

EXECUTIVE COUNCIL OF IOWA AGENDA

State Capitol - Robert D. Ray Conference Room (G09) 10:00 a.m.

SEPTEMBER 30, 2013

1. Introduction of Attendees
2. Approval of minutes of meeting held September 23, 2013
3. Personal Appearance –
 - A. Ed Holland, Department of Administrative Services, HRE will be present to request approval of Annual Group Insurance Renewals.
TAB # 1
4. Outside CPA Firm - Page 1
TAB # 2
5. Emergency Allocations – Pages 1 - 3
6. Payment of Cost Items – Page 3

4. **Outside CPA Firm**

- A. Request from Mary Mosiman, Auditor of State to employ the services of McGladrey LLP to perform the annual audits of the Office of Auditor of State, the State Executive Council, the State Appeal Board, the Tobacco Settlement Authority and the Honey Creek Premier Destination Park Authority for years ending June 30, 2013, 2014 and 2015. The total reimbursement shall not be for more than \$57,400, \$58,500 and \$59,500, respectively.

TAB # 2

5. **Emergency Allocations**

- A. Iowa Communications Network is requesting an emergency allocation in the amount of \$2,748.56. On or about May 19, 2013 lightning caused damage to HVAC Control Board in Independence. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract have been included.

- B. Iowa Communications Network is requesting an emergency allocation in the amount of \$6,103.60. On or about April 29, 2013 ICN cable was damaged due to rodent chew along Highway 20 near Dyersville. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract have been included.

- C. Iowa Communications Network is requesting an emergency allocation in the amount of \$9,499.46. On or about January 22, 2013 ICN cable was damaged due to rodent chew along Highway 30, east of Cedar Rapids. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract have been included.

- D. Iowa Communications Network is requesting an emergency allocation in the amount of \$6,620.92. On or about February 27, 2013 ICN cable was damaged due to rodent chew North of Rockwell. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract have been included.

- E. Iowa Communications Network is requesting an emergency allocation in the amount of \$8,992.25. On or about April 16, 2013 damage to ICN cable due to erosion and flooding along US Highway 34 near MP 159 in Monroe County. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract have been included.

- F. Iowa Communications Network is requesting an emergency allocation in the amount of \$15,521.11. On or about February 20, 2013 damage to ICN cable due to erosion and flooding along US Highway 34 at 197th Trail in Monroe County. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract have been included.

- G. Iowa Communications Network is requesting an emergency allocation in the amount of \$11,278.46. On or about March 8, 2013 ICN cable was damaged due to flooding near a box Culvert under US Highway 34 between Ottumwa and Albia. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract have been included.

- H. Iowa Communications Network is requesting an emergency allocation in the amount of \$2,484.16. On May 28, 2013 equipment in the ICN room was damaged due to flooding in the Kirkwood Community College in Tipton. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract have been included.

- I. Iowa Communications Network is requesting an emergency allocation in the amount of \$68,232.24. On June 24, 2013 equipment in the ICN Telecommunications Room at Kirkwood Community College was damaged due to heavy rain and flooding. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices and supporting documentation and demonstration that no costs covered by the maintenance contract or KCC's insurance provider have been included.

- J. Department of Administrative Services is requesting an emergency allocation in the amount of \$13,650.00. On May 31, 2013 the parking lot at the IWD Building was damaged due to heat causing buckling. Request is to cover repair costs.

The State Auditor's Office has reviewed this request and recommends allocation, subject to audit of actual invoices.

6. Payment of Cost Items

- A. Iowa Communications Network \$14,552.78
On February 1, 2012 damage to fiber optic cable due to erosion in the south ditch of Highway 34 in Lucas County, Cedar Township. Request is to cover repair costs.

The State Auditor's Office has reviewed the invoices and recommends payment. This represents full and final payment, \$3,204.20 will be reverted and this allocation closed.



EXECUTIVE COUNCIL
2013 SEP 26 AM 8:06

September 30, 2013

MEMORANDUM

TO: The Honorable Terry E. Branstad, Governor
The Honorable Matt Schultz, Secretary of State
The Honorable Mary Mosiman, Auditor of State
The Honorable Michael L. Fitzgerald, Treasurer of State
The Honorable William H. Northey, Secretary of Agriculture & Land Stewardship

FR: Ed Holland, Division Administrator
Department of Administrative Services - HRE

RE: Annual Group Insurance Renewal

Enclosed please find a summary of the 2014 renewal report for the State employees' group insurance program. The insurance changes will become effective January 1, 2014. The health premiums will be going up approximately 9.0% this means that over the last two years the State has enjoyed an average increase of 1.5% which is well below market. The dental rates will not be changing from 2013, the long term disability rates will be decreasing by 7.3%, and the basic term life premiums are decreasing significantly (-18.5%). The Life and LTD rates will be held constant for the next four years due to an RFP we conducted this past winter.

