

City Of Milwaukee

Selection Team Recommendation Regarding
Contract for the Long Term Disability Program

Willis of Wisconsin
400 N. Executive Drive
Suite 300
Brookfield, WI 53005

July 12, 2013

Table of Contents

Executive Summary.....3
Background3
Evaluation of Qualitative and Quantitative Responses.....4

Appendix

Financial Analysis

EXECUTIVE SUMMARY***What is the recommendation of the Selection Team?***

As a result of a request for proposal process and evaluations, the Selection Team recommends the following:

Enter into a three-year contract with Lincoln National to insure the City's long term disability program beginning January 1, 2014 through December 31, 2016.

Lincoln offers the lowest rates for both the City and employees and met all the requirements stipulated in the RFP.

Who was on the Selection Team?

The City staff members on the Selection Team were:

- **Michael Brady** - Director, Department of Employee Relations
- **Renee Joos** – Fiscal & Risk Manager, Department of Employee Relations
- **Dennis Yaccarino** – City Economist, Budget Office, Department of Administration

Assisting the City team were the following individuals:

- **Clete Anderson**, Vice President, Willis of Wisconsin
- **Daniel Hennig**, Assistant Placement Specialist, Willis of Wisconsin

BACKGROUND

The City of Milwaukee provides long term disability (LTD) insurance to non police and fire employees. The City pays the full cost of the core coverage with a 180 day waiting period until benefits begin. Employees are given the opportunity to “buy down” to three different, shorter waiting periods. The LTD program has been with Standard Life for ten years. Standard has done an excellent job of administering the program. The policy has been financially beneficial to the City.

A request for proposal including the critical selection factors was e-mailed carriers known to be competitive in the LTD market. Responses were received from:

Carrier	Status
Aetna	Quote Received
CIGNA	Quote Received
Hartford	Quote Received
Lincoln National	Quote Received
MetLife	Quote Received
Standard (incumbent)	Quote Received

EVALUATION OF RESPONSES

The review of the rates of bidders can be found in the Appendix, Financial Analysis.

The analysis shows the rates and total estimated annual premiums for the employee paid “buy down” plans, Options A, B and C, as well as for the employer paid 180 day core LTD benefit. All the bidders guaranteed their rates for three years.

Lincoln National’s quote is lowest on both the buy down and core plans. Lincoln’s rates would reduce total annual employee contributions by over \$129,000 and the City’s contribution over \$181,000 over current rates, combined over \$311,000 per year. Lincoln’s quote is also over \$220,000 per year lower than the next lowest bidder, MetLife. Standard Life, the incumbent, was ranked third, quoting lower rates than current on the core plan, but higher on the buy down plans, with a combined \$50,000 annual premium reduction.

Lincoln National is the clear choice based on rates. Having the carrier with the lowest core rate also quoting the lowest buy down rates was an obvious plus, avoiding any conflict of choosing a carrier with the lower City cost at the expense of employees paying more.

We confirmed Lincoln National’s compliance with all the requirements in the RFP as well as their ability to provide ongoing administration, communication, claims, and enrollment support.

For these reasons the Selection Team recommends the City accept the three-year contract terms offered by Lincoln National effective 1/1/2014.