



Agenda Date: 5/24/2005
Agenda Placement: 6R

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Britt Ferguson for Nancy Watt - County Executive Officer
County Executive Office
REPORT BY: Andrew Carey, Management Analyst, 253-4477
SUBJECT: Payment of Delta Dental claims

RECOMMENDATION

County Executive Officer and Auditor-Controller request approval of and authorization to pay Delta Dental invoices dating from April 1, 2005 for claims beginning in the month of March 2005 and continuing until such time as a new agreement with Delta Dental for employee dental services has been approved by the Board.

EXECUTIVE SUMMARY

Since August 1994, the County has participated in a self-insured dental plan where dental services have been provided to eligible participants (employees and their dependents) by Delta Dental while third party administration services have been provided by Preferred Benefits Insurance Administrators (PBIA). Under the plan, payments for the County's dental claims and administrative costs have been made to PBIA and then forwarded by PBIA to Delta Dental.

Effective March 1, 2005, the Human Resources Director terminated the agreement with PBIA and brought administration of the self-insured Delta Dental plan back into Human Resources. However, the agreement with PBIA was terminated before a replacement agreement had been finalized with Delta Dental. Consequently, although Delta Dental has continued to provide dental services, there is not currently an approved agreement authorizing the Auditor-Controller to make payments to Delta Dental.

The Auditor-Controller, CEO, County Counsel, and Human Resources are currently in the process of developing an agreement with Delta Dental, and will bring that agreement before the Board for approval as soon as the agreement is finalized. Additional internal controls will be developed to ensure that this situation does not recur. In the mean time, the CEO and Auditor-Controller request approval of and authorization to pay Delta Dental invoices dating from April 1, 2005 for claims beginning in the month of March 2005 and continuing until such time as a new agreement with Delta Dental for employee dental services has been approved by the Board.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Departmental budgets - group insurance
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	There is not currently an approved agreement authorizing the Auditor-Controller to make payments to Delta Dental. Approval of the recommended action will authorize the Auditor-Controller to pay dental claims and administrative fees to Delta Dental until an agreement is finalized and approved by the Board.
Is the general fund affected?	Yes
Future fiscal impact:	Employee dental expense is an ongoing cost and will be budgeted accordingly in future fiscal years.
Consequences if not approved:	Delta Dental claims would not be paid, which might jeopardize continued delivery of services.
Additional Information:	None

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

On August 2, 1994, The Board of Supervisors authorized, upon the recommendation of the County Administrator and the Personnel Director (now Human Resources Director), a statement of intent to enter into an agreement to transfer into the California State Association of Counties-Excess Insurance Authority Delta Dental Insurance Program, effective September 1, 1994. The California State Association of Counties (CSAC) - Excess Insurance Authority (EIA) provides several self-insurance (self-funded) programs for counties, with dental benefits being one of those programs.

On August 23, 1994, the Board gave approval of and authorization for the Chair to sign an agreement with Preferred Benefits Insurance Administrators (PBIA), Inc., to provide third party benefits administration for the self insured Delta Dental Plan through the CSAC - EIA effective September 1, 1994. This agreement (No. A-3554) authorized PBIA to enter into an "Administrative Service Agreement" with Delta Dental for the purpose of providing eligibility data and forwarding the County's payments for claims and administrative costs to Delta Dental. PBIA served as the "single contract source" for the County in relation to administering the County's self-insured Delta Dental plan. Agreement No. A-3554 remained in force until March 1, 2005.

In February, 2005, the Human Resources Director determined that PBIA was not performing to the standards necessary to service the County's dental administration requirements and decided to return administration of the Delta Dental plan to Human Resources. Thus, on February 9, 2005, the Human Resources Director approved a letter terminating the agreement with PBIA effective March 1, 2005 and stating the County's intention of dealing

directly with Delta Dental concerning the administration of dental services.

However, the agreement with PBIA was terminated before a replacement agreement had been finalized with Delta Dental. Consequently, although Delta Dental has continued to provide dental services to eligible participants, there is not currently an approved agreement authorizing the Auditor-Controller to make payments to Delta Dental. The Auditor-Controller, CEO, County Counsel, and Human Resources are currently in the process of developing an agreement with Delta Dental, and will bring that agreement before the Board for approval as soon as the agreement is finalized. Additional internal controls will be developed and put in place to ensure that this situation does not recur.

In the mean time, the CEO and Auditor-Controller request approval of and authorization to pay Delta Dental invoices dating from April 1, 2005 for claims beginning in the month of March 2005 and continuing until such time as a new agreement with Delta Dental for employee dental services has been approved by the Board. One claim, in the amount of approximately \$178,000 for the month of March has already been paid by the Auditor-Controller. Another claim in the amount of approximately \$114,000 for the month of April is currently due. Claims are for actual services rendered by Delta Dental to eligible plan participants plus administrative fees.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Britt Ferguson