

CRESTLINE SANITATION DISTRICT

*MEMORANDUM*

**DATE:** October 10, 2019

**TO:** BOARD OF DIRECTORS  
Crestline Sanitation District

**FROM:** RICK DEVER  
General Manager

**SUBJECT:** Long-Term Employer Paid Disability Plan (LTD)

**A. RECOMMENDATION**

I recommend the Board of Directors approve the quote for employer paid long-term disability for all employees (20) as presented by Mutual of Omaha Life Insurance Company.

**B. REASON FOR RECOMMENDATION**

I feel it is prudent to protect our employees with an LTD plan. This adds a sense of security for the employees.

**C. OTHER INFORMATION**

Currently the District employees do not have LTD and do not participate in Social Security. The Union negotiators have chosen, if approved, to accept in good faith and not re-open negotiations.

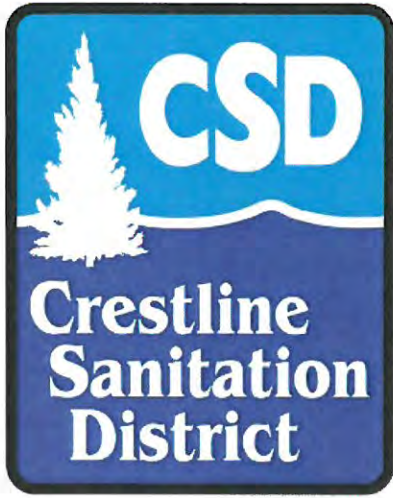
**D. FISCAL INFORMATION**

The total monthly premium for twenty (20) employees is quoted at \$417.75 (an annual cost of \$5,013.00).

**E. ATTACHMENTS**

Letter from IBEW Local 1436  
Group Insurance Proposal





September 30, 2019

To Crestline Sanitation District Board of Directors,

We, IBEW Local 1436 - Crestline Unit, accept in good faith the group insurance proposal of long-term disability insurance from Mutual of Omaha Insurance Company to be paid by the district at no cost to the employee. The Union representatives have chosen not to reopen negotiations for this benefit.

Jordan Dietz

Cory Hubbell

Tina Davis

Rob Lasher

Dave Crabtree



MUTUAL of OMAHA INSURANCE COMPANY  
UNITED of OMAHA LIFE INSURANCE COMPANY

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# GROUP INSURANCE PROPOSAL



*Presented To:*

**Crestline Sanitation District**

*Presented By:*

**Joseph E. Henehan Fin & Ins Svcs Inc**

*Includes:*

**Long-Term Disability**

**September 26, 2019**





Mutual of Omaha

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# LONG-TERM DISABILITY INSURANCE

Proposal for: Crestline Sanitation District  
Alternate: 3.00

The following Long-Term Disability plan is being proposed on a fully-insured basis effective **10/01/19**. This proposal assumes this coverage is underwritten by United of Omaha Life Insurance Company. For additional information about Mutual of Omaha's products and services, visit [mutualofomaha.com](http://mutualofomaha.com).

## ELIGIBILITY

<b>CLASS DEFINITION(S)</b>	<b>Class 1:</b> All Eligible Employees
<b>ELIGIBILITY REQUIREMENT</b>	This proposal provides coverage for all actively at work employees on the policy effective date working the minimum number of hours shown below in the United States, unless otherwise approved by Mutual of Omaha. Certain requirements apply.
<b>MINIMUM WORK HOURS</b>	<b>Class 1:</b> 30 or more hours each week

## BENEFIT SUMMARY

	<b>Class 1</b>
<b>BENEFIT PERCENTAGE</b>	60%
<b>MAXIMUM BENEFIT</b>	\$6,000
<b>GUARANTEE ISSUE</b>	\$6,000
<b>ELIMINATION PERIOD</b>	360 days
<b>ACCUMULATION PERIOD</b>	720 days
<b>ZERO DAY RESIDUAL</b>	Included
<b>OWN OCC DEFINITION</b>	24 months
<b>BENEFIT DURATION</b>	RBD to SSNRA
<b>INTEGRATION</b>	TRA/PERA - No Participation in SS
<b>PRE-EXISTING CONDITION</b>	3/12
<b>MENTAL DISORDERS</b>	24 months - Lifetime
<b>DRUG &amp; ALCOHOL</b>	24 months - Lifetime
<b>MINIMUM BENEFIT</b>	\$100

