

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

May 19, 2020

FROM

DIANE RUNDLES, Director, Human Resources Department

SUBJECT

Short-Term and Long-Term Disability Insurances, Protected Leaves Administration, and Employee Assistance Program Contract

RECOMMENDATION(S)

1. Approve **(County Contract No. 20-294)** Metropolitan Life Insurance Company as the provider for short-term disability insurance, long-term disability insurance, protected leaves administration, and employee assistance program for eligible employees for plan years 2020-2023, with an option to extend one additional two-year term.
2. Authorize the Human Resources Director to approve and execute subsequent plan document amendments that may result from collective bargaining agreements approved by the Board of Supervisors.
3. Direct the Human Resources Director to transmit all documents in relation to amendments to this contract to the Clerk of the Board of Supervisors within 30 days of execution.
(Presenter: Diane Rundles, Director, 387-5570)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The proposed contract will result in an estimated premium decrease of \$972,000 over plan years 2020-2023, as detailed in the table below. Premiums are paid for by County departments via payroll deductions. Sufficient appropriation will be included in the County departments' 2020-21 recommended budget and future recommended budgets.

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	Estimated Annual Current Costs	Estimated Annual New Contract Costs	Estimated Annual Savings	Estimated Savings Over 3-Years	Net County Cost Savings Over 3-Years
Short-Term Disability	\$10,433,000	\$10,225,000	(\$208,000)	(\$624,000)	(\$150,000)
Long-Term Disability	\$184,000	\$184,000	\$0	\$0	\$0
Protected Leaves Administration	\$707,000	\$591,000	(\$116,000)	(\$348,000)	(\$90,000)
Total	\$11,324,000	\$11,000,000	(\$324,000)	(\$972,000)	(\$240,000)

BACKGROUND INFORMATION

Approval of this item will establish the terms and rates, as shown in Attachment A, with Metropolitan Life Insurance Company (MetLife) to provide short-term disability insurance (STD), long-term disability insurance (LTD), protected leave administration, and employee assistance program (EAP) for eligible County employees for plan years 2020-2023. These benefits are provided in accordance with Federal/State laws and with the terms of Memorandum of Understandings (MOU), Employment Contracts, Exempt Compensation Plan, and the County Ordinance.

In addition to offering benefits that match the current plan design, some key provisions that the County has been able to secure through contract negotiations with MetLife include:

- 3-year rate guarantee, as shown in Attachment A;
- Provide an EAP at no additional cost;
 - MetLife’s EAP services include five (5) short-term, solution focused, counseling consultations per incident per calendar year to each County employee
 - Services such as legal and financial consultations, elder and child care referral, and stress management are included
- A programming credit of \$25,000 payable to the County;
 - Credit can be used for any custom programming within the County’s Employee Management and Compensation System (EMACS) to simplify protected leave administration
- An agreement that MetLife will match the current provider offer to pay the cost of Medicare taxes on disability payments during the term of the contract; and
 - Medicare taxes for 2019 totaled \$105,031
- 4th year rate caps at 5% and rate pass in 5th year

County staff negotiated the contract with MetLife, which had proposed changes from the standard contract language regarding capping MetLife’s liability at a maximum of \$1,000,000 per claim with a maximum of \$2,000,000 per year for amounts actually paid by County of San Bernardino to leave claimants as the result of incorrect leave decisions. Human Resources

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recommends approval of the contract with MetLife, including the non-standard term, because it is not anticipated that liability will exceed the proposed amounts and the County has not been involved in any similar situations with any prior carriers.

PROCUREMENT

On August 6, 2019, the Human Resources Department (HR) issued a Request for Proposals (RFP No. HRD220-HR2-3468) for STD, LTD, protected leaves administration, and EAP. The RFP was posted on the County's Electronic Procurement Network (ePro) and was distributed to ten (10) carriers, of which seven (7) responded by the September 10, 2019 deadline.

The Segal Company (Segal), the County's contracted benefits consultant, assisted the Employee Benefits and Services Division (EBSD) in conducting a comprehensive analysis of the seven (7) proposals received. The following criteria were evaluated: proposed rates, online portal administration, performance guarantees, potential benefit of employee assistance programs, and experience with public sector clients. After an examination of the analysis provided by Segal, the EBSD, and the Employee Benefits Advisory Committee (EBAC) selected and interviewed two finalists: MetLife, and the current provider, The Standard Insurance Company. Based on the interviews, EBAC found MetLife's proposal provides the best value as well as more advanced services than the current provider, for both the County and its employees. The vendors not recommended for contract award were notified via letter on January 22, 2020. No protests were received from the unselected vendors.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on April 27, 2020; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on April 27, 2020, Finance (Jessica Trillo, Administrative Analyst, 387-4222) on April 29, 2020; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on May 4, 2020.

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Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 19, 2020



cc: HR- Rundles w/agree
Contractor- C/O HR w/agree
File- w/agree
la 05/27/2020