

# San Francisco Health Service System Health Service Board

## **Rates & Benefits**

The Hartford Life Insurance and Long-Term Disability  
Insured Rate Renewal (2020-2022) Presentation

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Prepared by:  
Health Solutions



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# The Hartford—Recommendation Summary

- It is recommended that the Health Service Board (HSB) accept renewal of all life insurance, accidental death and dismemberment (AD&D) insurance, and long-term disability (LTD) insurance premiums included in this presentation for the 2020 through 2022 plan years, with details to follow.
- Proposed rating actions by The Hartford are illustrated below, with detail on rationale for each change presented in this document.

The Hartford Coverage	Paying Entity	Rate Change, 2017-2019 to 2020-2022
Basic Life Insurance	Employers	+42.5%
LTD Insurance	Employers	-20.0%
Supplemental Employee and Dependent Life Insurance	Members	-15.0%
Child Life Insurance and AD&D Insurance	Members	No Change
<b>Overall—All Coverages</b>		<b>-12.0%</b>

# Introduction

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- The San Francisco Health Service System (SFHSS) offers the following life and disability insurance coverages to certain active employees within the City and County of San Francisco, Superior Court, and Municipal Executive populations:
  - Basic Life Insurance (paid by the employers);
  - LTD Insurance (paid by the employers); and
  - Supplemental Life and AD&D Insurance for employees and dependents (paid by participating members).
- These insurances are not offered to retirees.

# Introduction

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- SFHSS's life and long-term disability insurance policies have been in a three-year premium guarantee, from January 1, 2017 through December 31, 2019, based on the three-year renewal approved with Aetna in 2016.
- In late 2017, The Hartford Life and Accident Insurance Company (The Hartford) acquired Aetna Group Insurance's (Aetna's) group life and disability business—thus the renewal information presented today is underwritten by The Hartford.
- The original 2017-2019 premium guarantee under Aetna continued after The Hartford's acquisition of Aetna's life insurance and disability business.

# Introduction

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- Today's presentation focuses on the three-year renewal period from January 1, 2020 through December 31, 2022 with The Hartford.
  - Proposed rates for the three-year renewal period are illustrated by line of coverage.
  - Effective January 1, 2020, plan features will migrate from Aetna contractual standards to The Hartford contractual standards—much of which The Hartford either already matches or exceeds compared to Aetna standards, or is filing to match by the start of 2020 (e.g., life insurance portability eligibility).
  - The Appendix to this document describes features included in The Hartford Life Essentials—member support programs that will enhance what is available today via Aetna Life Essentials.

## Basic Life Insurance

- Basic life insurance is 100% employer paid.
- Four benefit amounts are currently available based on eligibility: \$25,000; \$50,000; \$125,000; and \$150,000.
- Proposed monthly basic life insurance premiums for 2020-2022 are illustrated below. The 42.5% proposed rate increase is attributable to significantly higher level of overall claim payments (\$5.7M) from 2014-2018 than premiums paid (\$4.5M) for the plan—plus provision for reserves including waiver of premium and incurred but not reported (IBNR).

Benefit Amount	Projected 2020 Covered Employees	2017 – 2019 Current Premium <sup>[1]</sup>	2020 – 2022 Renewal Premium <sup>[1]</sup>
\$25,000	248	\$0.080	\$0.114
\$50,000	21,542	\$0.080	\$0.114
\$125,000	19	\$0.080	\$0.114
\$150,000	452	\$0.080	\$0.114

*[1] Monthly premium per \$1,000 of coverage*

## Basic Life Insurance

- Additional insight on actual basic life insurance claimant counts, versus expected number of deaths, based on The Hartford benchmarks for populations similar in nature to the SFHSS covered population, over the past five years:

Year of Death	Actual Deaths by Year for SFHSS	The Hartford Benchmark— Expected Number of Deaths for SFHSS	Actual versus Expected Number of Deaths
2014	16	14	+2
2015	23	21	+2
2016	19	22	-3
2017	23	25	-2
2018	9	25	-16



# Long-Term Disability Insurance

- Long-term disability insurance is 100% employer paid.
- Two designs are available based on eligibility:
  - 60% up to \$5,000 monthly maximum; 180 day elimination period
  - 66.6667% up to \$7,500 monthly maximum; 90 day elimination period
- Due to favorable plan experience from 2014 to 2018, The Hartford has proposed a 20% reduction in long-term disability premiums for the 2020-2022 renewal period, as illustrated in the table below:

Benefit Amount	Projected 2020 Covered Employees	2017 – 2019 Current Premium <sup>[1]</sup>	2020 – 2022 Renewal Premium <sup>[1]</sup>
60%	18,309	\$0.363	\$0.290
66.6667%	6,800	\$0.327	\$0.262