## PARTIAL DISABILITY

	<b>Class 1</b>
<b>EARNINGS TEST %</b>	99% during the Own Occ period, then 85% thereafter
<b>PARTIAL DISABILITY FORMULA</b>	Mutually Progressive Partial
<b>WORK INCENTIVE</b>	To end of the maximum benefit period

## PARTICIPATION AND COST SUMMARY

<b>PARTICIPATION ASSUMPTIONS</b>	<b>Minimum Participation</b>	<b>Number of Eligible Employees</b>	<b>Contribution Structure</b>
	100%	20	Non-Contributory



## PARTICIPATION AND COST SUMMARY (CONT'D)

COST SUMMARY	Number of Lives	Covered Monthly Payroll	Monthly Rate	Total Monthly Premium	Total Annual Premium
LTD	20	\$112,905	\$0.37 (Per \$100 of Monthly Covered Payroll)	\$417.75	\$5,013.00

**RATE GUARANTEE**      2 Years

**RATE GUARANTEE DATE**    10/01/2021

## ADDITIONAL BENEFITS

**DEFINITION OF MONTHLY EARNINGS**    Month Prior to Disability

**VOLUNTARY VOC REHAB INCENTIVE**    5%

**RECURRENT DISABILITY**    6 months

**SURVIVOR BENEFIT**    3 months

**CONTINUATION FOR FEDERAL AND STATE LAWS**    **Included** – The federal Family and Medical Leave Act (FMLA) and Uniformed Services Employment and Reemployment Rights Act (USERRA) and any amendments thereto, as well as other applicable federal or state laws, may allow continuation of insurance in certain instances for leaves of absence, layoff or termination. Insurance may be continued for the time period allowed by the applicable law, for the employee/member. This provision applies to employer and union groups only, subject to certain conditions.

**EMPLOYEE ASSISTANCE PROGRAM (EAP)**    Basic; 3 face to face visits

**WAIVER OF PREMIUM**    Included

**FICA PAYMENT**    If FICA tax is applicable, we will pay the employer's share of the FICA. This optional service has been included in the premium rates.

**W-2 PREPARATION**    Mutual of Omaha will prepare IRS Form W-2 for each employee who receives benefits under the policy.





# LONG-TERM DISABILITY INSURANCE

## DEFINITIONS

<b>DEFINITION OF DISABILITY</b>	<p>Disability and disabled mean that because of an injury or illness, a significant change in an employee's mental or physical functional capacity has occurred, in which the employee is:</p> <ul style="list-style-type: none"> <li>▪ Prevented from performing at least one of the material duties of his/her regular occupation during the first 24 months of disability and after 24 months, is unable to perform all of the material duties of any gainful occupation; <b>and</b></li> <li>▪ Is unable to generate current earnings which exceed 99% of monthly earnings in his/her regular occupation or if partially disabled, 85% of monthly earnings in any gainful occupation (Mutually Progressive Partial). The claimant may be totally or partially disabled during the elimination period.</li> </ul>
<b>DEFINITION OF PARTIAL DISABILITY</b>	<p><b>Mutually Progressive Partial/Work Incentive Benefit:</b> The progressive partial work incentive benefit allows an employee to return to work, in any capacity, for the maximum benefit duration. The employee is eligible for partial disability benefits upon suffering a one percent earnings loss. The monthly benefit is equal to the total disability benefit, offset by any other income.</p>
<b>DEFINITION OF MONTHLY EARNINGS</b>	<p>Unless otherwise agreed to by Mutual of Omaha, this proposal assumes monthly earnings is the basic gross income received by the employee from the employer for the month immediately prior to the onset of disability.</p> <p>Monthly earnings includes:</p> <ul style="list-style-type: none"> <li>▪ Contributions to deferred compensation plans</li> </ul> <p>Monthly earnings excludes:</p> <ul style="list-style-type: none"> <li>▪ Other Extra Compensation</li> <li>▪ Differentials</li> <li>▪ Overtime</li> <li>▪ Bonuses</li> <li>▪ Commissions</li> </ul>

