

DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION

STATE INSURANCE COMMITTEE DECISIONS REPORT

DELIVERED PURSUANT TO SECTION 5 PART A OF
THE COUNCIL ON PENSIONS AND INSURANCE
STATE INSURANCE COMMITTEE POLICY
DOCUMENT AS REFERENCED IN TCA 8-27-
203(A)(3)

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DECISIONS MADE SEPTEMBER 16TH, 2016

Disability Products Offered

During the June 30th, 2016 meeting, the State Insurance Committee approved a contract for voluntary short term and long term disability plans for state plan members, which includes higher education employees and dependents. Higher education institutions currently have a long term disability product, which this contract was intended to replace. Subsequent to this award, it was determined that the pricing of the long-term disability plans approved in June would have significantly disadvantaged some higher education members as compared with their current contract. Higher education advised Benefits Administration that it could not participate in the newly awarded contract due to the financial impact to its employees. The vendor then notified the State that it could not honor the proposed rates without the participation of higher education employees.

Based on these actions and in consultation with the Central Procurement Office, Benefits Administration restructured the contract cost proposal and entered into a competitive negotiation between the two initial responsive bidders. At the September 16th, 2016 meeting the State Insurance Committee reconsidered their June 30th action and considered the results of the competitive negotiation. Higher education indicated that their members will only participate in the short-term disability product.

Committee Action

Comptroller Wilson made a motion that the State Insurance Committee rescind its contract award initially made on June 30, 2016 to The Standard for short term and long term disability coverage. Commissioner Hunter seconded the motion which passed with the following roll call vote:

Martin	yes	Preston	yes
Wilson	yes	Stamps	yes
Bachus	yes	Sargent	yes
Trice	yes	Campbell	yes
Hunter	yes	Henderson	yes

Based upon the competitive negotiation process results, Comptroller Wilson made a motion that the State Insurance Committee award a contract to MetLife for provision of short term and long term disability coverage with coverage effective 2018. Rep. Sargent seconded the motion which passed with the following roll call vote:

Martin	yes	Preston	yes
Wilson	yes	Stamps	yes
Bachus	yes	Sargent	yes
Trice	yes	Campbell	yes
Hunter	yes	Henderson	yes