



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 9/14/2010  
Agenda Placement: 7P

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Suzanne R. Mason - Director  
Human Resources  
**REPORT BY:** Lisa Christopherson, HUMAN RESOURCES ANALYST II - (707) 259-8686  
**SUBJECT:** Amendments to Delta Dental Agreements

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### **RECOMMENDATION**

Director of Human Resources requests:

1. Approval of and authorization for the Chair to sign Amendment No.5 to Agreement No. 6485 with Delta Dental of California, decreasing the self-funded Delta Dental PPO Plan administration charge from 8.3% to 7.6% and increasing the prefund amount from \$80,100 to \$99,000; and
2. Approval of and authorization for the Chair to sign Amendment No. 3 to Agreement No. 6937, with Delta Dental of California, increasing the monthly premium rate for the Delta Care Dental Health Maintenance Organization (DHMO) services from \$41.32 to \$43.67.

These plan changes are for the term January 1, 2011 through December 31, 2012.

### **EXECUTIVE SUMMARY**

The County of Napa contracts with Delta Dental to provide dental services for County employees. The County of Napa offers two dental plan options to County employees: Delta Care Dental Health Maintenance Organization, a DHMO Plan; and Delta Premier Preferred Provider Organization, a self-funded PPO Plan. After completing a review of the County's dental claims experience, Delta Dental determined that the current monthly premium rates for the Delta Care DHMO plan will increase approximately 5.7% from \$41.32 to \$43.67 per employee-member. The self funded Delta Premier Preferred Provider Organization (PPO) Plan will have a decrease in administration fees from 8.3% of claims to 7.6% and an increase in the prefund amount of \$18,900 in order to establish a total prefund amount of \$99,000 to provide adequate funding to pay claims prior to reimbursement by the County. These plan changes are for the term January 1, 2011 through December 31, 2012.

**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 a need to have an executed amendment for dental services.
Is the general fund affected?	Yes
Future fiscal impact:	Employee dental expense is an ongoing cost and will be budgeted accordingly in departmental budget requests for future years.  The DHMO premium rate increase reflects approximately a 5.7% increase. The annual cost increase is approximately \$1,269; adequate funds have been included in the Fiscal Year 10-11 budget.  The PPO Plan will have a decrease in administrative charges from 8.3% to 7.6% which should result in approximately \$10,500 in annual savings. Delta is also estimating that actual dental claim costs will increase by approximately 7.6% which is an estimated additional cost of \$132,000 for the year. Adequate funds have been included in the Fiscal Year 10-11 budget.
Consequences if not approved:	The County would not have a PPO or DHMO dental option to offer employees and would be out of compliance with the negotiated SEIU and DSA MOUs.
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**

Napa County contracts with Delta Dental to provide dental services for its employees and eligible dependents. Services include discounted contract fees for dental procedures, ranging from preventive services (i.e. cleanings and oral examinations), to oral surgery (i.e. extractions and root canals). Via this agreement, Delta also processes and reviews claims, mails explanation of benefit information to members and provides customer service to County employees. The County of Napa offers two dental plan options to employees: Delta Care Dental Health Maintenance Organization, a DHMO Plan; and Delta Premier Preferred Provider Organization, a self-funded PPO Plan.

After completing a review of the County's dental experience, Delta determined that the current monthly premium rate for the Delta Care DHMO Plan will increase from \$41.32 to \$43.67 per employee-member, reflecting approximately a 5.7% increase. The annual cost increase is approximately \$1,269; adequate funds have been included in the Fiscal Year 2010-11 budget.

The County also offers a self-funded, PPO Plan. Under this Plan, Delta charges the County a fee to administer the Plan and the County pays the cost of all claims. Based upon prior experience, Delta is offering a 2-year renewal rate reduction, reducing the administrative charges from 8.3% to 7.6%, which should result in \$10,500 in annual savings. Delta is also estimating that actual dental claim costs administered by this plan will increase by 7.6% which is estimated to cost an additional \$132,000 for the year. Delta has also determined that the current prefund amount, needed to pay claims prior to reimbursement by the County, is insufficient and needs to be increased by \$18,900 in order to establish a total prefund amount of \$99,000. This prefund amount is based upon the County's recent payment experience and the risk Delta assumes by paying dental services providers in advance of receiving payment from the County. Delta has also made some minor plan changes to the PPO plan which are reflected in the proposed amendment. Delta will only cover full mouth x-rays and panoramic x-rays after 5 years have elapsed since the prior set of full mouth and panoramic x-rays was provided; and charges for general anesthesia and I.V. sedation will be covered only in conjunction with certain endodontic and periodontic procedures and oral surgery.

### **SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Britt Ferguson