



Department of Human Resources
Division of Employee Benefits

14-804
FPA

INTER-OFFICE COMMUNICATION

Date: 9/25/2014
To: Milwaukee County Board of Supervisors, Finance, Personnel, & Audit Committee
FROM: Matthew Hanchek, Employee Benefits Administrator *MH*
SUBJECT: Report from the Director of Benefits, Department of Human Resources, regarding the renewal of the MetLife Contract for basic and supplemental life insurance.

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 \$1000 of covered salary is \$0.64.

This contract was last up for renewal in 2013. At that time, the Benefits Division performed a market check with Willis of Wisconsin by soliciting competing bids from 10 other large-employer group term life vendors and providing Metlife with an opportunity to improve upon their renewal quote. The overall response was weak. Seven of the solicited vendors declined to submit quotes, citing uncompetitive rates. The remaining three quotes were unfavorable. Ultimately, Milwaukee County extended with Metlife for the 2013 & 2014 plan year with no increase in premiums.

2015 Renewal

Milwaukee County’s plan is due for renewal for 2015. Active employee utilization remains generally been favorable; however, underlying issues with the retiree life coverage continue to persist. As a result, the County’s overall claim experience is high.

Metlife’s proposed renewal for 2015 called for an increase of 10%. The Benefits Division, with assistance from Willis, conducted a similar assessment of the market for the 2015 plan year, and found the market for Milwaukee County’s plan challenging. We were able to negotiate limiting Metlife’s 2015 renewal increase to 7% (\$0.685 per \$1000 of coverage). In addition, we secured a commitment from Metlife to provide no increase renewals in 2016 and 2017 should the County continue to utilize Metlife. This will provide a measure of rate stability as we continue to evaluate options for providing this benefit.

Recommendation

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Due to the 7% 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, the Benefits Division recommends accepting the renewal quote and requests authorization to renew the Metlife contract for 2015.

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
Paul Bargren, Corporation Counsel
Supervisor David Cullen, Co-Chairman, Personnel, Finance & Audit Committee
Supervisor Willie Johnson, Co-Chairman, Personnel, Finance & Audit Committee
Kelly Bablitch, Milwaukee County Board of Supervisors Chief of Staff
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Josh Fudge, Director, Office of Performance, Strategy, and Budget
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Amy Pechacek, Director, Risk Management