



CITY COUNCIL AGENDA STATEMENT



March 26, 2019

File ID: 19-0112

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND THE HARTFORD, TO PROVIDE SHORT-TERM AND LONG-TERM DISABILITY INSURANCE FOR BENEFITED EMPLOYEES AND ELECTED OFFICIALS, EXCLUDING: EMPLOYEES REPRESENTED BY THE POLICE OFFICER'S ASSOCIATION (POA), INTERNATIONAL ASSOCIATION OF FIREFIGHTERS (IAFF), AND TEMPORARY AND SEASONAL EMPLOYEES

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The City of Chula Vista offers a Group Disability Program to provide income replacement and insurance premium continuation for eligible City of Chula Vista employees who are unable to work due to illness, non-occupational injury, or pregnancy. The Program includes both Short-Term Disability (STD) and Long-Term Disability (LTD) benefits.

To ensure the City procures the most competitively priced coverage and services for its employees, a Request for Proposal (RFP) for STD and LTD insurance was issued in July 2018. The contract was awarded to The Hartford effective January 1, 2019. The Hartford, via an agreement with the City ("Agreement") is a current carrier partner for the City's Life and Accidental Death & Dismemberment (AD&D) insurance as well as other voluntary insurance coverage.

Staff is requesting Council approval for an amendment to the Agreement between the City and The Hartford to include STD and LTD insurance benefits.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable

DISCUSSION

Background

The City of Chula Vista offers a Group Disability Program to provide income replacement and insurance premium continuation for eligible City of Chula Vista employees who are unable to work due to illness, non-occupational injury, or pregnancy. The Program includes both Short Term Disability (STD) benefits and Long-Term Disability (LTD) benefits.

From January 1, 2018 through December 31, 2018, the City's STD and LTD provider was United Healthcare Insurance Company and previously, from January 1, 2013 through December 31, 2017, the City's STD and LTD provider was Cigna Insurance Plan. To ensure the City procures the most competitively priced coverage and services for its employees, a Request for Proposal (RFP) for STD and LTD insurance was issued in July 2018. The contract was awarded to The Hartford effective January 1, 2019. The Hartford is a current carrier partner for the City's Life and Accidental Death & Dismemberment (AD&D) insurance (via an agreement) and transitioning the STD and LTD insurance plan (via an amendment) allows for carrier consolidation and administrative process streamlining while maintaining the same benefit eligibility and benefits in the insurance plan.

Eligibility

Employees covered under the plan are all active benefited-salaried employees directly employed by the City of Chula Vista in a full-time or part-time benefited-salaried status classified as: Elected Officials (Mayor, Council Members, and City Attorney), City Manager, City Clerk, Executive Management, Senior Management, Middle Management (MM), Professional (PROF), Unclassified and Confidential MM and PROF, Western Council of Engineers, Association of Chula Vista Employees, and Confidential. Employees represented by the Police Officers Association (POA) and International Association of Fire Fighters (IAFF) are excluded from this benefit as they maintain their own plans. An eligible employee who is disabled according to the policy's definition of disability may be eligible to receive benefits.

Plan Benefits

Short-term disability (STD) coverage is based upon 60% of an eligible employee's basic earnings up to a maximum of \$1,732 per week. Benefits would begin after an "Elimination Period" of 30 days for an illness, non-occupational injury, or pregnancy and would be paid for as long as the employee continues to meet the policy's definition of disability. STD benefits are payable for up to nine weeks. After nine weeks, coverage transitions to Long-term Disability (LTD). An eligible employee's LTD benefit is 60% of the employee's monthly earnings to a maximum of \$7,500 per month. Benefits are calculated based on the employee's earnings and may be reduced by Other Income Benefits and Disability Earnings. Examples of other income benefits are any temporary disability benefits received under the Workers' Compensation Law or any amount received under unemployment compensation law.

DECISION-MAKER CONFLICT

Not Applicable - Not Site-Specific

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decisionmaker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

Cost for FY 2018-2019 had been included in the approved FY 2018-2019 budget. The provider change to The Hartford results in a 0.2% premium increase; however, the transition allows for a 0% rate change (which otherwise would have been a 54.5% rate increase) to the City’s Basic Life and Accidental Death & Dismemberment Insurance policy renewal.

Coverage Type	Cigna 2017 Rates	United HealthCare 2018 Rates	The Hartford 2019 Rates
Short-term Disability	\$0.170	\$0.150	\$0.129
Long-term Disability	\$0.320	\$0.310	\$0.340
Total Cost - STD & LTD			
	\$222,738	\$226,159	\$226,614
% Change vs. 2018 Rate		1.5%	0.2%
<i>STD Volume per \$10 of eligible weekly benefit</i>		\$502,838	
<i>LTD Volume per \$100 of monthly covered payroll</i>		\$3,646,448	
<i>Number of Lives</i>		573	

ONGOING FISCAL IMPACT

Cost for FY 2018-2019 had been included in the approved FY 2018-2019 budget. The estimated cost for FY 2018-19 is \$226,387 and the policy term is renewable for up to two years unless the City chooses not to extend. Appropriation for this item will be considered as part of the proposed FY 2019-2020 budget.

ATTACHMENTS

1. The Hartford Policy

Staff Contact: Jennifer Abalos, Benefits Manager