The renewal document reflects that:

- The Health rates for the overall state plan are increasing by approximately 9%. This does not include State Peace Officers' Council (SPOC) plan which is referenced below.
- The United Electrical/Iowa United Professional (UE/IUP) group has a different indemnity plan than the American Federation of State, County, and Municipal (AFSCME), AFSCME Judicial, and Public Professional and Maintenance (PPME) groups.
- The UE/IUP state share will continue to be an 85/15% split of the family premium cost of Iowa Select. The state share of Iowa Select will be applied to all other family plans for UE/IUP employees. The State will continue to pay 100% of single and double spouse contracts.
- The AFSCME, AFSCME Judicial and PPME state share will also continue to be an 85/15% split of the family premium cost of Iowa Select. The state share of Iowa Select will be applied to all other family plans for these employees. The State will continue to pay 100% of single and double spouse contracts.

- There will be no overall increase for SPOC from July 1, 2013 to the rates that will go into effect January 1, 2014, there will be differences in the individual rates because SPOC will be moving from a single/family arrangement to a single/ employee+spouse/ employee+ child(ren)/ family, four tier arrangement.
- The SPOC state share will be changing from an 85/15% split of the family premium cost and 100% of single and double spouse contracts to 80/20% of the total health insurance premium. However, by participating in the **Healthy Opportunities Wellness Program**, SPOC employees can reduce the amount of their health insurance premium contribution.
- Executive branch non-contract employees will also share in the cost of health insurance by paying 20% of the total health insurance premium. These employees will also be given the opportunity to participate in the **Healthy Opportunities Wellness Program**, which will allow these employees to reduce the amount of their health insurance premium contribution.
- By participating in the **Healthy Opportunities Wellness Program**, eligible employees can reduce the amount of their health insurance premium contribution in 2014 by:
 - \$90/month for non-contract employees
 - \$62/month for SPOC-covered employees
- To participate in the **Healthy Opportunities Wellness Program** and receive the 2014 premium reduction incentive, employees must complete the following during the designated timeframes:
 - Step 1: **Biometric screening** from **October 1, 2013 – November 1, 2013**
 - Step 2: **Health assessment** from **November 1, 2013 – November 27, 2013**
 - Step 3: **Elect to participate** in the wellness program in IowaBenefits during the annual enrollment and change period.
- After this year's renewal, the Delta Dental premiums will be the same as 2013 rates and the same as the 7/1/13 rates for SPOC employees.
- Basic Term Life insurance rates are decreasing 18.5% this year. We conducted an RFP this past winter and again selected the Hartford. We have negotiated a lower multi-year fixed rate for the first 4 years of the contract.
- Basic Term Life insurance rates are decreasing 7.3% this year. We conducted an RFP this past winter and again selected the Hartford. We have negotiated a lower multi-year fixed rate for the first 4 years of the contract.
- Life fund surpluses will no longer be used to buy down basic term life rates as the reserves have been exhausted.
- The Insurance Committee unanimously approved DAS bringing all insurance rates to the Executive Council on September 25, 2013.

Summary:

Through the actions of DAS-HRE, we are able to present the committee with a single digit Wellmark premium increase which is somewhat offset by the lack of increase for dental insurance, and a decrease in Life and LTD rates.

DAS-HRE is asking the Executive Council to do the following:

- Approve the health and dental premium rates.
- Approve non-contract, executive branch, employees continue to have access to Deductible 3 Plus, Iowa Select and the MCO options available but with a 20% contribution which can be offset by participation in the **Healthy Opportunities Wellness Program**.
- Approve the Life and LTD premium rates.

Note: Deloitte Consulting, LLP. comments supporting the renewals are included where appropriate.



2014 Group Insurance Renewal

Department of Administrative Services
Human Resources Enterprise

Prepared by Ed Holland



Risk & Benefits Management



September 2013

2014 Group Insurance Renewal

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**Wellmark Premium Rates – Executive Branch Non-Contract
(Wellness Incentive Included)**

Wellmark	Contract Type	2013 Voluntary Rates			Percent Inc/(Dec)	2014		
		Total Premium	State Share	Employee Share		Total Premium	State Share	Employee Share
Program 3 Plus	Single Family	\$719.93	\$575.95	\$143.98	9.1%	\$785.17	\$718.15	\$67.02
		\$1,683.32	\$1,346.66	\$336.66	9.1%	\$1,837.31	\$1,559.85	\$277.46
Deductible 3 Plus	Single Family	\$724.26	\$579.42	\$144.84	9.1%	\$789.81	\$721.93	\$67.98
		\$1,693.47	\$1,354.29	\$338.68	9.1%	\$1,848.41	\$1,568.73	\$279.68
Iowa Select	Single Family	\$717.72	\$574.18	\$143.54	9.1%	\$782.74	\$716.20	\$66.54
		\$1,678.13	\$1,342.15	\$335.62	9.1%	\$1,831.63	\$1,555.31	\$276.32
Blue Access	Single Family	\$448.44	\$358.76	\$89.68	8.8%	\$488.00	\$480.40	\$7.60
		\$1,047.98	\$838.38	\$209.60	9.0%	\$1,141.87	\$1,003.51	\$138.36
Blue Advantage	Single Family	\$431.45	\$345.17	\$86.28	8.8%	\$469.40	\$465.52	\$3.88
		\$1,008.28	\$806.62	\$201.66	8.9%	\$1,098.41	\$968.73	\$129.68

