

SFHSS Staff Recommendation for the Request for Proposal for Life and Disability Benefits for the 2026 Plan Year

Health Service Board | May 8, 2025

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Staff Recommendation

Approve, effective January 1, 2026:

1. Life Insurance Company of North America [New York Life] to provide Group Life and Long-Term Disability Insurance to eligible Employees (100% employer-paid), and offer New York Life Supplemental Life and Accidental Death & Dismemberment and Short-Term Disability Insurance (voluntary, 100% employee-paid) to eligible Employees through our third-party benefits administrator for voluntary benefits;
2. Discontinue offering Hartford Life and Accident Insurance Company [Hartford] Group Life and Long-Term Disability Insurance to eligible Employees (100% employer-paid);
3. Discontinue offering Hartford Supplemental Life and Accidental Death & Dismemberment (voluntary, 100% employee-paid) and ManhattanLife Insurance and Annuity Company Short-Term Disability Insurance (voluntary, 100% employee-paid) to eligible Employees through our third-party benefits administrator for voluntary benefits; and
4. Approve program rates for the 2026 plan year for rates presented in this material by New York Life.

Agenda

- Roles and Responsibilities
- Objectives, Targeted Improvements and Outcomes
- RFP Process, Scoring Criteria and Minimum Qualifications
 - Non-Financial, Oral Interview and Financial Scores
 - Annualized Premiums by Respondent
- 2026 Plan Rates—Recommended Respondent
- Next Steps
- Recommendation for HSB Action

Roles and Responsibilities

Section 207 (SFHSS Service Provider and Vendor Selection Policy) of the Health Service Board Governance Policies and Terms of Reference, subsection Roles and Responsibilities establishes “general guidelines by which service providers will be selected, evaluated or terminated by SFHSS”, including the roles of the SFHSS Board (Board) and SFHSS Executive Director:

2) “The role of the Board with respect to the selection of service providers is to...

- c) Approve the aware of contracts with [specified] primary service providers, [including]...
- iv. Third-party administrators retained for services in connection with non-charter benefits and with contract values in excess of \$500,000 annually;

Roles and Responsibilities (cont.)

3) The Executive Director shall:¹

- Initiate and conduct the solicitation for contracts;
- Apprise the SFHSS Board about the selection process; and
- Be responsible for ensuring that all necessary search and due diligence activities are carried out, with assistance from external advisors or experts as required.

¹ The San Francisco Health Service Board Governance Policies and Terms of Reference, *available at* <https://sfhss.org/health-service-board>.

RFP Scope

On December 3, 2024, SFHSS issued a Request for Proposals (RFP) for the following life and disability benefits, with coverage beginning January 1, 2026:

- **Basic Life (Group Life) and Long-Term Disability (LTD)** [employer-paid]
- **Supplemental Life and AD&D** [voluntary, employee-paid]
- **Short-term Disability (STD)** [voluntary, employee-paid] ¹

¹ Life and Disability RFP Announcement, Health Service Board, November 14, 2024

Objectives, Targeted Improvements and Outcomes

<u>Objectives and Targeted Improvements</u>	<u>Outcomes</u>
Maintain best-in-class service and support for Members and families:	Met
- Dedicated ongoing support and resources	Met
- No additional documentation requirements and no loss of coverage	Met
- Reduce complexity and streamline administration for Members	Met
- Align short-term disability and long-term disability under one carrier	Met
- Maintain high-value no-additional-cost services from carriers	Met
Match all union-negotiated terms for Group Life and LTD	Met
No disruption for disabled employees and active/in-process claims	Met
Ensure stability through three (3) year rate and premium guarantees	Exceeded

RFP Process

Event	Date(s)
Notification of Intent to Issue Life and Disability RFP	November 14, 2024
RFP issued	December 3, 2024
Formal question submission period; answers posted to the SFHSS RFP webpage as written addenda	December 3 – January 13, 2025
Deadline for Proposals	March 10, 2025
Verification of Minimum Qualifications	March 10 – 17, 2025
Requests for Clarification	March 17 – April 11, 2025
Actuarial, Panel and Questionnaire Scoring Review	March 11 – April 30, 2025
Oral Interviews	April 28 – 29, 2025
Presentation of SFHSS Staff Recommendation to Health Service Board for Approval	May 8, 2025

Scoring Criteria

Categories	Points [150]
Non-financial elements, bid terms and conditions, operational performance metrics and guarantees, and oral interview	80
Financial elements	70

¹ See Appendix for detailed scoring categories

Minimum Qualifications – Setting a High Bar to Entry

All four (4) Respondents met the Minimum Qualifications to Bid, including:

- Financial rating of A3 (Moody's) and/or A- (S&P, Fitch, AM Best); good-standing in CA/State of organization; compliant with insurance department filing requirements for all applicable states including California;
- Ten (10) or more clients in excess of 20,000 lives (two or more public sector) within the last two years for each of:
 - Life and AD&D
 - Short-Term Disability
 - Long-Term Disability

(continued on following slide)

Minimum Qualifications – Setting a High Bar to Entry (cont.)