## ADDITIONAL BENEFITS

The information below is intended to provide more detail about the additional benefits for long-term disability insurance outlined previously in this proposal. These additional benefits may vary by class.

<b>VOLUNTARY VOC REHAB INCENTIVE</b>	<p>When an employee chooses to participate in a rehabilitation plan approved by Mutual of Omaha, the monthly benefit will increase by 5%, subject to certain conditions. Vocational rehabilitation encourages a return to productive employment, focusing on job modification, job placement, re-education/retraining and workplace alteration.</p>
<b>WORKPLACE ALTERATION ASSISTANCE</b>	<p>Mutual of Omaha will provide funding for workplace alteration for employees who could remain at work or return to work with modifications to the worksite environment.</p>
<b>RECURRENT DISABILITY</b>	<p>An employee is eligible for disability benefits without satisfaction of a new elimination period if after returning to work full-time with the Policyholder, disability recurs within 6 months.</p>
<b>SURVIVOR BENEFIT</b>	<p>The benefit pays a survivor or the estate three times the last monthly benefit prior to death when a claimant dies while eligible for benefits.</p>
<b>CONTINUITY OF COVERAGE</b>	<p>Employees will neither gain nor lose coverage solely due to a change in carrier.</p>



- COST OF LIVING FREEZE** Once an employee is receiving LTD benefits, those benefits are not reduced by cost of living increases from Social Security or other sources of income.
- WAIVER OF PREMIUM** Premiums for this coverage are waived for a disabled employee while receiving LTD benefits under this plan.
- MATERNITY COVERAGE** Disability caused by pregnancy or complications with pregnancy are covered on the same basis as a disability caused by any illness.







# EMPLOYEE ASSISTANCE PROGRAM (EAP)

Employee Assistance Program is a practical resource to help employers focus on the health and well being of their employees. Whether employees experience an urgent situation or everyday concerns, Mutual of Omaha's EAP is available to help guide employees through difficult times.

Our EAP provides resources for the resolution of personal and work-related concerns before job performance is impacted, enriching a benefits plan by providing services that employees find immediately valuable. Our EAP services are managed internally by a licensed, masters-degreed staff, providing a cost-efficient professional resource for employees and eligible family members.

## Basic Enhanced EAP services include:

<b>ELIGIBILITY</b>	Employees and their immediate dependents (including spouse, domestic partner, unmarried, dependent children up to age 26 and dependent family members residing with the employee) can use the EAP services.
<b>NATIONAL TOLL-FREE 800 NUMBER</b>	Available 24 hours a day, our toll-free number is answered by a licensed, masters-degreed EAP professional.
<b>ASSESSMENT AND REFERRAL</b>	As appropriate, EAP professionals will work with callers to develop an individual action plan and help them access additional services and local resources.
<b>AWARENESS MATERIALS</b>	Printed brochures, e-flyers, wallet cards and posters are available to provide employees information about EAP. Electronic versions of the information are also available, for printing, e-mailing, or online distribution.
<b>ONLINE RESOURCES</b>	Mutual of Omaha's EAP website offers a variety of resources for employees on relevant, important topics. These resources include articles, videos, audio tracks and links to additional services. This information can be accessed at <a href="http://mutualofomaha.com/eap">mutualofomaha.com/eap</a> .
<b>EAP UTILIZATION REPORT</b>	Available quarterly upon request, our EAP Utilization Report provides valuable information regarding employee use of the program.
<b>ASSISTANCE AREAS</b>	EAP provides assistance, including but not limited to: <ul style="list-style-type: none"> <li>▪ Emotional Well-being</li> <li>▪ Relationships</li> <li>▪ Health and Wellness</li> <li>▪ Work and Career</li> <li>▪ Dependent Care</li> <li>▪ Elder Care</li> <li>▪ Grief</li> <li>▪ Substance Abuse and Addiction</li> <li>▪ Financial &amp; Legal Resources</li> </ul>
<b>FACE-TO-FACE VISITS</b>	An employer can opt to include face-to-face visits for employees with EAP. Mutual of Omaha's dedicated professionals will refer employees to an appropriate provider within the established EAP network.
<b>PROGRAM IMPLEMENTATION RESOURCES</b>	A variety of resources are available to help an employer implement our EAP services in the workplace, including: <ul style="list-style-type: none"> <li>▪ Online employee orientation videos</li> <li>▪ On-site critical incident stress management (CISM)*</li> <li>▪ Educational and wellness seminars*</li> </ul>



