

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	12/12/11	Open	Action	12/07/11

Subject: Approving Contracts with the District's Dental Care Providers and Employee Benefits Specialists, Inc.

ISSUE

Whether or not to approve contracts with RT's dental insurance providers and Flexible Spending Account/COBRA Provider.

RECOMMENDED ACTION

- A. Adopt Resolution No. 11-12-____, Authorizing the General Manager/CEO to Approve and Execute Amendments to the Contracts with Delta Dental and DeltaCare USA; and
- B. Adopt Resolution No. 11-12-____, Approving Contracts with Employee Benefit Specialists, Inc. for Cafeteria Plan, Flexible Spending Account and COBRA Services

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	1,291,120
Budget Source:	Operating	Next FY:	\$	1,346,220
Funding Source:	Federal/State/Local	Annualized:	\$	1,346,220
Cost Cntr/GL Acct(s) or Capital Project #:	GL Accounts: 520004 in multiple cost centers across agency	Total Amount:	\$	1,318,670
Total Budget:	\$ 1,318,670*			

*2012 Dental increase is \$47,100; 2012 Increase associated with contracts with Employee Benefits Specialists, Inc. is estimated at \$8,000.

DISCUSSION

Dental:

During the 2011 rate increase discussions with Delta Dental, RT staff was able to secure an agreement that the 2012 rates would not increase by more than 7%. RT's 2012 rate increase for both Delta Dental plans was far below expectations, at 3.7% for the PPO plans and 3.0% for the HMO plans, respectively.

Cafeteria Plan (Flexible Spending Account and COBRA):

RT staff asked RT's benefits broker (Keenan) to solicit bids to replace National Benefit Services (NBS), the current Cafeteria Plan, Flexible Spending Account (FSA) and COBRA provider. Based on Keenan's marketing effort, RT proposes to enter into a multi-year contract, beginning January

Approved:

Presented:

Final 12/7/11

General Manager/CEO

Director, Human Resources

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Subject: Approving Contracts with the District's Dental Care Providers and Employee Benefits Specialists, Inc.

1, 2012 with Employee Benefits Specialists, Inc. (EBS). While there will be a slight annual increase in cost, approximately \$8,000 per year, RT staff believes the services provided by EBS will exceed those of the previous provider. The contracts will continue until terminated by RT or EBS.

Attachment 1 is Keenan's Executive Summary, which provides details on the Dental rate increases as well as the marketing efforts and rates for the new Cafeteria Plan provider, EBS.

RECOMMENDATION

Staff recommends approval of amendments with Delta Dental, Dental Care USA, and new contracts with Employee Benefits Specialists, Inc.



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**Sacramento Regional Transit
 2012 Health & Welfare Renewal
 Executive Summary**

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2012 renewals for the ancillary benefit plans.

Renewal Objectives

Keenan's primary concern regarding the renewal for Sacramento Regional Transit District was to obtain an affordable dental plan renewal for all employees along with a "buy up" option that would increase the current annual maximum.

Keenan also worked with Prudential Insurance Company to provide a special open enrollment allowing employees to increase life insurance to a certain amount without evidence of coverage.

Dental and Vision Care Trends

Keenan & Associates is forecasting the following Trend increases for Dental and Vision benefits.

<u>Dental</u>	<u>Vision</u>
PPO 7.6%	2.0%
Prepaid 6.6%	

Delta Dental

Sacramento Regional Transit District currently offers both a Delta Dental PPO plan and a DHMO plan to all employees. The renewal was quoted based on Sacramento Regional Transit maintaining the current fully insured contract and not adding a voluntary "buy up" plan. The original 2012 renewal is a 3.7% increase on the PPO plan and a 3.0% increase on the DHMO. Note: a 7% cap on the 2012 rates was given during the renegotiation with Delta Dental last year.

The "buy up" plan would have increased the annual maximum by \$500 for those employees that chose to enroll. If this option was added, the renewal rates for the current PPO plan would have increased by 8.89%, as opposed to 3.7%. The rates for the "buy up" plan were 25.22% higher than the current rates.

Keenan & Associates Recommendation

The addition of a "buy up" option would increase the overall cost of the dental program to supplement a few employees interested in a richer dental benefit. Keenan & Associates' recommendation is for the District to accept the original renewal without the additional option. We still recommend that the District begin looking at cost saving plan design changes for upcoming renewals.

VSP

There are no changes in the Vision plan and the current rates remain in effect through the 2012 plan year.

