



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/5/2017

Agenda Placement: 6U

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Heather Ruiz - Director
Human Resources

REPORT BY: Olivia Soria, Benefits Administrator - 253-4945

SUBJECT: Approval of a Decrease to the Self-Administered Rate for the Dental Program with Delta Dental, and an Increase to the EIA Dental Program Administration Fee

RECOMMENDATION

Director of Human Resources requests approval of and authorization to decrease the County's self-administered rate for the Dental Program with Delta Dental effective January 1, 2018; and to increase in the EIA Dental Program administration fee effective January 1, 2018.

EXECUTIVE SUMMARY

The County offers a self-funded PPO Dental Plan through Delta Dental. The County charges a premium amount to departments for each employee to fund a dental reserve from which the County pays Delta Dental for claims. Because the County's PPO Dental Plan is self-funded, the County is expected to maintain a certain level of reserve in that fund to be able to pay for claims and respond to any fluctuations in total claim amounts. However, Napa County's current dental reserve fund balance is higher than the recommended amount. Therefore, the County's benefits consultant, Alliant Employee Benefits, recommends that the County decrease the dental reserve fund balance down to the recommended level by reducing the self-administered rate that is charged to departments from \$112.50 per employee per month to \$103.60 per employee per month effective January 1, 2018.

In 2012, the County signed a Memorandum of Understanding (MOU) with the California State Association of Counties (CSAC) Excess Insurance Authority (EIA) to enter into a group contract with Delta Dental to provide the administration of the dental plan. By joining this group contract, the County has benefited from a lower negotiated administration fee with Delta Dental, and has benefited from the group's Third Party Administrator (TPA) to work with Delta Dental to assist with claims handling and resolution of employee issues. CSAC EIA proposes an increase to the EIA Dental Program administration fee from \$0.85 per employee per month to \$1.85 per employee per month effective January 1, 2018.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Departmental Budgets - Employee Group Insurance Premiums
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	<p>Decreasing the self-administered rate will help reduce the County's reserve balance. It is not necessary to tie up any more reserve in the dental fund than is needed to pay for anticipated claims. Therefore, to bring the fund in line with the appropriate reserve balance, this reduction is needed.</p> <p>In order to continue being part of the CSAC EIA group for the administration of the dental plan, the County must pay the increase in the EIA administration fee. There has been no increase in the EIA Dental Program administration fee because the County's benefits consultant, Alliant Employee Benefits, has absorbed all increases since the County signed the MOU in 2012.</p>
Is the general fund affected?	Yes
Future fiscal impact:	It will create a savings in departments' budgets, as the County will use the existing reserve to pay claims and draw it down to the appropriate level. Human Resources will re-evaluate the dental fund balance in two years to determine if another adjustment to the rate will be needed.
Consequences if not approved:	<p>County funds from departments will continue to be tied up in the dental reserve fund and therefore will not be available to be used for other County services.</p> <p>County would no longer be able to participate in the CSAC EIA group for the administration of the dental plan.</p>
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The County offers a self-funded PPO Dental Plan through Delta Dental. The County charges a premium amount to departments for each employee to fund a dental reserve from which the County pays Delta Dental for claims. Because the County's PPO Dental Plan is self-funded, the County is expected to maintain a certain level of reserve in that fund to be able to pay for claims and respond to any fluctuations in total claim amounts. The County's benefits consultant, Alliant Employee Benefits, recommends that the County maintain a dental reserve fund balance of \$110,000, whereas the County's current dental reserve fund balance is \$1.7 million as of June 30, 2017. Therefore, Alliant recommends that the County reduce the dental reserve balance by reducing the premiums

collected from each department. If the rate decrease is not approved, the dental reserve fund will continue to grow and County funds from departments will continue to be tied up in the dental reserve fund and therefore will not be available to be used for other County services.

On November 20, 2012, the County signed a Memorandum of Understanding (MOU) with the California State Association of Counties (CSAC) Excess Insurance Authority (EIA) to enter into a group contract with Delta Dental to provide the administration of the dental plan. By joining this group contract, the County has benefited from a lower negotiated administration fee with Delta Dental, and has benefited from the group's Third Party Administrator (TPA) to work with Delta Dental to assist with claims handling and resolution of employee issues. CSAC EIA proposes an increase to the EIA Dental Program administration fee as there has been no increase due to the County's benefits consultant, Alliant Employee Benefits, absorbing all increases since the County signed the MOU in 2012.

Therefore, the Director of Human Resources requests approval of and authorization to decrease the County's self-administered rate for the Dental Program with Delta Dental from \$112.50 per employee per month to \$103.60 per employee per month effective January 1, 2018; and to increase the EIA Dental Program administration fee from \$0.85 per employee per month to \$1.85 per employee per month effective January 1, 2018.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan