



City of Grand Island

Tuesday, October 13, 2015

Council Session

Item I-2

#2015-283 - Consideration of Approving Long Term Disability Contract Renewal

Staff Contact: Aaron Schmid, Human Resources Director

Council Agenda Memo

From: Aaron Schmid, Human Resources Director
Meeting: October 13, 2015
Subject: Approving Renewal of Long Term Disability Policy
Presenter(s): Aaron Schmid, Human Resources Director

Background

The City of Grand Island provides Long Term Disability coverage to employees as agreed to through labor agreements or as approved in the Personnel Rules. The City has contracted with Cigna Group Insurance since 2010 to provide this coverage. The current rate for coverage is .18 cents per \$100 of wages. The contract with Cigna will expire at midnight on November 30, 2015.

Discussion

Cigna has provided a valuable benefit to a number of employees at the City of Grand Island. The current loss ratio continues to trend high due to claim experience. The City's current loss ratio is averaging approximately 141%. Cigna has offered a two year contract extension at the negotiated price of \$0.20 cents per \$100 of covered payroll. Based on the analysis of our group's current performance, it is recommended that the City accept the two year extension at the new rate.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the contract with CIGNA Group Insurance companies to provide Long Term Disability coverage.

Sample Motion

Move to approve contract with CIGNA Group Insurance companies to provide Long Term Disability Insurance coverage.

Alecia Patrick
Regional Account Manager

August 7, 2015

Calvin Strong
Strong Financial Resources, Inc.

RE: City of Grand Island - December 1, 2015 - Disability Renewal



7400 W 110th St
Suite 400
Overland Park, KS 66210
Telephone: 913-323-2661
Email: Alecia.Patrick@Cigna.com

Dear Calvin,

Thank you for allowing Cigna Group Insurance to provide the Disability benefits for the employees of City of Grand Island. We appreciate the opportunity to serve you both and assist in meeting your employee benefits needs.

Based on our analysis of the group's current performance, we have determined that there is a necessary rate increase to the Basic LTD plan.

Below is an overview of our renewal position, effective December 1, 2015:

Plan	Policy	Current Rate	Rate Basis	Renewal Rate	Rate Guarantee
Basic LTD	LK 0962692	\$0.18	Per \$100 Covered Payroll	\$0.20	24 Months

Please respond via email with your acceptance of the above rates. Thirty days prior to the above renewal date we will proceed with processing the amendments. Remember to update your premium reporting to reflect the new rates, and begin payment at the new rates, as of the renewal date listed above, to constitute active acceptance.

Cigna reserves the right to change premium rates if any of the following occurs:

- The policy terms change
- A division, subsidiary, eligible company, or class is added/deleted
- There is a change of more than 10% in the number of employees

We value our relationship with you and look forward to continuing this partnership.

Cigna is pleased to offer you pre-disability vocational services as standard feature along with your long-term disability policy. Pre-disability vocational services is a voluntary service feature of Cigna's Healthy Working Life™ program of vocational services to assist insured, actively at work employees with a serious medical condition to remain productive and at work, while also helping them manage limitations that may be associated with their condition.

There is no cost to the policyholder for this enhancement which provides for approved stay-at-work expenses of up to \$1,000 per employee per diagnostic event. A Schedule of Services delineating the details for this offering accompanies this letter, and if you currently are not receiving these services, here is the link to the client orientation website for this program www.cigna.com/predisability where you will also obtain all the information, tools and forms you need to use the service and make referrals.

Should you have any questions regarding this renewal position or any other matters, please do not hesitate to call me.

Thank you,

Alecia Patrick
Regional Account Manager

Signature for Approval _____

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RESOLUTION 2015-283

Whereas, the City provides long term disability insurance to employees as prescribed in labor agreements and as authorized by the City of Grand Island Personnel Rules; and

WHEREAS, the City of Grand Island has maintained a contract with Cigna Group Insurance since December 1, 2010 and has been offered a two year renewal contract with a \$0.02 per \$100 covered payroll price increase; and

WHEREAS, the cost for Long Term Disability Insurance benefits will be \$0.20 per \$100 of wages; and

WHEREAS, the proposed rate is guaranteed for a two year contract period; and

WHEREAS, the contract will commence on December 1, 2015 and will renew annually through November 30, 2017.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA that the Long Term Disability Insurance contract with CIGNA Group Insurance is hereby approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, October 13, 2015.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☒ _____
October 9, 2015	☒ City Attorney