

July 2, 2013

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

**File No: 130207 directing the Department of Employee Relations
to enter into contract with Group Life Insurance vendor for 2014-2016**

Dear Alderman Murphy and Finance Committee Members:

File #121687 authorized the Department of Employee Relations (DER) and the Employee Retirement System (ERS) to complete a request for proposal (RFP) process for Group Life Insurance Providers using the new benefit design for group life insurance adopted by the Common Council under file #121686..

The RFP process has been completed and DER and ERS is recommending the City enter into a new contract with AETNA to provide group life insurance benefits to City employees for a three year period with the option to extend one time for two years.

There was a review team that included the City Comptroller, Marty Matson, Jerry Allen and Terry Siddiqui of ERS, Dennis Yaccarino of the Budget Office and Renee Joos and Mike Brady of DER that met with Willis, the City's consultant, to review the group life insurance responses.

AETNA is being recommended because their bid will reduce the City cost by \$500,000 per year compared with the bid of the current vendor for the base amount. The AETNA bid will reduce the cost for most active employees for their supplemental insurance. The AETNA bid will reduce the cost for retirees under 65 who pay the full cost of their group life insurance costs. The AETNA bid was lower than the current bidder for the City cost for retirees over 65, but higher than the current amount the City is paying.

The review team concluded the bid from AETNA, which was lower than the other seven vendors is a value for the City, City employees and City retirees.

DER and ERS are recommending the City enter into a three year contract with AETNA with the option to extend for one two-year period. Their bid is consistent with the benefit design requested by the City.

Please contact me if you have any additional comments or questions regarding this file.

Sincerely,
Michael Brady,
Employee Benefits

CC: Maria Monteagudo, DER
Debra Ford, Labor
Renee Joos, DER
Ellen Tangen, City Attorney's Office
Mary Turk, LRB
Dennis Yaccarino, Budget Office
Jerry Allen, ERS