Assumes Participation in Wellness Program Requirements

**Wellmark Premium Rates – Executive Branch Non-Contract
(Wellness Incentive Not Included)**

Wellmark	Contract Type	2013 Voluntary Rates			Percent Inc/(Dec)	2014		
		Total Premium	State Share	Employee Share		Total Premium	State Share	Employee Share
Program 3 Plus	Single Family	\$719.93	\$575.95	\$143.98	9.1%	\$785.17	\$628.15	\$157.02
		\$1,683.32	\$1,346.66	\$336.66	9.1%	\$1,837.31	\$1,469.85	\$367.46
Deductible 3 Plus	Single Family	\$724.26	\$579.42	\$144.84	9.1%	\$789.81	\$631.93	\$157.98
		\$1,693.47	\$1,354.29	\$338.68	9.1%	\$1,848.41	\$1,478.73	\$369.68
Iowa Select	Single Family	\$717.72	\$574.18	\$143.54	9.1%	\$782.74	\$626.20	\$156.54
		\$1,678.13	\$1,342.15	\$335.62	9.1%	\$1,831.63	\$1,465.31	\$366.32
Blue Access	Single Family	\$448.44	\$358.76	\$89.68	8.8%	\$488.00	\$390.40	\$97.60
		\$1,047.98	\$838.38	\$209.60	9.0%	\$1,141.87	\$913.51	\$228.36
Blue Advantage	Single Family	\$431.45	\$345.17	\$86.28	8.8%	\$469.40	\$375.52	\$93.88
		\$1,008.28	\$806.62	\$201.66	8.9%	\$1,098.41	\$878.73	\$219.68

Does Not Assume Participation in Wellness Program Requirements

Wellmark Premium Rates – All Contract Covered Groups

Wellmark	Contract Type	2013			Percent Inc/(Dec)	2014		
		Total Premium	State Share	Employee Share		Total Premium	State Share	Employee Share
Program 3 Plus	Single Family	\$709.31	\$709.31	\$0.00	9.1%	\$773.54	\$773.54	\$0.00
		\$1,658.45	\$1,405.21	\$253.24	9.1%	\$1,810.09	\$1,533.67	\$276.42
Deductible 3 Plus	Single Family	\$713.09	\$713.09	\$0.00	9.1%	\$777.68	\$777.68	\$0.00
		\$1,667.32	\$1,405.20	\$262.12	9.1%	\$1,819.80	\$1,533.66	\$286.14
Iowa Select	Single Family	\$707.05	\$707.05	\$0.00	9.1%	\$771.07	\$771.07	\$0.00
		\$1,653.18	\$1,405.20	\$247.98	9.1%	\$1,804.31	\$1,533.67	\$270.64
Blue Access	Single Family	\$440.96	\$440.96	\$0.00	8.8%	\$479.81	\$479.81	\$0.00
		\$1,030.49	\$1,030.49	\$0.00	9.0%	\$1,122.73	\$1,122.73	\$0.00
Blue Advantage	Single Family	\$424.43	\$424.43	\$0.00	8.8%	\$461.71	\$461.71	\$0.00
		\$991.86	\$991.86	\$0.00	8.9%	\$1,080.44	\$1,080.44	\$0.00

**Wellmark Premium Rates – SPOC
(Wellness Incentive Included)**

Wellmark	Contract Type	FY '14 (First 6 Months)			Percent Inc/(Dec)	PY 2014		
		Total Premium	State Share	Employee Share		Total Premium	State Share	Employee Share
Alliance Select	Single	\$430.94	\$430.94	\$0.00	(12.1)%	\$378.63	\$364.91	\$13.72
	EE+Spouse	N/A	N/A	N/A	N/A	775.43	682.35	93.08
	EE+Children	N/A	N/A	N/A	N/A	716.75	635.41	81.34
	Family	\$1,077.22	\$915.64	\$161.58	7.9%	\$1,162.02	\$991.62	\$170.40

**Wellmark Premium Rates – SPOC
(Wellness Incentive Not Included)**

Wellmark	Contract Type	FY '14 (First 6 Months)			Percent Inc/(Dec)	PY 2014		
		Total Premium	State Share	Employee Share		Total Premium	State Share	Employee Share
Alliance Select	Single	\$430.94	\$430.94	\$0.00	(12.1)%	\$378.63	\$302.91	\$75.72
	EE+Spouse	N/A	N/A	N/A	N/A	775.43	620.35	155.08
	EE+Children	N/A	N/A	N/A	N/A	716.75	573.41	143.34
	Family	\$1,077.22	\$915.64	\$161.58	7.9%	\$1,162.02	\$929.62	\$232.40

Does Not Assume Participation in Wellness Program Requirements

2014 Managed Care Service Areas (Map)*



*Shaded counties are covered by the managed care carrier network

Delta Dental Premium Rates

**American Federation of State County and Municipal Employees (AFSCME),
Non-Contract, AFSCME Judicial Employees &
Public Professional and Maintenance Employees (PPME)**

