

## Human Resources Committee Meeting

### Douglas County, Nebraska

Tuesday, March 21, 2017

The meeting convened at 11:01 A.M. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the March 15, 2017, issue of *The Daily Record*. County Commissioners present at the meeting were Marc Kraft, P.J. Morgan, Chris Rodgers, Jim Cavanaugh, Clare Duda and Mary Ann Borgeson. Others present during the meeting included Patrick Bloomingdale, Joe Lorenz, Diane Carlson, Marcos San Martin, and Catherine Hall, Administration; Kathy Adair, Karen Buche, and Matt Oberle, Human Resources; Rodger Biddle and Ja'Nene Kane, MassMutual; Dave Beck and Annie Beck, Beck Insurance Solutions/MassMutual; Mary Beck Merica, AFLAC/MassMutual; and Constance Mierendorf, Douglas County Clerk/Comptroller's office. Mary Ann Borgeson chairs the Committee.

A video recording of the meeting is available on the Douglas County Website:

<http://commissioners.douglascounty-ne.gov/board-meetings/videos>

#### Life Insurance Discussion

- Dave Beck, Beck Insurance Solutions/MassMutual, said his company has worked with the County since 2000 and handled the AFLAC program. The Beck group has arrived at a solution to replace the Met Life Insurance plan that was dismantled in early 2016.
- Mr. Beck presented data about Douglas County employee enrollment in Met Life (2015) and Aflac (2011-present). (See Attachment)
- Rodger Biddle presented the MassMutual product as a replacement for the Met Life Plan. The MassMutual plan is available to people even after they leave employment with the County.
- Mr. Biddle said employees are appreciative that this kind of benefit is being offered and presented background information about the population in general:
  - 42% of the population does not know if they can retire comfortably
  - 22% are unsure of what they should do to prepare for their future
  - 34% of working Americans know little or nothing about their employee benefits

- 40% of working Americans say personal financial issues distract them from their work
  - 49% do not know how much they should be spending on benefits
  - 58 million people say they need more life insurance
- Mr. Biddle presented the MassMutual Group Whole Life Insurance plan.
- The plan has a guaranteed level premium, which means that the premium will not change over time. The premiums are permanent and affordable. The premium is not affected if an employee leaves the County for whatever reason.
- Two underwriting types are offered: Guaranteed Issue, based on “actively at work” criteria, and Express Issue, based on 10 simple “medical knock-out questions” for more extreme illnesses. Both issues ask if the applicant has used tobacco or tobacco products in the past 12 months. A surcharge is assessed for tobacco use.
- A unique offering from MassMutual is its guaranteed cash value growth. This means the plan has dividend potential. It is the only participating group policy in the industry. MassMutual has paid dividends every year except one since 1861. The guaranteed cash death benefit remains constant.
- Dividend options include cash accessible to employees, accumulation to increase the death benefit, and premium reduction. The first dividend would be issued at the end of the second policy year. A statement is issued to policy holders every October showing cash value, accessibility to cash and increased death benefit.
- Certificates are individually owned. If the County disallows the benefit or leaves association with MassMutual, employees can keep their certificates at the issued rate.
- Based on new actuarial tables, certificates mature at age 121 and premiums are paid until age 95. Because the population is living longer, there is a need for life insurance beyond the working years.
- The plan offers unisex rates, which is a benefit to men since on average they die 7 years earlier than women do.
- Employee coverage extends from ages 18-75 and spouse coverage extends from ages 18-60. Child and grandchild coverage is also available with a maximum of \$50,000 if both parents own policies. These certificates are also individually owned.
- The minimum face amount is \$10,000 for an employee age 18-60. Employees 61-75 have a minimum face amount of \$5,000 with the ability to buy additional insurance in \$5,000 increments.

- Various riders are available for certificate owners including a rider for a certificate owner who become totally disabled, terminally ill, and a rider for accidental death benefits.
- Certificate owners may continue to add insurance as long as they can successfully answer the 3 Guarantee Underwriting questions. There is no lifetime maximum:
  - Have you used tobacco or other nicotine products in the last 12 months?
  - Are you actively at work at your usual location, maintaining your normal work schedule and performing all duties of your occupation without limitation due to sickness or illness?
  - The 10 Express Issue “knock out questions” include 10 diseases that employees have been diagnosed for in the past 2 years.
- Ja’Nene Kane discussed strategies for communicating and educating employees about the insurance plan. She said MassMutual would send out postcards and meet with employees on site. The goal would be to engage people in advance of the enrollment period, understand their personal situations and keep affordability at the center of the conversation.
- On-line support will also be available so that employees can purchase their plans on the internet. The focus is on making individuals more financially well. Another on-line tool available to employees is “Map My Benefits.”
- Mr. Biddle said that an 18-year-old who opted for \$10,000 of coverage would pay \$1.87/week. At age 65, the cash value would be guaranteed at \$4,382 without dividends or increased death benefits. Rate cards are based on 10-year increments, so the sooner an employee gets into the program, the better.
- Karen Buche said the County’s current program is term insurance that goes down in value after age 65; premiums also go down. As employees get close to retiring, they lose value in their policies. This policy is \$15,000 in basic life insurance and is paid by the County. The MassMutual plan will not be paid by the County.
- Mr. Biddle said the minimum enrollment required is 5; however, he is targeting 20%. The plan will be offered off-cycle, so employees will have the opportunity to give the plan careful consideration. Some employees will keep what they currently have, while others will add MassMutual once the guarantee is locked in. Then they can buy up to the maximum. Buying at the base level locks in an employee’s insurability.
- Ms. Buche said she would communicate with Payroll to see if they can take on another direct pay deduction.
- Commissioner Borgeson asked about the timeline for the program.

- Mr. Biddle said he hoped open enrollment would occur in July and August with a target date of October 1 for start-up. Once rates are set in the summer, they will not change.

The meeting adjourned at 11:52 A.M.