Prudential Life Insurance

Prudential offered a special enrollment period allowing employees with supplemental life coverage to increase their amount of elected coverage up to \$80,000 (increments of \$10,000) without evidence of insurability. Employees that had original declined coverage were able to add up to \$40,000 (increments of \$10,000) of coverage without evidence of insurability.

There were no plan changes in the basic or supplemental life insurance plans and the current rates remain in effect through the 2012 plan year.

MetLife Long Term Disability

There are no changes in the LTD plan and the current rates remain in effect through the 2012 plan year.

Flexible Spending Account and COBRA Administration Marketing

With the need to replace NBS, Keenan requested proposals for both FSA and COBRA Administration from 6 vendors which included Ameriflex, PayFlex, Chard-Snyder, Ceridian, TASC and EBS.

Ceridian did not respond with a proposal by the due date and TASC only offered FSA services.

The finalists were Ameriflex, Payflex and EBS with EBS being chosen as the vendor for the 2012 plan year.

Administrative Costs:

	COBRA – per enrollee	FSA – per participant per month
NBS	\$15.00	\$4.50
EBS	\$10.00	\$5.25

Summary

Keenan & Associates is grateful for the opportunity to continue working with Sacramento Regional Transit District and we look forward to the continued partnership in the years to come.

Sincerely,



Stacey Bjelke
Account Manager

RESOLUTION NO. 11-12-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 12, 2011

**AUTHORIZING THE GENERAL MANAGER/CEO TO APPROVE AND EXECUTE
AMENDMENTS TO THE CONTRACTS WITH DELTA DENTAL AND DELTACARE
USA**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the General Manager/CEO is hereby authorized to approve and execute amendments to the Contracts with Delta Dental and DeltaCare USA to extend the term to December 31, 2012, at rates no higher than those set forth in Exhibit A, contingent on review and approval of the amendments by the Office of the Chief Legal Counsel.

DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

Exhibit A

Delta Dental PPO Plan

<i>Effective Date</i>	<i>January 1, 2012</i>	
<i>Contract term</i>	<i>One Year January 1, 2012 through December 31, 2012</i>	
<i>% of Increase</i>	<i>3.70%</i>	
	<i>Current Rates</i>	<i>Renewal Rates</i>
<u><i>Divisions 0011, 1011</i></u>		
<i>Employee</i>	\$51.64	\$53.56
<i>Employee + one dependent</i>	\$93.72	\$97.20
<i>Employee + two or more dependents</i>	\$150.54	\$156.10

<i>Effective Date</i>	<i>January 1, 2012</i>	
<i>Contract term</i>	<i>One Year January 1, 2012 through December 31, 2012</i>	
<i>% of Increase</i>	<i>3.70%</i>	
	<i>Current Rates</i>	<i>Renewal Rates</i>
<u><i>Divisions 0012, 0013, 0014, 1012, 1013</i></u>		
<i>Employee</i>	\$55.66	\$57.72
<i>Employee + one dependent</i>	\$101.58	\$105.34
<i>Employee + two or more dependents</i>	\$160.16	\$166.10

DeltaCare USA Plan

<i>Effective date</i>	<i>January 1, 2012</i>	
<i>Contract term</i>	<i>One Year January 1, 2012 through December 31, 2012</i>	
<i>% of Increase</i>	<i>3%</i>	
	<i>Current Rates</i>	<i>Current Plan Renewal Rates</i>
<i>DHMO/Prepaid Plan Rates</i>		
<i>Employee</i>	\$17.74	\$18.28
<i>Employee + one dependent</i>	\$31.82	\$32.78
<i>Employee + two or more dependents</i>	\$47.08	\$48.50

RESOLUTION NO. 11-12-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 12, 2011

**APPROVING CONTRACTS WITH EMPLOYEE BENEFIT SPECIALISTS, INC. TO
PROVIDE CAFETERIA PLAN, FLEXIBLE SPENDING ACCOUNT AND COBRA
SERVICES**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Administrative Services Agreement for Flexible Benefits Plan by and between the Sacramento Regional Transit District (therein "Employer") and Employee Benefits Specialists, Inc. (therein "EBS, Inc.") whereby EBS, Inc. agrees to provide Flexible Spending Account services, as further specified therein, is hereby approved.

THAT, COBRA Agreement For Sacramento Regional Transit by and between the Sacramento Regional Transit District (therein "Employer") and Employee Benefits Specialists, Inc. (therein "EBS"), whereby EBS agrees to provide COBRA services, as further specified therein, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the above contracts and any other ancillary contracts or agreements necessary for Employee Benefits Specialists, Inc. to provide the required Cafeteria Plan, Flexible Spending Account, and COBRA services under the above contracts.

DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary