



COUNTY OF DANE
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

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CHARLES HICKLIN
Controller

DATE: December 16, 2011
TO: All Proposers, Request For Proposals #111094: Disability Insurance
FROM: Carolyn Clow, Purchasing Agent
SUBJECT: **ADDENDUM #3**

Questions and answers provided below in response to questions received.

Question #1 Wisconsin State premium taxes: Is Dane County exempt from state premium taxes?

Answer #1 See Addendum #1, question # 7.

*Question #2 PERS/STRS: do Dane County employees participate in a PERS or STRS plans?
a. If so, what PERS or STRS plan number?*

Answer #2 Dane County participates in the Wisconsin Retirement System. Plan number 0926000.

*Question #3 Sick Bank: Does Dane County
a. require employees to use or exhaust their sick bank before disability benefits can be paid,
b. considered sick bank an offset to any disability benefits, or
can employees supplement their disability benefits with sick pay up to 100% or 110% of their earnings?*

Answer #3 No, employees do not need to use or exhaust their sick bank before disability benefits can be paid. No sick bank can not be used to offset any disability benefits. No, employees can not supplement their disability benefits with sick pay; they go off payroll when they begin to receive disability benefits.

Question #4 Inconsistencies within the provided Census: some employees with noted 32 or less hours of sick bank were noted with disability coverage paid by the County. Are these employees to be grandfathered or is the information on the census a mistake?

Answer #4 All of the employees on the census can participate in the coverage. The premiums for the coverage are paid either by the employer or the employee based upon the prior year's sick leave used (column J). For example, row 16 (Painter) has STD/LTD 1, which the benefits are taxable upon receipt. The employee used 59.3 hours of sick leave the prior

year so would pay 100% of the premium for the next year. STD/LTD 1 and STD/LTD 2 premiums are based upon last year's sick leave used. STD/LTD 3 is paid 100% by the employee always and they then receive the wellness hours as an exchange for paying the premium. It is the same for LTD 1, 2 and 3.

Disability Insurance. The County shall provide employees with Disability Insurance. No employee shall be eligible to participate in the disability plan during his/her first six (6) months of employment. For part-time employees all of the benefits shall be prorated based on the percent of time worked. For employees choosing to participate in the Disability Insurance Program, premiums shall be paid as follows (used sick hours refers to the prior year):

<u>Sick Hours Used</u>	<u>Employee Share</u>	<u>Employer Share</u>
-		
0.0 -- 32.0	0%	100%
32.1 -- 40.0	40%	60%
40.1 -- 48.0	60%	40%
48.1 -- 56.0	80%	20%
56.1 +	100%	0%

Employees will be given the option of joining a Taxable Disability/Sick Leave Program or a Nontaxable Disability/Sick Leave Program. The ability to change options will be available to each employee in November of each year.

(a) Taxable Disability/Sick Leave Program (PAID BASED UPON SICK LEAVE USAGE THE PRIOR YEAR)

The employee will not be charged FICA expense, the premiums paid by the County will not be taxable and the benefits, which are sixty-five percent (65%) of salary, will be taxed to the extent of any payment of premiums by the County. If the employee pays the entire disability insurance premium, the benefit will not be taxed.

(b) Nontaxable Disability/Sick Leave Program (PAID BASED UPON SICK LEAVE USAGE THE PRIOR YEAR)

The employee will be charged FICA expense (currently 7.65%) on any of the County paid premiums and the premium will be taxable income to the employee. By paying the FICA expense and income tax the employee will receive a tax-free benefit.

(c) Wellness Program: (EMPLOYEE PAYS 100% OF PREMIUM AND GETS WELLNESS HOURS)

Employees selecting Short Term Disability/Long Term Disability insurance will be granted sixteen (16) wellness hours in the pay period in which May premiums are withheld. Employees selecting only LTD insurance will be granted eight (8) wellness hours in the pay period in which May premiums are withheld. Employees who used forty-eight (48) or less hours of sick leave during the preceding payroll year will be granted eight (8) additional wellness hours during the following year. The employee may use the wellness hours with the approval of the employee's supervisor. When

wellness hours are not used within the payroll year in which they are earned they may be carried over but must be used by the last day of the succeeding payroll year or they shall be lost. Employees pay the entire premium for disability insurance. Any disability insurance benefits paid to the employee will be tax-free.

Question #5 *In addition, could these specific UNUM reports be provided?*

- - *A Policy Detail Monthly Experience Report for policy 567797 011 for the most recent 36 months (helps us understand claim trends)*
- - *A Policy Detail Monthly Experience Report for policy 567797 021 for the most recent 36 months*
- - *A Renewal Analysis for policy 567797 011*
- *A Renewal Analysis for policy 567797 021*

Answer #5 These reports are posted as part of Addendum #1. They cannot be formatted as requested below.

Please acknowledge receipt of this addendum by noting “Addendum #3 Received” on the bottom of the Signature Affidavit when you submit your proposal.