



Department of Human Resources
Division of Employee Benefits

INTER-OFFICE COMMUNICATION

Date: 11/01/2017
TO: Theodore Lipscomb Sr., Chairman, Milwaukee County Board of Supervisors
FROM: Michael Stanke^{MS}, Manager of Benefits and HRIS
SUBJECT: **Report from the Manager of Benefits and HRIS, Department of Human Resources, regarding the renewal of the MetLife Contract for basic and supplemental life insurance and the addition of select voluntary benefits.**

Issue/Background

Milwaukee County has partnered with MetLife to deliver fully-insured basic and supplemental life insurance coverage for eligible employees and retirees. The current agreement also includes an “evergreen” clause allowing for automatic renewals in the absence of any material change in terms. Currently, the rate per \$1,000 of covered salary is \$0.685.

2018 Renewal

Milwaukee County’s life insurance plan is up for renewal for 2018. As we have seen in previous renewals, the outlook for the life insurance continues to be challenging given the disproportionate number of retirees who do not pay a premium compared to active employees who do.

Active employee utilization remains generally favorable; however, the high mortality rate for our aging retiree population continues to drive our claim experience to outpace the premiums.

MetLife’s proposed renewal for 2018 called for an increase of 17% (\$384,291) based on the high claim experience among our retiree population. However, we were successful in negotiating the limiting of MetLife’s 2018 renewal increase to 10% (226,054) (\$0.754 per \$1,000 of coverage). This reduction in premium represents a saving of \$158,237 over the initial quote and is contingent upon Milwaukee County offering two voluntary benefits to our employees. Those voluntary benefits are (1) Auto and Home Insurance and (2) Met Law Legal Plan, with the premium payments for these benefits are paid 100% by the employee. MetLife has agreed to offer this reduction in premium with no minimum enrollment requirements for the voluntary products being offered. The Met Law product will be offered to employees during the open enrollment for 2018, and the election is an annual election. The Met Life Auto and Home will be offered for a 2/1/2018 start date and employees will be able to opt in and out of this benefit at any time. MetLife is also providing a \$6,000 implementation credit to cover any cost the County may incur to implement these new voluntary benefit deductions into the payroll system.

Recommendation

Due to the renewal increase, the Benefits Division cannot accept the renewal without seeking new authorization. However, based on the state of the market, the County's utilization experience, and the improvement to the renewal terms with the addition of voluntary benefits, the Benefits Division recommends accepting the renewal quote and requests authorization to renew the MetLife policy for 2018. These rates would also be guaranteed until 2020 which will provide some stabilization for the plan and also help reduce the overall cost to the County for several years to come.

The Benefits Division will continue to assess the life insurance market for Milwaukee County's plan on an annual basis, and will bring potential renewal decisions forward when appropriate.

CC: County Executive Chris Abele
Raisa Koltun, Chief of Staff
Kerry Mitchell, Chief Human Resources Officer
Margaret Daun, Corporation Counsel
Supervisor Peggy West, Chair, Finance & Audit Committee
Supervisor Luigi Schmitt, Chair, Personnel Committee
Kelly Bablitch, Milwaukee County Board of Supervisors Chief of Staff
Teig Whaley-Smith, Director of Administrative Services
Stephen Cady, Comptroller's Office
Rick Norris, Director, Office of the Community Business Development Partners
Amy Pechacek, Director, Risk Management

**Milwaukee County
1-1-2018 RENEWAL RATE OPTIONS**

Coverage	Current Rate/Fee	Renewal Rate/Fee	Change in Rate/Fee +/- %
Basic Life OPTION 1: ADD METLAW AND AUTO & HOME			
• Actives and Retirees	\$0.685/\$1,000	\$0.754/\$1,000	10.00%
• MetLaw		\$19.50/pepm	
• Auto & Home		Individually rated	
Basic Life OPTION 2: NO COVERAGES ADDED			
• Actives and Retirees	\$0.685/\$1,000	\$0.805/\$1,000	17.00%
Optional Life - Actives			
• less than 30	\$0.080/\$1,000	\$0.080/\$1,000	0.00%
• 30-34	\$0.100/\$1,000	\$0.100/\$1,000	0.00%
• 35-39	\$0.120/\$1,000	\$0.120/\$1,000	0.00%
• 40-44	\$0.170/\$1,000	\$0.170/\$1,000	0.00%
• 45-49	\$0.250/\$1,000	\$0.250/\$1,000	0.00%
• 50-54	\$0.360/\$1,000	\$0.360/\$1,000	0.00%
• 55-59	\$0.570/\$1,000	\$0.570/\$1,000	0.00%
• 60-64	\$0.820/\$1,000	\$0.820/\$1,000	0.00%
• 65-69	\$1.270/\$1,000	\$1.270/\$1,000	0.00%
• 70-74	\$2.110/\$1,000	\$2.110/\$1,000	0.00%
• 75+	\$3.690/\$1,000	\$3.690/\$1,000	0.00%
Dependent Life - Actives			
• less than 30	\$0.070/\$1,000	\$0.070/\$1,000	0.00%
• 30-34	\$0.090/\$1,000	\$0.090/\$1,000	0.00%
• 35-39	\$0.100/\$1,000	\$0.100/\$1,000	0.00%
• 40-44	\$0.130/\$1,000	\$0.130/\$1,000	0.00%
• 45-49	\$0.190/\$1,000	\$0.190/\$1,000	0.00%
• 50-54	\$0.330/\$1,000	\$0.330/\$1,000	0.00%
• 55-59	\$0.530/\$1,000	\$0.530/\$1,000	0.00%
• 60-64	\$0.920/\$1,000	\$0.920/\$1,000	0.00%
• 65-69	\$1.560/\$1,000	\$1.560/\$1,000	0.00%
• 70+	\$1.560/\$1,000	\$1.560/\$1,000	0.00%
• child(ren)	\$0.360/\$1,000	\$0.360/\$1,000	0.00%
Rates are guaranteed from 01/01/2018 through 12/31/2020			