All four (4) Respondents met the Minimum Qualifications to Bid, including:

- No Loss of Coverage:
 - "no loss, no gain" provision / unconditionally provide continuous coverage to all current participants;
 - no active employees or disabled employees to lose coverage as a result of the RFP;
- No statement of health or medical evidence for initial group at current in-force coverage amounts;
- Assume all claim fiduciary responsibilities;
- Self-payment of Life and LTD premiums per HSS preferred terms;
- All benefits and product rates are self-sustaining and not cross-subsidized.

See RFP Section 3.2 for the full list of minimum qualifications including procedural and administrative requirements, available at <https://sfhss.org/RFPs>.

Qualified Respondents

The following four (4) insurance carriers¹ met all Minimum Qualifications to Bid, RFP Response (Proposal) Requirements and RFP Deadlines:

- Hartford Life and Accident Insurance Company (Hartford)²
- Life Insurance Company of North America (New York Life)
- Metropolitan Life Insurance Company (MetLife)³
- The Standard Insurance Company (Standard)

¹ Listed in alphabetical order of full carrier legal (business) name. ManhattanLife Insurance and Annuity Company (Manhattan Life) is the incumbent provider of Short-Term Disability Insurance and did not meet the RFP Minimum Qualifications to Bid.

² Hartford is the incumbent (PY2025) provider of Group Life (Basic Life) and Long-Term Disability, and Supplemental Life/AD&D Insurance.

³ SFHSS currently offers MetLife Accident Insurance and Critical Incident Insurance (voluntary, 100% employee-paid) through SFHSS third-party voluntary benefits administrator Workterra. These benefits are outside the scope of the RFP.

Non-Financial, Oral Interview and Financial Scores

Respondents:	Non-Financial¹ [65]	Oral Interview¹ [15]	Financial¹ [70]	Total¹ [150]
New York Life	46.4	12.3	55.3	113.9
Standard	53.4	14.2	25.6	93.2
Hartford	45.1	7.3	33.3	85.7
MetLife	52.2	9.9	21.1	83.2

¹ Rounded to the nearest tenth

Annualized Premiums by Respondent – Basic Life [Employer-paid]

Respondent	Annualized Premiums [2024 RFP Census: \$1,675,211]	Years
Standard	\$1,091,711	2026-2028 3 Years ¹
New York Life	\$1,411,695	2026-2030 5 years
MetLife	\$1,486,985	2026-2030 5 years
Hartford	\$1,675,211	2026-2029 4 Years

Aggregated premiums shown in these materials and used for financial scoring purposes are based upon premium rates for each line of coverage submitted by the Respondents aligned to insurance volumes contained in the February 12, 2025 RFP Census File.

¹ Years 4 and 5 conditioned to loss ratios for prior year experience

Annualized Premiums by Respondent – Long-term Disability

Respondent	Annualized Premiums [2024 RFP Census: \$5,998,420]	Years
New York Life	\$4,264,166	2026-2030 5 Years
Hartford	\$4,796,197	2026-2029 4 Years
Standard	\$5,145,587	2026-2028 3 Years ¹
MetLife	\$6,662,265	2026-2028 3 Years

¹ Years 4 and 5 conditioned to loss ratios for prior year experience

Annualized Premiums by Respondent – Supp. Life/AD&D [employee-paid]

Respondent	Annualized Premiums [2024 RFP Census: \$1,279,722]	Guaranteed Issue [2026]	Years
Standard	\$1,234,135	\$250,000	2026-2028 3 Years ¹
MetLife	\$1,279,722	\$250,000	2026-2030 5 years
New York Life	\$1,279,722	\$100,000	2026-2030 5 years
Hartford	\$1,279,722	\$100,000	2026-2029 4 Years

¹ Years 4 and 5 conditioned to loss ratios for prior year experience

Annualized Premiums by Respondent – Short-term Disability [employee-paid]