*[1] Premium per \$100 of covered payroll*

# Long-Term Disability Insurance

- Additional insight on actual LTD claimant counts, versus expected number of LTD claimants based on Integrated Benefit Institute (IBI) governmental employer benchmarks applied to the number of covered SFHSS employees, over the past five years:

Year of LTD Event Onset	Actual Approved LTD Events by Year for SFHSS	IBI Benchmark— Expected Number of LTD Events for SFHSS	Actual versus Expected Number of LTD Events
2014	73	139	-66
2015	43	148	-105
2016	59	156	-97
2017	50	161	-111
2018	7	165	-158

# Supplemental Life Insurance (Employee and Dependent)

- Supplemental life insurance is 100% member paid.
- Benefit options range from \$10,000 to \$300,000.
- Proposed monthly supplemental life insurance premiums for 2020-2022 are illustrated at right—in aggregate, they represent a 15% premium reduction versus current rates (child life rates do not change).
- A key goal is to increase enrollment in supplemental life insurance, as only 9% of eligible employees participate today.

Age Band	2017 – 2019 Current Premium <sup>[1]</sup>		2020 – 2022 Renewal Premium <sup>[1]</sup>	
	Non-Smoker	Smoker	Non-Smoker	Smoker
<25	\$0.040	\$0.060	\$0.034	\$0.050
25-29	\$0.050	\$0.070	\$0.043	\$0.060
30-34	\$0.070	\$0.090	\$0.060	\$0.077
35-39	\$0.080	\$0.100	\$0.068	\$0.085
40-44	\$0.100	\$0.120	\$0.085	\$0.100
45-49	\$0.150	\$0.160	\$0.128	\$0.136
50-54	\$0.230	\$0.250	\$0.196	\$0.213
55-59	\$0.430	\$0.470	\$0.366	\$0.400
60-64	\$0.660	\$0.720	\$0.561	\$0.612
65-69	\$1.270	\$1.380	\$1.080	\$1.173
70+	\$2.060	\$2.240	\$1.751	\$1.904
Child Life	\$0.150	\$0.150	\$0.150	\$0.150

[1] Monthly premium per \$1,000 of coverage

# Supplemental AD&D Insurance

- Supplemental AD&D insurance is 100% member paid.
- Proposed monthly supplemental life insurance premiums for 2020-2022 are illustrated at right. No changes are proposed from 2017-2019 premiums.

Covered Members	2017 – 2019 Current Premium <sup>[1]</sup>	2020 – 2022 Renewal Premium <sup>[1]</sup>
Employee Only	\$0.020	\$0.020
Spouse Only	\$0.020	\$0.020
Employee and Family	\$0.025	\$0.025

*[1] Monthly premium per \$1,000 of coverage*

# Overall Renewal Summary— Expected Aggregate 2020 Premiums

- Based on projected 2020 insurance volumes, the table below illustrates the aggregate estimated premiums in 2020 under both current rates and proposed 2020-2022 rates.
- Overall premiums for life insurance, AD&D insurance, and LTD insurance are projected to decrease by 12%, or almost \$1.2M.

	Under Current Rates	Under Proposed Rates	% Change from Current	Annual Savings / (Cost) from Current
<b>EMPLOYER-PAID PLANS</b>				
Basic Employee Life	\$1,174,000	\$1,673,000	+42.5%	(\$499,000)
Long Term Disability	<u>\$7,736,000</u>	<u>\$6,186,000</u>	-20.0%	<u>\$1,550,000</u>
Total—Employer Paid Plans	\$8,910,000	\$7,859,000	-11.8%	\$1,051,000
<b>MEMBER-PAID PLANS</b>				
Supplemental Employee Life	\$652,000	\$554,000	-15.0%	\$98,000
Supplemental Dependent Life	\$139,000	\$118,000	-15.0%	\$21,000
Supplemental AD&D	<u>\$85,000</u>	<u>\$85,000</u>	0.0%	<u>\$0</u>
Total—Member Paid Plans	\$876,000	\$757,000	-13.5%	\$119,000
<b>OVERALL TOTAL PREMIUMS</b>	<b>\$9,786,000</b>	<b>\$8,616,000</b>	<b>-12.0%</b>	<b>\$1,170,000</b>

## Recommendation for HSB Action

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- The HSB is asked to approve the basic life insurance, long-term disability insurance, and supplemental life and AD&D insurance rates as displayed in this presentation for the 2020 plan year. These rates are for the three-year period 2020-2022.
  - All premiums displayed in this presentation are net of commissions (e.g., there are no commissions included in the SFHSS insurance rates shown in this presentation).