ACTUAL DENTAL INSURANCE RATES							
Delta Dental	2013			Percent Inc/(Dec)	2014		
	Total Premium	State Share	Employee Share		Total Premium	State Share	Employee Share
(S)	\$29.13	\$29.13	\$0.00	0.00%	\$29.13	\$29.13	\$0.00
(F)	\$78.29	\$39.15	\$39.14	0.00%	\$78.29	\$39.15	\$39.14

United Electrical/Iowa United Professionals (UE/IUP)

ACTUAL DENTAL INSURANCE RATES							
Delta Dental	2013			Percent Inc/(Dec)	2014		
	Total Premium	State Share	Employee Share		Total Premium	State Share	Employee Share
(S)	\$29.13	\$29.13	\$0.00	0.00%	\$29.13	\$29.13	\$0.00
(F)	\$78.29	\$29.13	\$49.16	0.00%	\$78.29	\$29.13	\$49.16

State Peace Officers Council (SPOC)

ACTUAL DENTAL INSURANCE RATES							
Delta Dental	2013 (Last 6 Months)			Percent Inc/(Dec)	2014		
	Total Premium	State Share	Employee Share		Total Premium	State Share	Employee Share
(S)	\$30.59	\$30.59	\$0.00	0.00%	\$30.59	\$30.59	\$0.00
(F)	\$76.91	\$59.99	\$16.92	0.00%	\$76.91	\$59.99	\$16.92

Note: The only difference between tables is the collectively bargained State and Employee shares.

Estimated Actual Insurance Funding

Annual Totals for Active Employees

Increase/Decrease in State contribution to total group insurance cost = 6.4% Increase
 Increase/Decrease in Employee contribution to total group insurance cost = 19.4% Increase
 Increase/Decrease in Total Premium cost = 7.2% Increase

	2013			2014		
	State Contribution	Employee Contribution	Total Premium	State Contribution	Employee Contribution	Total Premium
PPO/Indemnity*	\$118,585,099	\$10,210,624	\$128,795,723	\$110,035,543	\$10,289,275	\$120,324,818
MCOs	\$188,777,849	\$148,685	\$188,926,534	\$212,529,493	\$3,095,373	\$215,624,866
SPOC	NA	NA	NA	\$5,850,996	\$904,729	\$6,755,725
Subtotal	\$307,362,948	\$10,359,309	\$317,722,257	\$328,416,032	\$14,289,377	\$342,705,409
Dental	\$11,329,266	\$7,722,460	\$19,051,726	\$11,453,091	\$7,726,322	\$19,179,413
Basic Life	\$1,047,116	\$0.00	\$1,047,116	\$871,589	\$0.00	\$871,589
Supp. Life	\$0.00	\$2,517,088	\$2,517,088	\$0.00	\$2,587,214	\$2,587,214
Subtotal	\$1,047,116	\$2,517,088	\$3,564,204	\$871,589	\$2,587,214	\$3,458,803
LTD	\$4,097,512	\$0.00	\$4,097,512	\$3,770,112	\$0.00	\$3,770,112
GRAND TOTAL	\$323,836,842	\$20,598,857	\$344,435,699	\$344,510,824	\$24,602,912	\$369,113,736

Assumes all eligible for Wellness participate.

STATE OF IOWA *2014 Medical and Dental Plan Renewal Report*

Background

Deloitte Consulting LLP (Deloitte) has been retained by the State of Iowa Department of Administrative Services (the Department) to review the appropriateness of the medical and dental plan renewals prepared by the State's current providers.

The State currently contracts with Wellmark Blue Cross and Blue Shield of Iowa (Wellmark) under a minimum premium arrangement offering five medical plans. The State also contracts with Delta Dental under a minimum premium arrangement for its dental plan.

We analyzed the proposed medical and dental renewal rates and all supporting information provided to determine if the proposed fees and underwriting were appropriate. This report outlines our approach and observations from our review of the renewals.

Wellmark Minimum Premium Plans

Wellmark was required to complete a comprehensive data filing as part of the 2014 renewal process. In addition, Wellmark provided a detailed renewal calculation and other requested data submissions. Deloitte Consulting reviewed the following areas to evaluate the reasonableness of the rate renewal:

- Observed and projected trend assumptions
- Per member per month (PMPM) claim levels and costs
- Administration, disease management, and retention fees
- Other adjustment factors
- Overall rating methodology

Our initial observations of the renewal were that the calculations were reasonable and yielded a projected increase in an acceptable range.

Claims experience for the period used in the 2014 projections showed a per employee increase near market trend levels (mid-single digits) compared to the prior twelve month period. The overall underwriting trend factors used in the projection took into account the State's specific historical experience as well as Wellmark's corporate trend factors and resulted in blended factors below market trend levels (the approximate annual trend factor used was 2.9% in aggregate).

Retention included in the projected 2014 rates including administrative fees, network access fees, margin, terminal liability, etc. is projected to decrease 1.2% primarily due to a reduction in the cost to administer the disease management programs.

The resultant projected increase for 2014 maximum liability rates compared to the mature 2013 terminal liability rates is 5.6%.