Respondent	Annualized Premiums ¹ [2024 RFP Census: \$1,004,546]	Years
MetLife	\$903,756	2026-2028 3 Years
Hartford	\$903,756	2026-2029 4 Years
Standard	\$954,328	2026-2028 3 Years ¹
New York Life	\$1,004,546	2026-2028 3 Years

¹ Years 4 and 5 conditioned to loss ratios for prior year experience

2026 Plan Rates for HSB Approval— Recommended Respondent

Financials - Group Life Insurance (Basic Life)

Basic Life insurance is 100% employer paid, with three benefit amounts available as of February 2025, based on eligibility (\$50,000, \$125,000, \$150,000). Most employees have the \$50,000 coverage level:

Basic Group Life Insurance Coverage	February 2025 Enrolled Employees
\$50,000	25,918
\$125,000	13
\$150,000	2,084
Total	28,015

The Basic Life insurance insured monthly rate per \$1,000 coverage :

2025 (Hartford)	2026 (New York Life / NYL)
\$0.089	\$0.075

Details on Basic Life insurance amounts and plan features for employees can be found at this weblink to the SFHSS webpage: <https://sfhss.org/group-life-insurance>

Financials – Long-Term Disability (LTD) Insurance

Basic LTD insurance is 100% employer paid, with two benefit levels available as of January 1, 2025, based on eligibility (90-day elimination plan with 66.6667% of monthly base earnings benefit, and 180-day elimination plan with 60% of monthly base earnings benefit).

Group Long-Term Disability (LTD)			
LTD Benefit Level	2025 (Hartford) Monthly Rate / \$100 of Coverage	2026 (NYL) Monthly Rate / \$100 of Coverage	Enrolled Employees (February 2025)
60% up to \$5,000 mo. max; 180-day elimination period	\$0.218	\$0.155	19,375
66.6667% up to \$7,500 mo. max.; 90-day elimination period	\$0.197	\$0.140	8,589

Details on long-term disability insurance amounts and plan features for employees can be found at this weblink to the SFHSS webpage: <https://sfhss.org/long-term-disability-insurance>

Financials – Supp. Employee and Dependent Life/AD&D

Supplemental Employee and Dependent Life and Accidental Death and Dismemberment (AD&D) insurance is 100% employee-paid.

Supplemental Employee and Dependent Life				
Age Rated Per \$1,000 of Coverage	2025 Plan Year (Hartford)		2026 Plan Year (New York Life)	
	Non-Smoker	Smoker	Non-Smoker	Smoker
<25	\$0.027	\$0.040	\$0.027	\$0.040
25-29	\$0.034	\$0.048	\$0.034	\$0.048
30-34	\$0.048	\$0.062	\$0.048	\$0.062
35-39	\$0.054	\$0.068	\$0.054	\$0.068
40-44	\$0.068	\$0.080	\$0.068	\$0.080
45-49	\$0.102	\$0.109	\$0.102	\$0.109
50-54	\$0.157	\$0.170	\$0.157	\$0.170
55-59	\$0.293	\$0.320	\$0.293	\$0.320
60-64	\$0.449	\$0.490	\$0.449	\$0.490
65-69	\$0.864	\$0.938	\$0.864	\$0.938
70+	\$1.401	\$1.523	\$1.401	\$1.523

Supplemental Child Life ¹		
Per \$1,000 of Coverage	2025 (Hartford)	2026 (NYL)
Child Life Insurance (Unit of Children)	\$0.120	\$0.120

Supplemental AD&D		
Per \$1,000 of Coverage	2025 (Hartford)	2026 (NYL)
EE Only	\$0.016	\$0.016
Spouse Only	\$0.016	\$0.016
EE & Family	\$0.020	\$0.020

¹ Supplemental child life eligibility: to age 26 (or meet disabled dependent definition)

Financials – Short-Term Disability

Short-Term Disability (STD) insurance is 100% employee-paid.

