



BOARD OF SUPERVISORS AGENDA ITEM REPORT  
AWARDS / CONTRACTS / GRANTS

Award  Contract  Grant

Requested Board Meeting Date: 01/10/2023

or Procurement Director Award:

\* - Mandatory, information must be provided

**\*Contractor/Vendor Name/Grantor (DBA):**

Minnesota Life Insurance Company

**\*Project Title/Description:**

Group Term Life and Accidental Death and Dismemberment (AD&D) Insurance

**\*Purpose:**

Amendment of Award: Master Agreement No. MA-PO-15-256, Amendment No. 03. This Amendment extends the termination date to 06/30/2028, increases the not-to-exceed contract amount by \$12,200,000.00 for a cumulative not-to-exceed contract amount of \$34,713,212.00, updates Exhibits B: Plan Benefit Specifications and Exhibit C: Rate Schedule and appends the Forced Labor of Ethnic Uyghurs provision to the contract, pursuant to A.R.S. § 35-394.

Administering Department: Human Resources.

**\*Procurement Method:**

Pursuant to Pima County Procurement Code 11.12.020, Competitive sealed proposals, on 02/10/2015, the Board of Supervisors approved an award of contract for an initial term of three (3) years and an award amount of \$7,513,212.00 with two (2) one-year renewal options.

On 03/20/2018, the Board of Supervisors approved Amendment No. 01, which increased the options available to employees, extended the termination date to 06/30/2023 and increased the award amount by \$15,000,000.00 for a cumulative not-to-exceed contract amount of \$22,513,212.00.

On 09/30/2020, the Procurement Director approved Amendment No. 02, which authorized the disclosure of County data to Contractor's third party vendors.

The extension will increase options available to employees and guarantee rates for five (5) years.

PRCUID: 158734

Attachment: Contract Amendment No. 03.

**\*Program Goals/Predicted Outcomes:**

To provide basic term life insurance and AD&D insurance benefits to employees and voluntary supplemental life and AD&D and spouse and dependent life insurance benefit options.

**\*Public Benefit:**

County's ability to attract qualified applicants with enhanced benefits package at competitive pricing.

**\*Metrics Available to Measure Performance:**

Active review of various reports that monitor the overall success and participation by County employees.

**\*Retroactive:**

No.

TO: COB 12/23/22  
VERS: 9  
PGS: 6

THE APPLICABLE SECTION(S) BELOW MUST BE COMPLETED

Click or tap the boxes to enter text. If not applicable, indicate "N/A". Make sure to complete mandatory (\*) fields

Contract / Award Information

Document Type: \_\_\_\_\_ Department Code: \_\_\_\_\_ Contract Number (i.e., 15-123): \_\_\_\_\_
Commencement Date: \_\_\_\_\_ Termination Date: \_\_\_\_\_ Prior Contract Number (Synergen/CMS): \_\_\_\_\_
Expense Amount \$ \_\_\_\_\_ Revenue Amount: \$ \_\_\_\_\_

\*Funding Source(s) required: \_\_\_\_\_

Funding from General Fund? Yes No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

Contract is fully or partially funded with Federal Funds? Yes No

If Yes, Is the Contract to a vendor or subrecipient? \_\_\_\_\_

Were insurance or indemnity clauses modified? Yes No

If Yes, attach Risk's approval.

Vendor is using a Social Security Number? Yes No

If Yes, attach the required form per Administrative Procedure 22-10.

