

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

June 10, 2025

FROM

LEONARDO GONZALEZ, Director, Human Resources

SUBJECT

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

RECOMMENDATION(S)

Approve **Contract No. 25-366**, including non-standard terms, and premium rates as shown in Attachment A of the contract, with Standard Insurance Company, as the provider for short-term disability insurance, long-term disability insurance, protected medical leave administration, and employee assistance program benefits for eligible employees, for the period of July 26, 2025 through July 21, 2028, with an option to extend for one additional two-year term.

(Presenter: Leonardo Gonzalez, 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) over the three-year period for plan years 2025-26 through 2027-28. The proposed contract will result in an estimated premium decrease of \$3.0 million over the plan years 2025-26 through 2027-28, as detailed in the table below. Premiums for short-term disability insurance (STD), long-term disability insurance (LTD) and protected leaves administration are paid for by County departments via payroll deductions. Premiums collected for these benefits are based on the active employees in each department and are part of the cost of each budgeted position.

	Estimated Current Annual Costs (2024-25)	Estimated New Annual Costs (2025-26)	Estimated Annual Savings	Estimated Savings Over 3- Years	Net County Cost Savings Over 3- Years
Short-Term Disability	\$13,636,223	\$12,763,504	(\$872,719)	(\$2,618,157)	(\$569,711)
Long-Term Disability	\$346,529	\$346,529	\$0	\$0	\$0
Protected Leaves Administration	\$655,292	\$655,292	\$0	\$0	\$0

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	Estimated Current Annual Costs (2024-25)	Estimated New Annual Costs (2025-26)	Estimated Annual Savings	Estimated Savings Over 3- Years	Net County Cost Savings Over 3- Years
Expanded Employee Assistance Program	\$800,000	\$660,000	(\$140,000)	(\$420,000)	(\$91,392)
Total	\$15,438,044	\$14,425,325	(\$1,012,719)	(\$3,038,157)	(\$661,103)

Costs associated with providing STD and LTD are ongoing and will increase consistent with salary adjustments including across the board wage increases, step advancements and equity adjustments pursuant to ordinances, compensation plans, and negotiated Memorandum of Understanding (MOU) with individual labor unions. Costs associated with providing protected medical leave administration are ongoing and will increase, or decrease, consistent with the County active employment census. Sufficient appropriation and revenue have been included in the County departments' and entities' 2025-26 Recommended Budget and will be included in subsequent recommended budgets.

Certain Employee Assistance Program (EAP) services, as detailed in Attachment I of the contract, are included in the STD rates. However, the Expanded EAP Services, which include Critical Incident Stress Management (CISM) and on-site dedicated counseling services, will result in additional fee-for-service rates that will be paid for by County departments who utilize the expanded services, as shown in Attachment A. Departments who utilize these services are responsible for ensuring there is adequate funding in their budgets for the level of requested services.

BACKGROUND INFORMATION

The County is committed to its health and welfare benefit programs, providing comprehensive, high-quality, cost-effective services for its plan participants. The recommended actions will establish the contract terms and rates, as shown in Attachment A, with Standard Insurance Company (The Standard) to provide STD, LTD, protected leave administration, and EAP benefits for eligible County employees for plan years 2025-26 through 2027-28. These benefits are provided in accordance with Federal and State laws and with the terms of MOUs, employment contracts, compensation plans and the County Ordinance. The current contract expires on July 25, 2025.

The Human Resources Department (HR) and the Employee Benefits Advisory Committee (EBAC) recommend entering into a contract with The Standard. The County will benefit from their experience, knowledge, and expertise as subject matter experts and one of the leading providers in the absence and disability industry.

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 The Standard include:

- Three-year rate guarantee as shown in Attachment A, plus an additional two-year rate guarantee, as shown in Attachment A should the County choose to exercise the option

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to extend the Contract by one additional two-year term. However, Contractor may change premium rates whenever: (a) a change or clarification in law or governmental regulation affects the amount payable under the Group Policies or affects the manner in which Contractor performs any function under the Absence Management Service Agreement; (b) the premium contribution arrangement for Members is changed or varies from that stated in the Group Policies; (c) or when Contractor and the County mutually agree to change premium rates.