MEA Employees		
Per \$100 of Coverage, by Issue Age	2025 (Manhattan Life)	2026 (New York Life)
Issue Age 18-39	\$1.50	\$1.50
Issue Age 40-49	\$1.90	\$1.90
Issue Age 50-59	\$2.25	\$2.25
Issue Age 60-69	\$3.90	\$3.90

All Other Employees		
Per \$100 of Coverage, by Issue Age	2025 (Manhattan Life)	2026 (New York Life)
Issue Age 18-39	\$3.26	\$3.26
Issue Age 40-49	\$4.10	\$4.10
Issue Age 50-59	\$4.66	\$4.66
Issue Age 60-69	\$5.60	\$5.60

Financials – Comparison of 2025 to 2026 Premiums

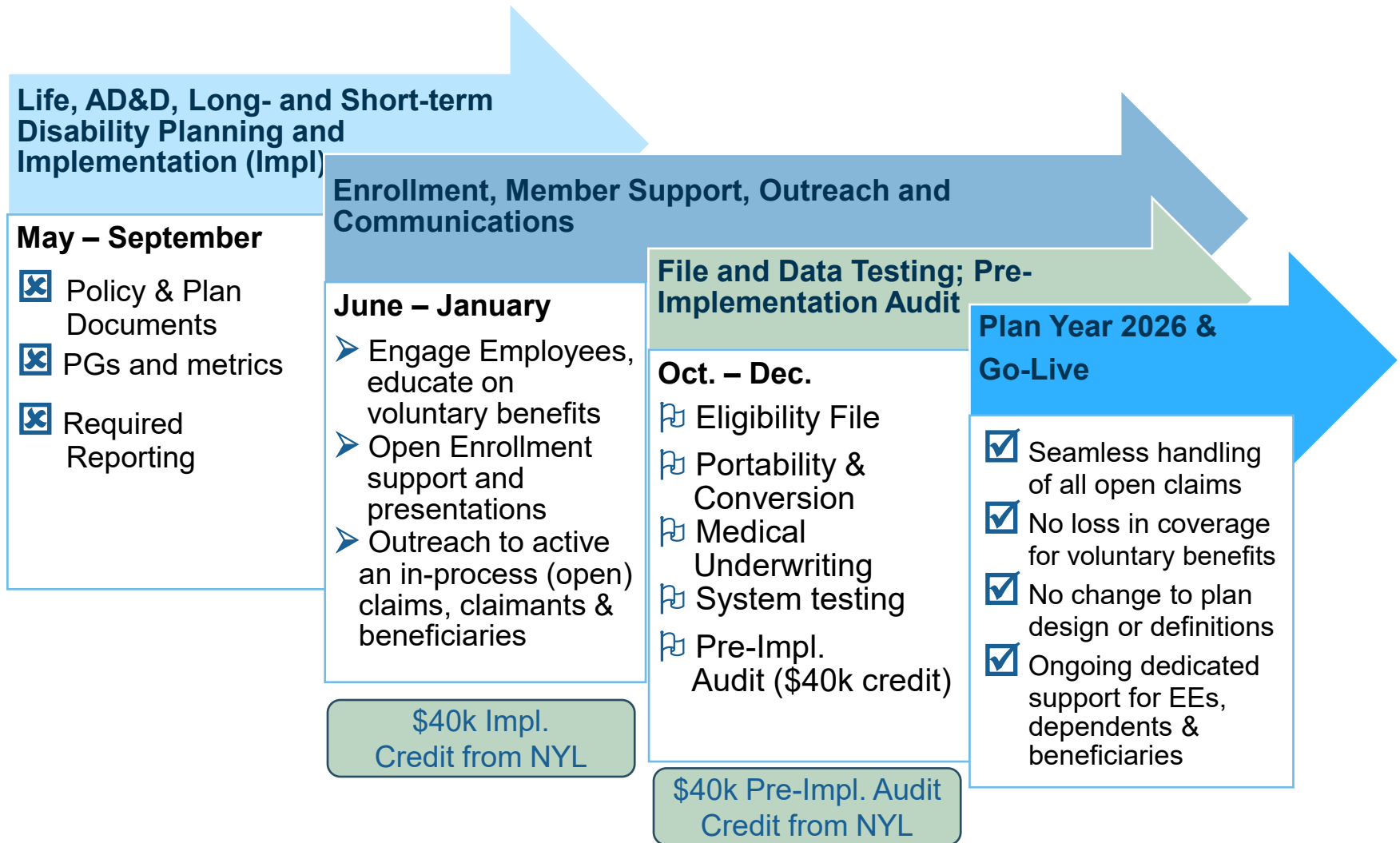
Expected 2026 premiums based on 2025 insurance volumes compared to 2025 premiums based on 2025 insurance volumes and premiums.