*\*Services are available on a fee-for-services basis.*





## RATING CRITERIA

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Some assumptions have been made in the preparation of this proposal. Changes in these assumptions may impact the rates or fees. These assumptions apply to all coverages included in this proposal unless otherwise noted.

<b>SIC CODE</b>	This proposal assumes the applicable Standard Industry Classification (SIC) code for the group is 4953.
<b>SITUS STATE</b>	This proposal assumes the situs state of the group is CA.
<b>ACCEPTANCE</b>	This proposal is contingent upon Mutual of Omaha Home Office review and acceptance of the completed application for coverage. It is recommended that current coverage is not cancelled or dropped until notification acceptance from Mutual of Omaha is received.
<b>LIMITATIONS &amp; STANDARD CONTRACT NOTICE</b>	<p>This proposal is subject to Mutual of Omaha's standard product terms, limitations, and exclusions. Additionally, this proposal requires use of standard system-compatible benefits and contract provisions. Applicable federal and state mandates are added at issuance.</p> <p>This proposal also assumes that all employees/members reside in the situs state of the group. If any employees/members reside outside of the situs state of the group, we must be notified of the number of employees/members by state during the implementation process so that all applicable state mandates can be accommodated.</p> <p>Please refer to a sample standard contract, certificate booklet and/or subscription agreement documents for additional information and detail, available upon request.</p>
<b>ERISA</b>	Each plan presented in this proposal is considered to be an employer-sponsored ERISA benefit plan. If it is determined that any plan presented in this proposal is not an ERISA benefit plan, Mutual of Omaha reserves the right to re-rate or otherwise adjust the proposed plan(s).
<b>PROPOSAL CONDITIONS</b>	<p>Mutual of Omaha reserves the right to re-rate or withdraw this proposal <i>prior</i> to the effective date if any of the following changes:</p> <ul style="list-style-type: none"><li>▪ SIC code</li><li>▪ Employer contributions</li><li>▪ Information regarding disabled or COBRA participants</li><li>▪ For groups that are experience rated - risk increases based on review of the current carrier's claims experience, including open or pended claims</li><li>▪ Demographics (age, gender, occupation, earnings, location and size)</li><li>▪ Plan participation - increase or decrease of 10% or more lives</li><li>▪ Laws, regulations, judicial and/or administrative orders and decisions affecting benefits, cost of administration, or cost of health care services</li><li>▪ Proposed effective date</li><li>▪ Benefits or eligibility</li><li>▪ Premium tax</li></ul> <p>On or after the effective date, Mutual of Omaha reserves the right to change rates or fees if there is a change in any factor listed above. In addition, Mutual of Omaha may change rates or fees any time after the most recent Rate Guarantee Date, provided at least 30 days advance notice of the rate or fee increase has been given to the group.</p>
<b>PROPOSAL EXPIRATION</b>	This proposal is good for 90 days after 9/26/19, or the assumed effective date of the plan, whichever comes first.

