



# Board Agenda Item 43

DATE: December 17, 2024

TO: Board of Supervisors

SUBMITTED BY: Hollis Magill, Director of Human Resources

SUBJECT: Agreement with ReliaStar Life Insurance Company to Provide Life Insurance, Accidental Death & Dismemberment Insurance, and Employee Assistance Program services to County of Fresno Employees

RECOMMENDED ACTION(S):

**As authorized by the Board of Supervisors' suspension of competition determined on April 9, 2024, approve and authorize the Chairman to execute an Agreement with ReliaStar Life Insurance Company to provide employer-paid basic life and accidental death & dismemberment insurance coverage, optional employee-paid supplemental life insurance coverage, and Employee Assistance Program services to County of Fresno employees, effective January 1, 2025, not to exceed five (5) consecutive years, which includes a two-year base contract and three (3) optional one-year extensions, total not to exceed \$1,700,000.**

Approval of the recommended action will allow ReliaStar Life Insurance Company (ReliaStar) to provide employer-paid life and accidental death & dismemberment (AD&D) insurance coverage, optional employee-paid term life insurance, and Employee Assistance Program (EAP) services to County employees through their partnership with ComPsych Corporation. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may direct staff to negotiate an agreement with a different vendor to provide life, AD&D and EAP services for County employees. However, this would not result in lower rates and would cause a disruption in services to County employees.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

On April 9, 2024, the Board of Supervisors made a finding that it was in the best interest of the County to not secure competitive bids or issue requests for proposals related to the life, AD&D and EAP agreements, consistent with Administrative Policy No. 34 under the "unusual or extraordinary circumstances" exception of Administrative Policy No. 34. This allowed the County the flexibility needed to negotiate directly with insurance providers and maximize cost effective alternatives that best meet the needs of the County, its active employees, and their dependents.

FISCAL IMPACT:

1. Net County Cost and Overall Cost

There is no anticipated Net County Cost increase associated with the recommended action. The projected net increase for departments is approximately \$88,000 for FY 2024-25 and \$295,000 for FY 2025-26, based

on current employment levels. This increase will be accounted for within departments' budgeted Salaries and Benefit appropriations. Sufficient appropriations are included within departments' FY 2024-25 Adopted Budgets and will be included in subsequent budget requests.

2. Management and Senior Management Policies

Currently, employees in the Management employee group receive \$51,000 of life insurance and AD&D insurance coverage and employees in the Senior Management employee groups receive \$250,000 of life insurance and AD&D insurance coverage. These benefits are paid for out of departments' Life & Disability Insurance account in Salaries and Benefits appropriations. Approval of the recommended action will not impact the current payment structure.

3. Non-management Policy

Currently, employees who are covered under a County-sponsored health insurance plan are eligible for a \$10,000 life and \$10,000 AD&D insurance benefit. Premiums for this benefit are included in the County's biweekly contribution toward employees' health insurance coverage and paid for by departments through appropriations in the Health Insurance Contribution account. Effective January 1, 2025, subject to your Board's approval, all permanent County employees will be eligible for this benefit and the premium costs will no longer be included in Health Insurance Contribution account appropriations. Instead, the cost will be paid through departments' Life & Disability Insurance account in Salaries and Benefits appropriations.

4. Employee Assistance Program (EAP)

All costs associated with the EAP are currently included in the Health Administration rate within the 8925 Risk Management Budget. Upon your Board's approval of the proposed agreement, the cost of the EAP will be included in the cost of County-paid life insurance and AD&D insurance. As noted above, the cost for this benefit would be paid for out of departments' salaries and benefits budget line item.

5. Supplemental Life Insurance

All costs associated with the supplemental life insurance are paid by the County employees who elect coverage.

DISCUSSION:

1. Description of Benefits and Services Under the Proposed Agreement

The proposed agreement allows ReliaStar to provide Basic (employer-paid) life insurance, AD&D (employer-paid) insurance, Supplemental (employee-paid) life insurance, and EAP services to County employees and their dependents.

- **Basic Life Insurance.** Under the proposed agreement, Basic Life Insurance is employer-sponsored term life insurance for employees. Employees' dependents are not eligible for coverage under the proposed agreement.
- **Accidental Death & Dismemberment Insurance (AD&D).** AD&D insurance is coverage provided when a policyholder accidentally passes away or is dismembered. Dismemberment occurs when someone loses an entire body part (limb) or the use of a specific body part. This includes vision, hearing and speech.
- **Supplemental Life Insurance.** Under the proposed agreement, Supplemental Life Insurance is employee-paid term life insurance for employees and their dependents. Employees may elect supplemental life insurance coverage for their spouse and/or children under the proposed agreement.

- **EAP Services.** Under the proposed agreement, the EAP is a voluntary program that offers free and confidential short-term counseling, work/life services (such as referrals for personal services, legal assistance, and financial planning assistance), on-site and web-based educational services, and critical incident stress debriefings employees who experience traumatic work-related events.
2. Current Benefits and Services Under Agreement No. 22-567

On December 13, 2022, the Board of Supervisors approved Agreement No. 22-567 with ReliaStar to provide County-paid life and AD&D insurance, optional, employee-paid life insurance, and County-paid EAP services, which are provided by ComPsych Corporation, in partnership with ReliaStar. Under Agreement No. 22-567, ReliaStar provides the following benefits and services to County employees and their dependents:

- Employees enrolled in a County health insurance plan receive \$10,000 in life and \$10,000 in AD&D coverage, paid by the County;
- “Management” employees receive \$51,000 in life and AD&D coverage (in addition to the \$10,000 coverage if they are enrolled in a County health insurance plan), paid by the County;
- “Senior Management” employees receive \$250,000 in life and AD&D coverage (in addition to the \$10,000 coverage if they are enrolled in a County health insurance plan), paid by the County;
- All employees and their household members receive County-paid EAP services (provided by ComPsych Corporation in partnership with ReliaStar); and
- Optional, employee-paid life insurance for employees (\$100,000), their spouses (\$50,000) and children (\$10,000 for all children).