	2025 (The Hartford + Manhattan Life) ¹	2026 (New York Life) ¹
EMPLOYER-PAID PLANS		
Group Life (Employee Basic Life) Insurance	\$1,675,000	\$1,412,000
Long-Term Disability (Employee LTD) Insurance	\$5,998,000	\$4,264,000
Total – Employer-paid Plans	\$7,673,000	\$5,676,000
EMPLOYEE-PAID PLANS		
Supplemental Employee Life Insurance	\$933,000	\$933,000
Supplemental Dependent/Child Life Insurance	\$219,000	\$219,000
Supplemental Accidental Death & Dismemberment (AD&D)	\$128,000	\$128,000
Short-term Disability (voluntary)	\$1,005,000	\$1,005,000
Total – Employee-paid Plans	\$2,285,000	\$2,285,000
OVERALL TOTAL PREMIUMS	\$9,958,000	\$7,961,000

¹ Rounded to the nearest 1,000

Next Steps and Staff Recommendation

Next Steps - Transition Timeline



Recommendation for HSB Action

Approve, effective January 1, 2026:

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3. Discontinue offering Hartford Supplemental Life and Accidental Death & Dismemberment (voluntary, 100% employee-paid) and ManhattanLife Insurance and Annuity Company Short-Term Disability Insurance (voluntary, 100% employee-paid) to eligible Employees through our third-party benefits administrator for voluntary benefits; and
4. Approve program rates for the 2026 plan year for rates presented in this material by New York Life.

Appendix

Appendix - Final Ranking

Respondents	Aggregate Score ¹ [out of 150]
New York Life	113.9
Standard	93.2
Hartford	85.7
MetLife	83.2

¹ Rounded to the nearest tenth

Appendix – Scoring Criteria

Category/Product	Description/Notes	Points
<i>Non-financial elements and Oral Interview</i>		
General requirements and account administration	Evaluation of account, executive, implementation members, implementation plan, and associated performance guarantees ²	5
	Performance Guarantees- Implementation & Account Management	5
	Renewal Services	5
	Litigation, government action (CONFIDENTIAL)	1
	Alignment with SFHSS, goals, objectives, systems, diverse member population ²	2
Life and Disability	Audit, Review and Reconciliation Requirements Audit, Review and Reconciliation Requirements	5
Life and Disability	Interfacing, Invoices and Reports	4

² Evaluated during Oral Interview phased (see following page and Oral Interview page in Appendix)

Appendix – Scoring Criteria (cont.)

Category/Product	Description/Notes	Points
Life and AD&D Terms, provisions, definitions	Requirements, exclusions, definitions	5
Life – Underwriting	Incl. guarantee issue (GI); evidence of insurability (EOI)	5
Life - Claim Process and Payment	Administrative, Claims Processing and Operations ³	2
Life – Communications	Communications capabilities, secure communications, customization ³	2
Life – Value-Added Services	e.g., bereavement support, grief counseling, financial counseling, will preparation, funeral planning, travel assistance, identity theft ³	2
Short-term Disability - Claim Management Process	Short Term Disability, Claim Reporting, Communication and Administration ³	3
LTD - Claim Management Process	Long Term Disability Claim Reporting, STD to LTD, & Value-Added Services ³	4

³ Evaluated during Oral Interview phased (see following page and Oral Interview page in Appendix)

Appendix – Scoring Criteria (cont.)

Category/Product	Description/Notes	Points
Scenario	Hypothetical scenario [RFP questionnaire] describing the complex administration and operations of in-scope basic life and LTD benefits administered by SFHSS ⁴	3
Credits	<ul style="list-style-type: none"> ✓ Technology credit ✓ Communications credit ✓ Implementation support credit ✓ Pre-implementation audit cost credit ✓ Evidence of Insurability (EOI) audit cost credit ✓ Claims management audit cost credit 	5
Oral Interview	<p>Q1: Transition from STD to LTD and the Lifecycle of a Hypothetical Claim; Appeal Process</p> <p>Q2: Educating Members about Voluntary Benefits (OE)</p> <p>Q3: Hypothetical transition and implementation scenario for third-party benefits administration</p>	15
Terms and Conditions	Operational performance guarantees, rates/administration terms and conditions	5

Appendix – Scoring Criteria (cont.)