Amendment / Revised Award Information

Document Type: MA Department Code: PO Contract Number (i.e., 15-123): 15-256

Amendment No.: 03 AMS Version No.: 9

Commencement Date: 07/01/2023 New Termination Date: 06/30/2028

Prior Contract No. (Synergen/CMS): \_\_\_\_\_

Expense Revenue Increase Decrease

Amount This Amendment: \$ 12,200,000.00

Is there revenue included? Yes No If Yes \$ \_\_\_\_\_

\*Funding Source(s) required: Health Benefit Self-Insurance Fund (\$2,165,500.00) Employee Contributions (\$10,034,500.00)

Funding from General Fund? Yes No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

Grant/Amendment Information (for grants acceptance and awards)

Award Amendment

Document Type: \_\_\_\_\_ Department Code: \_\_\_\_\_ Grant Number (i.e., 15-123): \_\_\_\_\_

Commencement Date: \_\_\_\_\_ Termination Date: \_\_\_\_\_ Amendment Number: \_\_\_\_\_

Match Amount: \$ \_\_\_\_\_ Revenue Amount: \$ \_\_\_\_\_

\*All Funding Source(s) required: \_\_\_\_\_

\*Match funding from General Fund? Yes No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

\*Match funding from other sources? Yes No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_

\*Funding Source: \_\_\_\_\_

\*If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?

Contact: Procurement Officer: Kelsey Braun-Shirley Acting Division Manager: Troy McMaster

Department: Procurement Director: Terri Spencer Telephone: (520)724-7466

Department Director Signature: [Signature] Date: 12/27/2022
Deputy County Administrator Signature: [Signature] Date: 12/23/2022
County Administrator Signature: [Signature] Date: 25 Dec 2022

**Pima County Department of Human Resources**

**Project: Group Term Life and Accidental Death and Dismemberment (AD&D) Insurance**

**Contractor: Minnesota Life Insurance Company**

**Contract No.: MA-PO-15-256**

**Contract Amendment No.: 03**

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<b>Orig. Contract Term:</b> 07/01/2015 - 06/30/2018	<b>Orig. Amount:</b>	\$ 7,513,212.00
<b>Termination Date Prior Amendment:</b> 06/30/2023	<b>Prior Amendments Amount:</b>	\$ 15,000,000.00
<b>Termination Date This Amendment:</b> 06/30/2028	<b>This Amendment Amount:</b>	\$ 12,200,000.00
	<b>Revised Total Amount:</b>	\$ 34,713,212.00

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### CONTRACT AMENDMENT

The parties agree to amend the above-referenced contract as follows:

**1. Background and Purpose.**

1.1. Background. On July 1, 2015, County and Contractor entered into the above referenced agreement to provide group term life and accidental death and dismemberment (AD&D) insurance.

1.2. Purpose. County requires continuing services to be able to offer group term life and AD&D insurance to employees.

**2. Term.** The parties agree to extend the contract term for an additional five-year term commencing on July 1, 2023 and terminating on June 30, 2028. If the commencement date is before the Effective Date of this amendment, the parties will, for all purposes, deem the amendment to have been in effect as of the commencement date.

**3. Scope of Services.** The parties have revised the Scope of Services as follows:

Exhibit B: Plan Benefit Specifications-Amendment 1 is replaced in its entirety with the attached **Exhibit B: Plan Benefits Specifications-Amendment 3.**

**4. Maximum Payment Amount.** The maximum amount the County will spend under this Contract, as set forth in Article III, is increased by \$12,200,000.00. County's total payments to Contractor under this contract, including any sales taxes, will not exceed \$34,713,212.00.

**5. Compensation and Payment.** The parties have revised the pricing as follows:

Exhibit C: Rate Schedule- Amendment 1 is replaced in its entirety with **Exhibit C: Rate Schedule-Amendment 3.**

6. **Forced Labor of Ethnic Uyghurs.** Pursuant to A.R.S. § 35-394, if Contractor engages in for-profit activity and has 10 or more employees, Contractor certifies it is not currently using, and agrees for the duration of this Contract to not use (1) the forced labor of ethnic Uyghurs in the People's Republic of China; (2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; and (3) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If Contractor becomes aware during the term of the Contract that the Company is not in compliance with A.R.S. § 35-394, Contractor must notify the County within five business days and provide a written certification to County regarding compliance within one hundred eighty days.

All other provisions of the Contract not specifically changed by this Amendment remain in effect and are binding upon the parties.

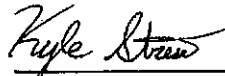
This contract template has been approved as to form by the Pima County Attorney's Office.