Because 2013 is the first year of a new contract period, the terminal liability provisions of the previous contract cover the cost of claims incurred toward the end of 2012 but paid in 2013 (run-out). Due to this, the actual maximum liability rates for 2013 are somewhat lower than typical (or immature). With 2014 being the second year in the new contract the cost for claims incurred in 2013 and paid in 2014 now must be included in the maximum liability rates (i.e., they are now mature rates). Due to this change from immature to mature rates the resultant increase in actual premium rates was initially projected to be approximately 12%.

After negotiations with Wellmark, the required maximum liability rates were reduced resulting in an increase in total premium rates of approximately 9% over 2013 levels.

Note: The State of Iowa will be required to pay certain fees required by the Patient Protection and Affordable Care Act (PPACA) during 2014. These fees have not been included in the maximum liability rates discussed above and it is our understanding that the State will be paying the fees from other sources during 2014.

Delta Dental Minimum Premium Plan

Delta Dental was required to complete a comprehensive data filing as part of the 2014 renewal process.

Deloitte reviewed the following areas to evaluate the reasonableness of the rate renewal and conformity to the contract:

- Observed and projected trend assumptions
- Per member per month (PMPM) claim levels and costs
- Administration fees
- Other adjustment factors
- Overall rating methodology

We found the assumptions and methodology used in the renewal calculations to be reasonable. The overall rating calculated a 0% required increase for 2014.

Summary

To conclude, Deloitte Consulting has reviewed the 2014 State of Iowa medical and dental renewals in detail and believe the proposed ratings and methodologies used are reasonable and appropriate. We recommend accepting the proposed rates.

2014 Health & Dental Recommendations

DAS-HRE is asking the Insurance Committee to do the following:

- A. Approve the health and dental premium rates for Executive Council Review.
- B. Approve for Executive Council Review, that non-contract, executive branch, employees continue to have access to Deductible 3 Plus, Iowa Select and the MCO options available but with a 20% contribution which can be offset by participation in the Healthy Opportunities Wellness Program.

Actual Life & Long-Term Disability Premium Rates

American Federation of State County and Municipal Employees (AFSCME), United Electrical/Iowa United Professionals (UE/IUP), Non-Contract, Judicial AFSCME, & Public Professional and Maintenance employees (PPME)

Basic Life Monthly Premium Rates			
	Plan Year 2013 (20,000)	Plan Year 2014 (20,000)	Percent Inc/(Dec)
Under 65 - \$20,000	\$4.10	\$3.34	(18.5%)
65 – 69 - \$13,200	\$2.71	\$2.20	(18.8%)
70 – 74 - \$8,300	\$1.70	\$1.39	(18.2%)
75 & Over - \$5,700	\$1.17	\$0.95	(18.8%)

State Police Officer's Council (SPOC)

Basic Life Monthly Premium Rates			
	Plan Year 2013 (20,000)	Plan Year 2014 (50,000)	Percent Inc/(Dec)
Under 65 - \$20,000	\$4.10	\$8.35	103.7%
65 – 69 - \$13,200	\$2.71	\$5.51	103.3%
70 – 74 - \$8,300	\$1.70	\$3.47	104.1%
75 & Over - \$5,700	\$1.17	\$2.38	103.4%

Long-Term Disability (LTD) Premium Rates		
Plan Year 2013	Plan Year 2014	Percent Inc/(Dec)
\$0.370 per \$100 covered monthly compensation	\$0.343 per \$100 covered monthly compensation	(7.3%)
<p>Formula for monthly LTD cost =</p> <p><u>Biweekly Salary (to annual maximum of \$60,000) X 26 X .00343</u></p> <p style="text-align: center;">12</p>		

STATE OF IOWA

2014 Life Insurance and Long Term Disability Renewal Report

Background

The State currently contracts with The Hartford to provide both Life and LTD insurance. The contract with The Hartford will expire on December 31, 2013. Therefore, the Department was required to release a Request for Proposals (RFP) for these plans.

Deloitte Consulting LLP (Deloitte) has been retained by the State of Iowa Department of Administrative Services (the Department) to assist in the review and scoring of the cost sections of the vendor proposals.

RFP Process

Proposals were initially received from five vendors. Two of the responses were deemed non-compliant with the requirements set forth in the RFP leaving three vendors to be evaluated. After the initial review of the qualitative responses by the Department and of the quantitative responses by Deloitte, two finalists were selected and asked to provide best-and-final (BAFO) bids.

RFP Results

As a result of the combined scoring of qualitative and quantitative BAFO proposals, The Hartford was retained as the life and LTD insurance carrier under the new contract to be effective January 1, 2014.

The Hartford's bid will reduce basic life and AD&D premium rates by a combined 18.5%, reduce the supplemental life and AD&D premium rates by a combined 4.2%, and reduce the LTD premium rate by 7.3% from the rates in force in 2013. In addition, all rates are guaranteed at the quoted levels through the 2017 plan year.

Note: As a result of the reduction, the supplemental life rates will no longer straddle IRS Table I rates in 2014 therefore supplemental life coverage will no longer need to be included in the calculation of imputed income for employees.