# Appendix—The Hartford Life Essentials Value Added Services

## Appendix—The Hartford Life Essentials

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- The Hartford Life Essentials are a suite of value-added services to the member covered by an insurance program through The Hartford.
- The suite of services includes:
  - The Hartford Life Essentials Funeral Concierge
  - The Hartford Life Essentials EstateGuidance®
  - The Hartford Life Essentials Travel Assistance & ID Theft Protection Service
  - The Hartford Life Essentials Beneficiary Assist® (Help for Those Coping With a Loss)
  - Ability Assist® Counseling Services With HealthChampion<sup>SM</sup> Counseling Support
- Beneficiary Assist, Ability Assist, and HealthChampion will be new for members under The Hartford, relative to services available under Aetna Life Essentials (the first three items above).
- Information on these programs are contained on the following pages.





## MAKE THE MOST OF YOUR BENEFITS PACKAGE

**Life and Disability insurance** from The Hartford can help you protect the financial future of your loved ones. Your coverage includes valuable services that can help you and your family.

### FUNERAL CONCIERGE SERVICES<sup>1</sup>

**Helps provide peace of mind when it's needed most.**

The Hartford's Funeral Concierge offers a suite of online tools and live support to help guide you through key decisions. It allows for pre-planning, documentation of wishes, and even offers cost comparisons of funeral-related expenses. After a loss, this service includes family advocacy and professional negotiation of funeral prices with local providers – often resulting in significant savings.

For more information, call: **1-866-854-5429**

Visit: **[www.everestfuneral.com/hartford](http://www.everestfuneral.com/hartford)**

Use code: **HFEVLC**

### BENEFICIARY ASSIST<sup>®</sup> COUNSELING SERVICES<sup>2</sup>

**Getting through a loss is hard. Getting support shouldn't be.**

The Hartford offers you Beneficiary Assist counseling that can help you or your beneficiaries (named in your policy) cope with emotional, financial and legal issues that arise after a loss. Includes unlimited phone contact with a counselor, attorney or financial planner and five face-to-face sessions for up to a year from the date a claim is filed.

For more information, call: **1-800-411-7239**

### ESTATEGUIDANCE<sup>®</sup> WILL SERVICES<sup>2,3</sup>

**Create a simple will from the convenience of your home.**

Whether your assets are few or many, it's important to have a will. Through The Hartford you have access to EstateGuidance<sup>®</sup>. It helps you protect your family's future by creating a will online – backed by online support from licensed attorneys.

Visit: **[www.estateguidance.com](http://www.estateguidance.com)**

Use code: **WILLHLF**

continued



### Travel Assistance

Call toll-free: **1-800-243-6108**

From other locations,

call collect: **202-828-5885**

Fax: **202-331-1528**

#### What to have ready:

- Your employer's name
- Your phone number
- Nature of the problem
- Your policy number
- Your Travel Assist ID number:  
**GLD-09012**

### Ability Assist® & HealthChampion<sup>SM</sup>

Call toll-free:

**1-800-96-HELPS**

**(1-800-964-3577)**

 (Snap a photo with a mobile device to capture information above.)

## TRAVEL ASSISTANCE WITH ID THEFT PROTECTION<sup>4</sup>

**Even the best planned trips can be full of surprises.**

Travel Assistance with ID Theft Protection includes pre-trip information to help you feel more secure while traveling. It can also help you access professionals across the globe for medical assistance when traveling 100+ miles away from home for 90 days or less. ID Theft services are available to you and your family at home or when traveling.

**In case of a serious medical emergency while traveling,** please obtain emergency medical services first (contact the local "911"), and then contact Travel Assistance to alert them.

## ABILITY ASSIST® COUNSELING SERVICES WITH HEALTHCHAMPION<sup>SM</sup> HEALTH CARE SUPPORT<sup>2,5</sup>

**Disability can be a challenge. Getting support doesn't have to be.**

Ability Assist Counseling Services offers 24/7 access to master's- and Ph.D.- level clinicians. Includes three face-to-face visits per occurrence per year for emotional concerns and unlimited phone consultations for financial, legal and work-life concerns.

If your company provides disability coverage for less than 5,000 people, Ability Assist is available to you at any time if you're covered by Disability, Voluntary or Leave Management services with The Hartford. If your company provides disability coverage for more than 5,000 people, you'll have access to this service once you have an approved claim. See your benefits manager for details.

HealthChampion offers support if you've become disabled or are diagnosed with a critical illness. You'll receive guidance on care options, helpful resources and help with timely and fair resolution of issues.

Visit [TheHartford.com/employeebenefits](http://TheHartford.com/employeebenefits)



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Life Form Series includes GBD-1000, GBD-1100, or state equivalent. Disability Form Series includes GBD-1000, GBD-1200, or state equivalent.

Some services may not be available in all states. For more information, visit [www.TheHartford.com/employee-benefits/value-added-services](http://www.TheHartford.com/employee-benefits/value-added-services).

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