Category/Product	Description/Notes	Points
<i>Financial elements</i>		
Premium - Employer Paid - Basic Life	17.5% of annual premium ¹	10
Premium - Employer Paid – LTD	62.8% of annual premium	35
Premium - Employee Paid - Supp Life/AD&D	12.6% of annual premium	5
Premium - Employee Paid - STD	7.1% of annual premium	5
Rate Guarantee	three (3) year minimum required	7
Multi-Year Rate Guarantee	Recommended 4-5 years	8

¹ 2024 annual premium from census

² Years 1-3 Sum; lowest aggregate premium = full points; linear assignment of points to others based on percentage over lowest (max 20% over – 20% or higher over lowest in this category earns 0 points)

Appendix – Oral Interview Questions

SFHSS conducted oral interviews with all four (4) qualified and responsive bidders (Respondents) on April 28th and April 29th. Oral interviews were evaluated and scored by the RFP Evaluation Panel. In addition to a five (5) minute opening statement and five (5) minute closing statement, each Respondent was provided ten (10) minutes per question to respond to the following three (3) hypothetical scenarios:

1. Transition from STD to LTD and the Lifecycle of a Hypothetical Claim; Appeal Process

In this hypothetical scenario you are asked to describe the lifecycle of a long-term disability (LTD) claim for a 42-year-old City and County of San Francisco (City) employee (Employee).

Part A: Employee on STD transitioning to LTD

- The Employee is a full-time employee in their eleventh (11th) year with the City¹
- Employee is a member of the Municipal Executives Association (Miscellaneous) Union
- Employee had elected and enrolled in voluntary Short-term Disability coverage (STD)
- Employee suffered a non-occupational covered illness or injury and is currently in the middle of their three (3) month STD benefit period

Part B: Employee is denied due to a finding that the employee does not meet the definition of disability under the LTD policy

- Assume the LTD claim is initially denied and the Employee decides to appeal the decision.

Appendix – Oral Interview Questions (cont.)

[1. Transition from STD to LTD and the Lifecycle of a Hypothetical Claim; Appeal Process (cont.)]...

In your presentation, describe timelines, key dates and deadlines, and the roles and responsibilities for

- (a) the Employee
- (b) the San Francisco Health Service System,
- (c) the Employee's department (The San Francisco Public Utilities Commission or PUC)*,
- (d) the Employee's treating physician (assume one treating physician/practice), and
- (e) members of your organization.

Detail any assumptions not in the above facts.

See <https://sfhss.org/long-term-disability-insurance>, <https://sfhss.org/voluntary-benefits> and the terms of the RFP (<https://sfhss.org/RFPs>).

¹ prior to going on short-term disability leave

² If applicable, based on your response to the RFP, your response should include the process for working with and collecting data from the Employee's department should PeopleSoft integration not be available.

Appendix – Oral Interview Questions (cont.)

2. Educating Members about their Voluntary Benefits.

In this hypothetical scenario you are selected as the highest-ranking respondent to this RFP. You have been asked to present a live webinar to active employees during Open Enrollment in October 2025 about your voluntary Supplemental Life and AD&D and voluntary Short-term Disability benefits. Please note that SFHSS conducted a survey of employees who registered to attend. The overwhelming majority have never enrolled in either voluntary benefit while with the City and County of San Francisco.

The goals of the presentation are to:

- (a) explain the benefits that are available,
- (b) increase understanding of benefits by employees,
- (c) inform employees of any value-added benefits and services, and
- (d) increase enrollment for plan year 2026.

Assume for your presentation that you are presenting to the hypothetical Open Enrollment attendees, not the RFP Evaluation Panel.

Appendix – Oral Interview Questions (cont.)

3. Transitioning from a Third-party Benefit Administrator for Plan Year 2028.

The City and County of San Francisco currently works with a third-party administrator to enroll eligible SFHSS members into voluntary benefit programs. Enrollment in voluntary benefits is maintained by our third-party administrator. This third-party administrator has both a call-center and an integrated application which members may access to facilitate enrollment, and to answer any benefit questions related to voluntary products.

In this hypothetical scenario, you are in your second year administering life and disability benefits as a result of this RFP (2027).

Part 1: SFHSS decides in April 2027 to migrate both the voluntary Supplemental Life and AD&D and the Short-term disability insurance plans away from the SFHSS' third-party administrator with the expectation that you will manage and administer the enrollment and provide services to SFHSS members beginning plan year 2028.

Please include the following:

- (a) how your organization will provide the same or similar services and member-experience,
- (b) the engagement unit which will work with our employees, and
- (c) the process for notifying members and gathering evidence of insurability (EOI) during the enrollment process,

Part 2: Also, in this role, you would be receiving a payroll deduction file from City for enrolled members. In various instances, a member may not receive a paycheck and thus no payroll deduction would be sent.

Please comment on the actions taken by your organization when payment is missed by an enrollee, how the enrollee is notified, and how this has an impact on the member eligibility going forward for the year.