Actual Life Insurance Premiums

Effective January 1, 2014

Basic Life Premiums (SOI) (State Funded)

Age	Amount of Insurance Available	Monthly Premium
<65	\$ 20,000	\$3.34
65-69	\$ 13,200	\$2.20
70-74	\$ 8,300	\$1.39
75 & Over	\$ 5,700	\$0.95

Basic Life Premiums (SPOC) (State Funded)

Age	Amount of Insurance Available	Monthly Premium
<65	\$ 50,000	\$8.35
65-69	\$ 33,000	\$5.51
70-74	\$ 20,750	\$3.47
75 & Over	\$ 14,250	\$2.38

Optional (Employee Funded) Supplemental Life Insurance Rates

\$5,000 Schedule I

Age	Amount of Insurance Available	Monthly Premium
29 & Under	5,000	\$0.28
30-34	5,000	\$0.33
35-39	5,000	\$0.43
40-44	5,000	\$0.55
45-49	5,000	\$0.82
50-54	5,000	\$1.27
55-59	5,000	\$2.27
60-64	5,000	\$3.42
65-69	3,300	\$3.70
70-74	2,075	\$3.41
75-79	1,425	\$2.97
80 & Over	1,000	\$2.09

\$10,000 Schedule II

Age	Amount of Insurance Available	Monthly Premium
29 & Under	10,000	\$0.56
30-34	10,000	\$0.66
35-39	10,000	\$0.85
40-44	10,000	\$1.10
45-49	10,000	\$1.63
50-54	10,000	\$2.54
55-59	10,000	\$4.54
60-64	10,000	\$6.84
65-69	6,600	\$7.40
70-74	4,150	\$6.81
75-79	2,850	\$5.94
80 & Over	2,000	\$4.17

\$15,000 Schedule III

Age	Amount of Insurance Available	Monthly Premium
29 & Under	15,000	\$0.84
30-34	15,000	\$0.99
35-39	15,000	\$1.28
40-44	15,000	\$1.65
45-49	15,000	\$2.45
50-54	15,000	\$3.81
55-59	15,000	\$6.81
60-64	15,000	\$10.26
65-69	9,900	\$11.10
70-74	6,225	\$10.21
75-79	4,275	\$8.91
80 & Over	3,000	\$6.26

Note: SPOC-covered employees are eligible for \$50,000 of Basic Life Insurance and \$250,000 of Supplemental Insurance due to their bargaining agreement. UE/IUP-covered employees are eligible for \$20,000 of Basic Life Insurance and \$40,000 of Supplemental Insurance due to their bargaining agreement. All other employees are eligible for \$20,000 of Basic Life Insurance and \$100,000 of Supplemental Insurance.

Actual Life Insurance Premiums (Cont'd)

\$20,000 Schedule IV			\$25,000 Schedule V			\$30,000 Schedule VI		
Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium
29 & Under	20,000	\$1.12	29 & Under	25,000	\$1.40	29 & Under	30,000	\$1.68
30-34	20,000	\$1.32	30-34	25,000	\$1.65	30-34	30,000	\$1.98
35-39	20,000	\$1.70	35-39	25,000	\$2.13	35-39	30,000	\$2.55
40-44	20,000	\$2.20	40-44	25,000	\$2.75	40-44	30,000	\$3.30
45-49	20,000	\$3.26	45-49	25,000	\$4.08	45-49	30,000	\$4.89
50-54	20,000	\$5.08	50-54	25,000	\$6.35	50-54	30,000	\$7.62
55-59	20,000	\$9.08	55-59	25,000	\$11.35	55-59	30,000	\$13.62
60-64	20,000	\$13.68	60-64	25,000	\$17.10	60-64	30,000	\$20.52
65-69	13,200	\$14.80	65-69	16,500	\$18.50	65-69	19,800	\$22.20
70-74	8,300	\$13.62	70-74	10,375	\$17.02	70-74	12,450	\$20.42
75-79	5,700	\$11.88	75-79	7,125	\$14.85	75-79	8,550	\$17.82
80 & Over	4,000	\$8.34	80 & Over	5,000	\$10.42	80 & Over	6,000	\$12.51
\$35,000 Schedule VII			\$40,000 Schedule VIII			\$45,000 Schedule IX		
Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium
29 & Under	35,000	\$1.96	29 & Under	40,000	\$2.24	29 & Under	45,000	\$2.52
30-34	35,000	\$2.31	30-34	40,000	\$2.64	30-34	45,000	\$2.97
35-39	35,000	\$2.98	35-39	40,000	\$3.40	35-39	45,000	\$3.83
40-44	35,000	\$3.85	40-44	40,000	\$4.40	40-44	45,000	\$4.95
45-49	35,000	\$5.71	45-49	40,000	\$6.52	45-49	45,000	\$7.34
50-54	35,000	\$8.89	50-54	40,000	\$10.16	50-54	45,000	\$11.43
55-59	35,000	\$15.89	55-59	40,000	\$18.16	55-59	45,000	\$20.43
60-64	35,000	\$23.94	60-64	40,000	\$27.36	60-64	45,000	\$30.78
65-69	23,100	\$25.90	65-69	26,400	\$29.60	65-69	29,700	\$33.30
70-74	14,525	\$23.83	70-74	16,600	\$27.23	70-74	18,675	\$30.63
75-79	9,975	\$20.79	75-79	11,400	\$23.76	75-79	12,825	\$26.73
80 & Over	7,000	\$14.59	80 & Over	8,000	\$16.68	80 & Over	9,000	\$18.76

