

Health Service Board City & County of San Francisco

Rates & Benefits

2017 Renewal—Aetna Life and Disability

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Introduction

- The City and County of San Francisco Health Service System (HSS) offers the following life and disability coverages to its members:
 - Basic Life Insurance
 - Voluntary / Supplemental Life Insurance
 - Long-Term Disability (LTD)
- HSS' life and disability policies with Aetna Group Insurance (Aetna) are on a three-year premium guarantee through December 31, 2016.
- This report summarizes Aetna's renewal response and Aon's recommended premium actions for 2017.

Basic Life Insurance

- Basic life insurance is 100% employer paid.
- Four benefit amounts are available based on eligibility: \$25,000; \$50,000; \$125,000; and \$250,000.
- For 2017, Aetna offered a premium rate pass for the basic life plan along with a premium guarantee through December 31, 2019.
- Aetna's proposed basic life premiums are as follows:

Benefit Amount	Current / Renewal Premium ⁽¹⁾
\$25,000	\$0.080
\$50,000	\$0.080
\$125,000	\$0.080
\$250,000	\$0.080

(1) Premium per \$1,000 of coverage

Supplemental Life Insurance (Status Quo)

- Supplemental life insurance is 100% employee paid.
- Benefit options range from \$10,000 to \$300,000.
- For 2017, Aetna offered a premium rate pass for the supplemental life plan along with a premium guarantee through December 31, 2019.
- Aetna's proposed age-banded supplemental life premiums are displayed to the right.

Age Band	Current / Renewal Premium ⁽¹⁾
<25	\$0.060
25-29	\$0.071
30-34	\$0.095
35-39	\$0.106
40-44	\$0.118
45-49	\$0.177
50-54	\$0.271
55-59	\$0.508
60-64	\$0.780
65-69	\$1.500
70+	\$2.430

(1) Premium per \$1,000 of coverage

Supplemental Life Insurance

Smoker / Non-Smoker Options

At the request of HSS, Aetna provided smoker and non-smoker premiums for their supplemental life plan. The proposed premiums are as follows:

Age Band	Premium ⁽¹⁾		
	Current	Non-Smoker	Smoker
<25	\$0.060	\$0.050	\$0.070
25-29	\$0.071	\$0.060	\$0.080
30-34	\$0.095	\$0.080	\$0.100
35-39	\$0.106	\$0.090	\$0.110
40-44	\$0.118	\$0.110	\$0.130
45-49	\$0.177	\$0.160	\$0.180
50-54	\$0.271	\$0.240	\$0.270
55-59	\$0.508	\$0.470	\$0.510
60-64	\$0.780	\$0.740	\$0.790
65-69	\$1.500	\$1.450	\$1.510
70+	\$2.430	\$2.380	\$2.450

(1) Premium per \$1,000 of coverage

Long-Term Disability

- Long-term disability coverage offered through Aetna is 100% employer paid.
- There are two plans available:
 - 60% up to a monthly maximum of \$5,000
 - 66.67% up to a monthly maximum of \$7,500
- After a review of the prior claims experience, benefit amount, time value of money, expenses, and further negotiations, Aetna provided a premium rate reduction of 7.1% for 2017.
- The above premium rate decrease over 2016 is guaranteed through December 31, 2019.

Coverage	Premium ⁽¹⁾	
	Current	Renewal
60%	\$0.391	\$0.363
66.67%	\$0.352	\$0.327

(1) Premium per \$100 of covered payroll

Recommendations

Aon recommends approval of the following premiums:

- Basic life insurance premium rate pass for 2017 through 2019.
- Implement the supplemental life insurance premiums that make a distinction between tobacco and non-tobacco users for 2017.
- Long-term disability premium rate reduction of 7.1% for 2017 through 2019.
- Note that all premiums are net of commissions.