**PIMA COUNTY**

\_\_\_\_\_  
Chair, Board of Supervisors

\_\_\_\_\_  
Date

**CONTRACTOR**



\_\_\_\_\_  
Authorized Officer Signature

Kyle Strese- 2nd Vice President and Actuary

\_\_\_\_\_  
Printed Name and Title

12/20/2022

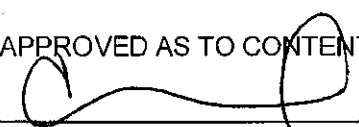
\_\_\_\_\_  
Date

**ATTEST**

\_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Date

**APPROVED AS TO CONTENT**

  
\_\_\_\_\_  
Department Head

  
\_\_\_\_\_  
Date

<b>Plan 1: Basic Life and AD &amp; D</b>	
Product	Term Life
Schedule of Benefits	Eligible Active Employees
Employer Sponsored	100% Premium paid by County
Plan Maximum	\$50,000 Basic Life / \$50,000 AD& D
Age Reduction s	Age 75 reduce to 65% Age 80 reduce to 35%
AD&D	Matches life amount for death, with benefit schedule for dismemberment; includes the following additional benefits: <ul style="list-style-type: none"> <li>• Air Bag</li> <li>• Disappearance</li> <li>• Exposure</li> <li>• Motorcycle Helmet</li> <li>• Seatbelt</li> </ul>
Waiver of Premium	Premiums waived for employees disabled prior to age 60 and continues until the earlier of retirement, recovery or age 65; provision includes a 180 day elimination period
Accelerated Death Benefit	Allows terminally ill insureds with a life expectancy of 12 months or less to accelerate up to 100% of the face amount
Conversion	Allows insureds to convert terminated life coverage to an individual life insurance policy

<b>Plan 2: Supplemental Life Insurance</b>	
Schedule of Benefits	Employee Only 1, 2, 3, 4, 5, 6, 7, or 8 times annual salary
Employee Paid Contributions	100% Premium Paid by Payroll Deduction Voluntarily Enrolled Eligible Employees.
Plan Maximum	\$1,000,000
Guarantee Issue Amount	The lesser of 4 times annual salary or \$500,000 during initial enrollment period. All current supplemental coverage guaranteed. There is a one-time enrollment opportunity during Spring 2023 Annual Enrollment, where employees may increase existing coverage one times their annual salary, up to the guaranteed issue limit without evidence of insurability. Increases of more than one level, increases above the guaranteed issue limit, and elections for employees who previously waived coverage or were declined coverage are available with EOI.
Waiver of Premium	Premiums waived for employees disabled prior to age 60 and continues until the earlier of retirement, recovery or age 65; provision includes a 180 day elimination period and is not available with ported coverage.
Accelerated Death Benefit	Allows terminally ill insureds with a life expectancy of 12 months or less to accelerate up to 100% of the face amount.
Conversion	Allows insureds to convert terminated life coverage to an individual life insurance policy.
Portability	Allows insureds to continue coverage if they terminate employment or retire from Pima County.
<b>Age Bracket</b>	<b>Age Bracket</b>
< 25	55 - 59
25 - 29	60 - 64
30 - 34	65 - 69
35 - 39	70 - 74
40 - 44	75 coverage reduces to 65 %
45 - 49	80 coverage reduces to 35 %
50 - 54	

<b>Plan 3: Accidental Death &amp; Dismemberment</b>	
Schedule of Benefits	Employee Only 1, 2, 3, 4, 5, 6, 7 or 8X Basic Annual Earnings
Schedule of Benefits	Dependents, Family Members
Plan Maximum	\$1,000,000.00
Employee Paid Contributions	100% Premium Paid by Payroll Deduction Voluntarily Enrolled Eligible Employees (contingent upon enrollment in Supplement Life Insurance)
Guaranteed Issue Limit	All coverage guaranteed
Age Reductions	Age 75 reduce to 65%; Age 80 reduce to 35%
Additional Benefits	Disappearance, Exposure, Seat Belt, Airbag and Motorcycle Helmet