3. Bidding Process

Agreement No. 22-567 included a two (2) year term, with one (1) optional one-year renewal contingent on rates remaining unchanged. Due to the amount of the County’s life insurance claims, ReliaStar could not offer the same rates for a third year; therefore, on April 9, 2024, your Board authorized the Director of Human Resources to solicit bids for life/AD&D insurance and EAP services. Human Resources, with the assistance of its health and benefits consultant, HUB International, solicited bids from qualified life insurance carriers for employer-paid basic life and AD&D insurance, employer-paid EAP services, and optional, employee-paid supplemental life insurance. Carriers were asked to match the coverage levels under “Current Benefits and Services Under Agreement No. 22-567”, above.

Four (4) carriers responded with bids for both life/AD&D insurance and EAP services: ReliaStar, Sun Life, Standard and Met Life. ReliaStar was able to match the lowest bid, therefore, staff is recommending that your Board select ReliaStar to continue as the County’s life/AD&D insurance and EAP services provider for the following reasons:

- **Continuity of Service.** ReliaStar, along with their EAP partner, ComPsych, have provided excellent customer service to employees, during their term. Selecting a new carrier to provide services can cause disruptions to service.
- **Efficiency.** Transitioning to a new carrier entails extensive opportunity costs, in the form of staff time and resources that won’t be available to implement new benefits or enhance existing benefits.
- **Enhanced Benefits.** Under Agreement No. 22-567, only employees who have County-sponsored health insurance are eligible to receive a basic life and AD&D insurance policy of \$10,000. ReliaStar’s bid provides basic life and AD&D insurance for all County employees for no additional cost to the County.

4. Proposed Benefits and Biweekly Costs

Under the proposed agreement all non-management employees will receive the \$10,000 life insurance and AD&D insurance policy that is currently provided to employees who are covered by a County-sponsored health insurance plan. Therefore, the new coverage amounts and biweekly costs per employee are broken out by coverage level (all coverage levels include EAP services) as follows:

- **Class 1:** All County employees who are not in the Management, Senior Management Supervisors, Senior Management, Assistant Department Heads, Department Heads, or Elected Officials employee groups.
  - Coverage amount: \$10,000 of life insurance and AD&D insurance coverage.
  - Biweekly cost: \$0.60
- **Class 2:** All employees in the Management employee group.
  - Coverage amount: \$61,000 of life insurance and AD&D insurance coverage.
  - Biweekly cost: \$3.66
- **Class 3:** All employees in the Senior Management Supervisors, Senior Management, Assistant Department Heads, Department Heads, and Elected Officials employee groups.
  - Coverage amount: \$260,000 of life insurance and AD&D insurance coverage.
  - Biweekly cost: \$15.60

In addition to the County-paid life insurance, AD&D insurance coverage, and EAP services noted above, the proposed agreement includes supplemental life insurance coverage, which all benefit-eligible employees may purchase for themselves and their spouse and/or eligible children. Employees must cover themselves to purchase coverage for their spouse and/or eligible children. The coverage amounts are as follows:

- Employee: \$100,000
- Spouse: \$50,000
- Children: \$10,000 (covers all children up to age 27)

The coverage amounts above will be reduced at the following age milestones (total premium costs are reduced accordingly):

- To 65% of the original amount at age 65.
- To 50% of the original amount at age 70.
- To 25% of the original amount at age 75.
- To 20% of the original amount at age 80.

The premiums paid by employees are subject to the following monthly rates per \$1,000 of coverage, based on the employee's age:

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| • Under 25 years of age: \$0.06; | • 50-54 years of age: \$0.37;          |
| • 25-29 years of age: \$0.07;    | • 55-59 years of age: \$0.60;          |
| • 30-34 years of age: \$0.08;    | • 60-64 years of age: \$0.94;          |
| • 35-39 years of age: \$0.11;    | • 65-69 years of age: \$1.76; and      |
| • 40-44 years of age: \$0.16;    | • 70 years of age and older: \$2.85.   |
| • 45-49 years of age: \$0.23;    | • All children of the employee: \$0.14 |

##### 5. Exceptions to the County's Model Agreement

Staff would like to note that Article 9 of the proposed agreement includes indemnification language that is different from the County's standard language, as ReliaStar requested that the current standard language be replaced with the "Hold Harmless" language in Article 9 of Agreement No. 22-567. In addition, ReliaStar has requested that their Protected Health Information and Data Security exhibits be included, which the County agreed to in our current agreement with ReliaStar. The Department believes the benefits of entering into this agreement outweigh any associated risk.

6. Staff Next Steps

Currently, only employees who are covered under a County-sponsored health insurance plan are eligible for the \$10,000 life and AD&D insurance benefit. Premiums for this benefit are included in the County's biweekly contribution toward employees' health insurance coverage. Upon your Board's approval, all permanent County employees will be eligible for this benefit and the premium costs will no longer be included in the biweekly health insurance cost. Staff will update all necessary administrative and budgetary processes to effectuate this change.

OTHER REVIEWING AGENCIES:

HUB International, the County's Health and Benefits consultant, reviewed the responses and is recommending approval of the recommended action.

REFERENCE MATERIAL:

BAI #41, April 9, 2024  
BAI #40, December 13, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with ReliaStar Life Insurance Company

CAO ANALYST:

Paige Benavides