Actual Life Insurance Premiums (Cont'd)

\$50,000 Schedule X			\$55,000 Schedule XI			\$60,000 Schedule XII		
Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium
29 & Under	50,000	\$2.80	29 & Under	55,000	\$3.08	29 & Under	60,000	\$3.36
30-34	50,000	\$3.30	30-34	55,000	\$3.63	30-34	60,000	\$3.96
35-39	50,000	\$4.25	35-39	55,000	\$4.68	35-39	60,000	\$5.10
40-44	50,000	\$5.50	40-44	55,000	\$6.05	40-44	60,000	\$6.60
45-49	50,000	\$8.15	45-49	55,000	\$8.97	45-49	60,000	\$9.78
50-54	50,000	\$12.70	50-54	55,000	\$13.97	50-54	60,000	\$15.24
55-59	50,000	\$22.70	55-59	55,000	\$24.97	55-59	60,000	\$27.24
60-64	50,000	\$34.20	60-64	55,000	\$37.62	60-64	60,000	\$41.04
65-69	33,000	\$37.00	65-69	36,300	\$40.70	65-69	39,600	\$44.40
70-74	20,750	\$34.03	70-74	22,825	\$37.44	70-74	24,900	\$40.84
75-79	14,250	\$29.70	75-79	15,675	\$32.67	75-79	17,100	\$35.64
80 & Over	10,000	\$20.84	80 & Over	11,000	\$22.93	80 & Over	12,000	\$25.01

\$65,000 Schedule XIII			\$70,000 Schedule XIV			\$75,000 Schedule XV		
Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium
29 & Under	65,000	\$3.64	29 & Under	70,000	\$3.92	29 & Under	75,000	\$4.20
30-34	65,000	\$4.29	30-34	70,000	\$4.62	30-34	75,000	\$4.95
35-39	65,000	\$5.53	35-39	70,000	\$5.95	35-39	75,000	\$6.38
40-44	65,000	\$7.15	40-44	70,000	\$7.70	40-44	75,000	\$8.25
45-49	65,000	\$10.60	45-49	70,000	\$11.41	45-49	75,000	\$12.23
50-54	65,000	\$16.51	50-54	70,000	\$17.78	50-54	75,000	\$19.05
55-59	65,000	\$29.51	55-59	70,000	\$31.78	55-59	75,000	\$34.05
60-64	65,000	\$44.46	60-64	70,000	\$47.88	60-64	75,000	\$51.30
65-69	42,900	\$48.10	65-69	46,200	\$51.80	65-69	49,500	\$55.49
70-74	26,975	\$44.24	70-74	29,050	\$47.65	70-74	31,125	\$51.05
75-79	18,525	\$38.61	75-79	19,950	\$41.58	75-79	21,375	\$44.55
80 & Over	13,000	\$27.10	80 & Over	14,000	\$29.18	80 & Over	15,000	\$31.26

Actual Life Insurance Premiums (Cont'd)

\$80,000
Schedule XVI

\$85,000
Schedule XVII

\$90,000
Schedule XVIII

Age	Amount of Insurance Available	Monthly Premium
29 & Under	80,000	\$4.48
30-34	80,000	\$5.28
35-39	80,000	\$6.80
40-44	80,000	\$8.80
45-49	80,000	\$13.04
50-54	80,000	\$20.32
55-59	80,000	\$36.32
60-64	80,000	\$54.72
65-69	52,800	\$59.19
70-74	33,200	\$54.45
75-79	22,800	\$47.52
80 & Over	16,000	\$33.35

Age	Amount of Insurance Available	Monthly Premium
29 & Under	85,000	\$4.76
30-34	85,000	\$5.61
35-39	85,000	\$7.23
40-44	85,000	\$9.35
45-49	85,000	\$13.86
50-54	85,000	\$21.59
55-59	85,000	\$38.59
60-64	85,000	\$58.14
65-69	56,100	\$62.89
70-74	35,275	\$57.86
75-79	24,225	\$50.49
80 & Over	17,000	\$35.43

Age	Amount of Insurance Available	Monthly Premium
29 & Under	90,000	\$5.04
30-34	90,000	\$5.94
35-39	90,000	\$7.65
40-44	90,000	\$9.90
45-49	90,000	\$14.67
50-54	90,000	\$22.86
55-59	90,000	\$40.86
60-64	90,000	\$61.56
65-69	59,400	\$66.59
70-74	37,350	\$61.26
75-79	25,650	\$53.46
80 & Over	18,000	\$37.52

\$95,000
Schedule XIX

\$100,000
Schedule XX

\$125,000
Schedule XXI

Age	Amount of Insurance Available	Monthly Premium
29 & Under	95,000	\$5.32
30-34	95,000	\$6.27
35-39	95,000	\$8.08
40-44	95,000	\$10.45
45-49	95,000	\$15.49
50-54	95,000	\$24.13
55-59	95,000	\$43.13
60-64	95,000	\$64.98
65-69	62,700	\$70.29
70-74	39,425	\$64.66
75-79	27,075	\$56.43
80 & Over	19,000	\$39.60