- Performance guarantees, as detailed in Attachment D, not-to-exceed 2% of all insured products and 10% of all Absence Management annual fees at risk to ensure a high level of service is provided to employees.
- Implementation credit of \$100,000 to be applied towards the cost of history transfer, takeover of leaves administration and consultant fees.
- An enhanced employee engagement portal to provide employees step-by-step guidance throughout the claim process and support throughout the life of the claim.
- Workplace Possibilities Program which provides early intervention for stay-at-work and return-to-work efforts to support employees needing help staying or returning to work. This includes a Reasonable Accommodation Expense Benefit, as specified in Attachment C, up to \$25,000 per employee which includes accommodations, assistive devices, modifications and training, even if a claim has not been filed, which has historically saved the County over \$62,000 in net benefit savings based on the 2015-20 contract with the Standard (Contract No. 15-485).

The recommended contract with The Standard contains the following term that differs from the standard County contract terms:

1. Contractor may terminate the group policies under certain circumstances, including for example for nonpayment of premium, if the number of persons insured is less than the Minimum Participation requirements, or if Contractor determines that the County has failed to promptly furnish necessary information requested by Contractor, or has failed to perform any other obligations relating to the Group Policy. Similarly, the Service Agreement terminates automatically when the County no longer has a fully insured STD policy with Contractor.
 - a. The County standard contract gives the County the right to terminate the contract, for any reason, with a 30-day written notice of termination.
 - b. Because Contractor may terminate coverage as specified, coverage may terminate prior to the end of the three-year contract term.

The County contracted with The Standard from plan year 2015-16 through 2019-20 without any significant issues. HR does not anticipate any problems in meeting the minimum participation requirement of 10 employees, and there are no plans to change the contribution method. HR recommends approval of this contract, including the non-standard term, to provide STD, LTD, protected medical leave administration, and EAP benefits to eligible employees for the plan years 2025-26 through 2027-28.

PROCUREMENT

The County Administrative Office approved and authorized the release of Request for Proposals (RFP) HRD225-HR2-5618 with the Purchasing Department on September 25, 2024, to solicit proposals from interested and qualified agencies to provide STD, LTD, protected leaves administration, and EAP services for a period of three years with an option to extend for one

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additional two-year term. The RFP was posted to the County's Electronic Procurement Network (ePro).

Three proposals were received by the established deadline in response to the RFP. Proposals from the three agencies listed below met the minimum requirements and continued through the evaluation process.

Carrier Name	Location
Metropolitan Life Insurance Company	New York, NY
Hartford Life and Accident Insurance Company	Hartford, CT
Standard Insurance Company	Portland, OR

The County's contracted benefits consultant, The Segal Company (Western States) Inc. (Segal), reviewed and evaluated the proposals based on the criteria listed in the RFP. The criteria included: proposed rates, online portal administration, performance guarantees, range and quality of service, value-added services, and qualifications and experience with public sector clients.

Based on the evaluation criteria and interviews, Segal, HR, and the EBAC determined that The Standard best met the needs of the County. Denial letters were sent to all responsible and responsive proposers on February 24 and 25, 2025. No protests were received within the allowable period.

Purchasing supports this competitive procurement based on the formal solicitation described above.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Jose A. Mendoza, Deputy County Counsel, 387-5455) on May 15, 2025; Purchasing (Jessica Barajas, Supervising Buyer, 387-2065) on May 15, 2025; Finance (Garrett Baker, Administrative Analyst, 388-3077) on May 21, 2025; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 23, 2025.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 10, 2025



cc: HR - Wakcher w/agree
Contractor - c/o HR w/agree
File - w/agree
MBA 06/17/2025