

Management Committee

Meeting date: May 28, 2014

For the Metropolitan Council meeting of June 11, 2014

Subject: Contract Amendment for Long-term Disability Insurance

District(s), Member(s): All

Policy/Legal Reference: Council Policy 3-3 Expenditures more than \$500,000

Staff Prepared/Presented: Terri Bopp, Benefits Manager, 651-602-1370 and Sandi Blaeser, Chief Labor Relations Officer, 651-602-1582

Division/Department: Human Resources

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to execute an amendment to increase the amount of the current contract by \$900,000 and extend the long-term disability insurance contract with Hartford Life and Accident Insurance Company for two years (January 1, 2015 to December 31, 2016).

Background

This vendor was selected through a competitive process in 2011 and a three year contract was signed effective January 1, 2012 through December 31, 2014. Hartford is offering to extend the contract for two more years at the same rate as the current contract (\$0.29 per \$100 annual salary). Metropolitan Council pays the full premium cost for long-term disability insurance for employees in the following bargaining units: AFSCME, Non Rep, MANA, Local 35, Machinists, TMSA, and Teamsters. The original contract amount was approved for \$692,360. The contract increase considers the following factors: implementation of a new comp structure, increase in LTD benefit for two of the labor unions negotiated in August 2013, and an overall increase in the number of covered employees.

Rationale

Hartford is offering a two year extension with no rate increase. We are satisfied with Hartford's administration of our long-term disability insurance. A survey of three comparable public entities revealed that our current rate of \$0.29 per \$100 of annual salary is substantially lower than rates being paid by the three other organizations. Remaining with Hartford will provide continuity of coverage until we have to bid the long-term disability insurance for 2017.

Funding

LTD benefits are anticipated in division operating budgets.

Known Support / Opposition

None