<b>Plan 4: Supplemental Spouse/Domestic Partner Life</b>	
Schedule of Benefits	Spouse, Domestic Partner
Eligibility	A spouse is not eligible if they are also eligible for employee coverage
Employee Paid Contributions	100% Premium Paid by Payroll Deduction Voluntarily Enrolled Eligible Employees
Benefit Summary	\$10,000, \$25,000, \$50,000 or \$100,000
Guaranteed Issue Limit	\$25,000 guaranteed during initial enrollment for employees currently enrolled for spouse life coverage. Employees with current spouse coverage may elect to increase their spouse benefit up to the new \$25,000 guarantee issue limit during the Spring 2023 one-time enrollment opportunity without providing evidence of insurability. Increases above the guaranteed issue limit, and elections for employees who previously waived spouse coverage or were declined coverage are available with EOI. \$25,000 guaranteed if elected within 31 days of initial eligibility
Age Reductions	None
Accelerated Death Benefit	Allows terminally ill insureds with a life expectancy of 12 months or less to accelerate up to 100% of the face amount
Conversion	Allows insureds to convert terminated life coverage to an individual life insurance policy
Portability	Allows employees to continue coverage if the employee terminates employment or retires from Pima County and elects to port employee coverage.

<b>Plan 5: Supplemental Dependent Child(ren) Life Insurance</b>	
Schedule of Benefits	Dependent Child (no limit on number of children)
Eligibility	Children are eligible from live birth to 26 years of age. A child may only be covered by one parent
Employee Paid Contributions	100% Premium Paid by Payroll Deduction Voluntarily Enrolled Eligible Employees
Benefit Summary	\$10,000, \$15,000 or \$20,000
Guaranteed Issue Limit	Coverage guaranteed during initial enrollment for employees currently enrolled for dependent life coverage Coverage guaranteed if elected within 31 days of initial eligibility, during annual enrollment, or at the time of a qualified status change.
First Born Child Benefit	\$5,000 benefit if an employee's first eligible child dies within 31 days of birth but prior to the employee enrolling for child life coverage
Accelerated Death Benefit	Allows terminally ill insureds with a life expectancy of 12 months or less to accelerate up to 100% of the face amount
Conversion	Allows insureds to convert terminated life coverage to an individual life insurance policy
Portability	Allows employees to continue coverage if the employee terminates employment or retires from Pima County and elects to port employee coverage.

**Portability Provision of Term Life Insurance**

<b>Availability</b>	Supplemental Life Dependent Life (employee must port for dependents to be eligible)	
<b>Maximum Age to Elect</b>	<b>Insured</b>	<b>Age</b>
	Employee	Age 69
	Spouse	Spouse or employee's age 69
<b>Minimum Amount</b>	<b>Insured</b>	<b>Amount</b>
	Employee	\$10,000
	Spouse/Child	\$1,000
<b>Maximum Amount</b>	<b>Insured</b>	<b>Amount</b>
	Employee	Previous amount in force to a maximum of \$500,000 (65% of previous amount to maximum of \$325,000 if age 65 or older)
	Spouse	Previous amount in force to a maximum of \$50,000
<b>Child</b>	Previous amount in force	
	Previous amount in force	
<b>Reductions</b>	Employee coverage reduces to 65% at age 65	
<b>Termination</b>	All coverage terminates when the employee attains age 70 Spouse coverage also terminates when no longer a spouse or spouse's age 70 Child coverage also terminates at child's qualifying age limit Previously ported coverage can continue at group contract termination	
<b>Events Allowing Portability</b>	Coverage is lost due to: Retirement or termination of employment Layoff or non-medical leave Other loss of eligibility	
<b>Events Not Allowing Portability</b>	Termination of group policy Employee not actively at work due to sickness or injury	
<b>Coverage Increases</b>	Not available	
<b>Conversion</b>	Available at anytime	
<b>Premium Rates</b>	Ported rates will be higher than active rates, and the individuals will be moved to a pool of insureds. Future rates for the individuals in this pool will be determined based on the experience of the pool	
<b>Guaranteed Issue</b>	All ported coverage is provided on a guaranteed basis – no evidence of insurability required	
<b>Benefits and Services</b>	All additional benefits and value-added services will terminate when porting coverage	
<b>Administration Charge</b>	A \$2.00 administration fee will be charged for each paper billing statement; there will be no charge for electronic funds transfer.	

