



City of Chula Vista

Legislation Details (With Text)

File #: 18-0058 **Name:** Short-term and Long-term Disability Insurance
Type: Action Item **Status:** Passed
In control: City Council
On agenda: 3/6/2018 **Final action:** 3/6/2018

Title: RESOLUTION NO. 2018-042 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND UNITED HEALTHCARE INSURANCE COMPANY, TO PROVIDE SHORT-TERM AND LONG-TERM DISABILITY INSURANCE FOR FULL-TIME BENEFITED EMPLOYEES AND ELECTED OFFICIALS, EXCLUDING: EMPLOYEES REPRESENTED BY THE POLICE OFFICERS ASSOCIATION (POA), INTERNATIONAL ASSOCIATION OF FIREFIGHTERS (IAFF), AND TEMPORARY AND SEASONAL EMPLOYEES

Sponsors:

Indexes:

Code sections:

Attachments: 1. Resolution, 2. Attachment 1 - Policy_1-1-18, 3. LTD Class 1_eff 1-1-18, 4. LTD Class 2_eff 1-1-18, 5. STD_eff 1-1-18

Date	Ver.	Action By	Action	Result
3/6/2018	1	City Council	approve	Pass

RESOLUTION NO. 2018-042 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND UNITED HEALTHCARE INSURANCE COMPANY, TO PROVIDE SHORT-TERM AND LONG-TERM DISABILITY INSURANCE FOR FULL-TIME BENEFITED EMPLOYEES AND ELECTED OFFICIALS, EXCLUDING: EMPLOYEES REPRESENTED BY THE POLICE OFFICERS 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 or non-occupational injury. The Program includes both Short-Term Disability (STD) benefits and Long-Term Disability (LTD) benefits.

Covered employees are all active benefited-salaried employees directly employed by the City of Chula Vista in a full- 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.

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 2017. The contract was awarded to United HealthCare Insurance Company effective January 1, 2018. The policy term is renewable up to three years unless the City chooses not to extend.

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 RECOMMENDATION

Not Applicable

DISCUSSION

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 or non-occupational injury. The Program includes both Short Term Disability (STD) benefits and Long-Term Disability (LTD) benefits.

Covered employees are all active benefited-salaried employees directly employed by the City of Chula Vista in a full- 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.

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 2017. The policy was awarded to United HealthCare Insurance Company effective January 1, 2018. The policy term is renewable up to three years unless the City chooses not to extend.

Short-term disability (STD) coverage is based upon 60% of the basic earnings up to a maximum of \$1,732 per week. Benefits would begin after an "Elimination Period" of 30 days for an accident or

sickness 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). LTD benefit is 60% of the employee’s monthly earnings to a maximum of \$7,500 per month. Employees represented by the Association of Chula Vista Employees (ACE) and Western Council of Engineers (WCE) and may be eligible for an additional 20% LTD coverage for up to a maximum of \$5,000 per month. LTD benefits duration is based on the employee’s age when the disability occurs up to the Social Security normal retirement age.

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 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining 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 member of the City Council of the City of Chula Vista, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City’s Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The City of Chula Vista has a fiduciary responsibility that funds are managed and well protected. It also has an obligation to ensure employees are provided the best benefits and income protection. Therefore, entering into this contract will accomplish both objectives and will help achieve Operational Excellence.

CURRENT YEAR FISCAL IMPACT

Cost for FY 2017-2018 had been included in the approved FY 2017-2018 budget. Awarding the policy to United HealthCare will reduce the cost increase for Plan Year 2018 by 20%.

	Cigna 2017 Rates	Cigna 2018 Renewal	United HealthCare Proposal
Short-term Disability	\$0.170	\$0.233	\$0.152
Long-term Disability	\$0.320	\$0.381	\$0.310
Total Cost - STD & LTD	\$222,738	\$279,105	\$234,822
% Change vs. 2017 Rate		25%	5%

Volume per \$100 of monthly covered payroll \$3,788,064
of Lives 599

ONGOING FISCAL IMPACT

Cost for FY 2017-2018 had been included in the approved FY 2017-2018 budget. The estimated cost for FY 2018-19 is \$234,822. Appropriation for this item will be considered as part of the proposed FY 2018-2019 budget.

ATTACHMENTS

United HealthCare Insurance Company Policy

Staff Contact: Courtney Chase, Director of Human Resources