and AD&D, two finalists for long-term and voluntary short-term disability, and two finalists for vision benefits for final consideration to City Council.

Basic and Voluntary Life and AD&D, and Long-Term and Short-Term Disability

Responses were received from five vendors for all insurance options. HUB International identified two finalists for all insurance options: Mutual of Omaha (Incumbent) and Ochs/Minnesota Life.

Initially, we had anticipated that costs for Mutual of Omaha would increase as a result of the expiration of its contract thereby resulting in the City's release of an RFP. However, upon submittal of its bid, Mutual of Omaha's premium remained unchanged with a rate guarantee for the next three years. Ochs/Minnesota Life came in 4.35% higher than Mutual of Omaha. Based on this analysis and the incumbent's performance to date with the City, it is recommended we remain with Mutual of Omaha.

Basic life, AD&D and long-term disability are employer-paid. Voluntary life, supplemental AD&D, and short-term disability are employee-paid options.

Vision Benefits

Similar to our life insurance benefits above, responses were received from five vendors for vision benefits. HUB identified two finalists: Davis Vision (Incumbent) and Aetna. Both the incumbent and Aetna offer a four-year rate guarantee for the City if selected. The cost difference between the two plans equates to less than a one dollar difference in premium for employee only and less than three dollars for family. Davis Vision's plan design offerings were better than Aetna's.

Based on this analysis and incumbent's performance to date with the City, it is recommended we remain with Davis

Vision.

Attachments

1. Data Sheet
2. Proposed Resolution
3. Vision and Insurance RFP presentation analysis

FUNDING

{X} Funds are available from Employee Benefit Fund with Vision (\$48,384) charged to 40301650-54652, Long-Term Disability (\$52,934) charged to 40301650-54648 and Life (\$39,407) charged to 40301650-54653. Volunteer Life is estimated at \$58,479 and Volunteer Short Term Disability is estimated at \$86,460 with both being paid by the employee.

STRATEGIC PLANNING

{X} NOT APPLICABLE