Age	Amount of Insurance Available	Monthly Premium
29 & Under	100,000	\$5.60
30-34	100,000	\$6.60
35-39	100,000	\$8.50
40-44	100,000	\$11.00
45-49	100,000	\$16.30
50-54	100,000	\$25.40
55-59	100,000	\$45.40
60-64	100,000	\$68.40
65-69	66,000	\$73.99
70-74	41,500	\$68.06
75-79	28,500	\$59.40
80 & Over	20,000	\$41.68

Age	Amount of Insurance Available	Monthly Premium
29 & Under	125,000	\$7.00
30-34	125,000	\$8.25
35-39	125,000	\$10.63
40-44	125,000	\$13.75
45-49	125,000	\$20.38
50-54	125,000	\$31.75
55-59	125,000	\$56.75
60-64	125,000	\$85.50
65-69	82,500	\$92.49
70-74	51,875	\$85.08
75-79	35,625	\$74.25
80 & Over	25,000	\$52.10

Actual Life Insurance Premiums (Cont'd)

\$150,000 Schedule XXII		\$175,000 Schedule XXIII		\$200,000 Schedule XXIV	
Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium
29 & Under	150,000	\$8.40	29 & Under	175,000	\$9.80
30-34	150,000	\$9.90	30-34	175,000	\$11.55
35-39	150,000	\$12.75	35-39	175,000	\$14.88
40-44	150,000	\$16.50	40-44	175,000	\$19.25
45-49	150,000	\$24.45	45-49	175,000	\$28.53
50-54	150,000	\$38.10	50-54	175,000	\$44.45
55-59	150,000	\$68.10	55-59	175,000	\$79.45
60-64	150,000	\$102.60	60-64	175,000	\$119.70
65-69	99,000	\$110.98	65-69	115,500	\$129.48
70-74	62,250	\$102.09	70-74	72,625	\$119.11
75-79	42,750	\$89.10	75-79	49,875	\$103.94
80 & Over	30,000	\$62.52	80 & Over	35,000	\$72.94

\$225,000 Schedule XXV		\$250,000 Schedule XXVI			
Age	Amount of Insurance Available	Monthly Premium	Age	Amount of Insurance Available	Monthly Premium
29 & Under	225,000	\$12.60	29 & Under	250,000	\$14.00
30-34	225,000	\$14.85	30-34	250,000	\$16.50
35-39	225,000	\$19.13	35-39	250,000	\$21.25
40-44	225,000	\$24.75	40-44	250,000	\$27.50
45-49	225,000	\$36.68	45-49	250,000	\$40.75
50-54	225,000	\$57.15	50-54	250,000	\$63.50
55-59	225,000	\$102.15	55-59	250,000	\$113.50
60-64	225,000	\$153.90	60-64	250,000	\$171.00
65-69	148,500	\$166.47	65-69	165,000	\$184.97
70-74	93,375	\$153.14	70-74	103,750	\$170.15
75-79	64,125	\$133.64	75-79	71,250	\$148.49
80 & Over	45,000	\$93.78	80 & Over	50,000	\$104.20



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Memo

Date: September 18, 2013
To: Ed Holland
From: Michael de Leon
Subject: Life Premium Buy-Down Strategy

A general strategy was set forth in prior years to buy-down basic life premiums by utilizing reserves targeting an acceptable depletion of fund reserves by approximately the end of 2014.

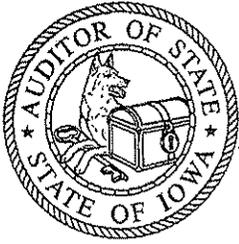
The reserve balance in Fund 0680 as of September 1, 2013 was \$429,088. A transfer of \$306,000 accounting for \$17,000 per month for the period from July 2012 through December 2013 is scheduled to be made this month. The resultant reserve balance of \$123,088 in Fund 0680 will have reached a level low enough where it should no longer be necessary to buy-down the basic life premium rates in 2014 and beyond.

Please contact me at 612-659-2782 if you have any questions.

2014 Life & Long-Term Disability Recommendations

DAS-HRE is asking the Insurance Committee to do the following:

- A. Approve the Life and LTD premium rates for Executive Council Review.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

TAB # 2

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004
Telephone (515) 281-5834 Facsimile (515) 242-6134

September 25, 2013

EXECUTIVE COUNCIL
2013 SEP 25 PM 12:35

GeorgAnna Madsen
Executive Secretary
Executive Council of Iowa
State Capitol Building
L O C A L

Dear GeorgAnna:

I respectfully request permission of the Executive Council, in accordance with section 11.32 of the Code of Iowa, to employ the services of McGladrey LLP, to perform the annual audits of the Office of Auditor of State, the State Executive Council, the State Appeal Board, the Tobacco Settlement Authority, and the Honey Creek Premier Destination Park Authority for the years ending June 30, 2013, 2014, and 2015.

The total reimbursement shall not be for more than \$57,400, \$58,500, and \$59,500, respectively, except as specifically agreed upon by the Auditor and the CPA. A copy of the Agreement is attached.

Your attention to this matter will be greatly appreciated.

Sincerely,

Mary Mosiman

MM:na

Enclosure