End of Exhibit B

Rates effective through 06/30/2028.

#	Plan #	Estimated Qty Per \$1,000	Monthly Unit Price Per \$1,000	Estimated Monthly Cost	Estimated Annual Cost	Estimated Cost- 5 Years
1	<b>Plan 1: Basic Life / AD&amp;D: Monthly rate for \$50,000.00 of Basic Life &amp; \$50,000.00 AD&amp;D</b>	297,200	0.112	\$33,286.40	\$399,286.40	\$1,997,184.40
Total Price Proposed				\$33,286.40	\$399,436.80	\$1,997,184.00
#	Plan 2: Supplemental Life Insurance: Monthly Rate per \$1,000.00	Estimated Qty Per \$1,000	Monthly Unit Price Per \$1,000	Estimated Monthly Cost	Estimated Annual Cost	Estimated Cost- 5 Years
2	Under Age 25	10,977	0.042	\$461.05	\$5,532.59	\$27,662.97
3	Ages 25 through 29	33,595	0.050	\$1,679.75	\$20,156.96	\$100,784.79
4	Ages 30 through 34	49,531	0.062	\$3,070.93	\$36,851.12	\$184,255.58
5	Ages 35 through 39	64,441	0.068	\$4,381.96	\$52,583.48	\$262,917.40
6	Ages 40 through 44	82,585	0.078	\$6,441.60	\$77,299.16	\$386,495.79
7	Ages 45 through 49	84,169	0.117	\$9,847.82	\$118,173.88	\$590,869.40
8	Ages 50 through 54	95,032	0.182	\$17,295.84	\$207,550.04	\$1,037,750.20
9	Ages 55 through 59	73,261	0.332	\$24,322.68	\$291,872.18	\$1,459,360.91
10	Ages 60 through 64	42,990	0.514	\$22,096.85	\$265,162.23	\$1,325,811.17
11	Ages 65 through 69	13,191	0.981	\$12,940.34	\$155,284.04	\$776,420.20
12	Ages 70 and over	1,366	1.851	\$2,528.28	\$30,339.35	\$151,696.74
Total Price Proposed for Plan 2				\$105,067.09	\$1,260,805.03	\$6,304,025.16
14	<b>Plan 3: AD&amp;D Insurance: Monthly Rate per \$1,000.00 (employees only)</b>	278,009	0.0347	\$9,646.92	\$115,763.04	\$578,815.20
15	<b>Plan 3: AD&amp;D Insurance Rate: Monthly Rate per \$1,000.00 (employees and family members)</b>	355,828	0.0607	\$21,597.79	\$259,185.47	\$1,259,927.36
Total Price Proposed for Plan 3				\$31,245.71	\$374,948.51	\$1,874,742.56
16	Plan 4: Spouse/Domestic Partner Life insurance: Monthly Rate for \$10,000 (guaranteed issue) Monthly Rate for \$25,000 (guaranteed issue) Monthly Rate for \$50,000 Monthly Rate for \$100,000	34,655	0.2500	\$8,663.75	\$103,965.00	\$519,825.00
18	Plan 5: Child Life insurance: Monthly Rate for \$10,000.00, \$15,000.00 or \$20,000.00 per child regardless of the # of children insured (guaranteed issue)	16,240	0.1000	\$1,624.00	\$19,488.00	\$97,440.00
Total Price Proposed for Plans 4 and 5				\$10,287.75	\$123,453.00	\$617,265.00
<b>Total Price Proposed for All Plans</b>				<b>\$179,886.95</b>	<b>\$2,158,643.34</b>	<b>\$10,793,216.72</b>

End of Exhibit C