



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/8/2015

Agenda Placement: 6H

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Alice Hughey - Acting 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

RECOMMENDATION

Acting Director of Human Resources requests approval of and authorization to decrease the County's self-administered rate for the Dental Program with Delta Dental.

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 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 \$125 per employee per month to \$112.50 per employee per month effective January 1, 2016.

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:	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.
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.
Consequences if not approved:	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.
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 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 \$1.5 million as of June 30, 2015. Therefore, Alliant recommends that the County reduce the dental reserve balance by reducing the premiums collected from each department.

Therefore, the Acting 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 \$125 per employee per month to \$112.50 per employee per month effective January 1, 2016.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan