

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	02/28/11	Open	Action	02/21/11

Subject: Dental Benefits for 2011

ISSUE

Whether or not to approve the 2011 contracts with RT's dental benefits providers.

RECOMMENDED ACTION

Adopt Resolution No. 11-02-____, Conditionally Approving Contracts with Delta Dental, and Delta Care USA for 2011.

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	421,190
Budget Source:	Operating	Next FY:	\$	1,307,795
Funding Source:	Federal/State/Local	Annualized:	\$	1,263,570
Cost Cntr/GL Acct(s) or Capital Project #:	GL Accts: 520003 and 520004	Total Amount:	\$	1,729,985
Total Budget:	\$ 1,036,598			

DISCUSSION

All RT employees receive District paid dental benefits through RT's current provider Delta Dental. In August 2010, RT staff was informed that the dental rates would increase by 19.2% for the upcoming contract year. Since an increase of this magnitude appeared unwarranted, a decision was made to allow RT's benefit broker Keenan & Associates to market the dental program to providers other than Delta Dental. After performing a search, Keenan & Associates recommended that RT switch to MetLife for dental benefits because they quoted more favorable rates.

Based on the MetLife proposal, RT staff initiated discussions with all employee groups to approve the replacement of Delta Dental with MetLife. While initial information provided to the groups was received positively, subsequent requests for data from MetLife and responses appeared to conflict with some information provided by MetLife during the proposal phase. Based on the information received from MetLife, RT made the decision to approach Delta Dental and request a final review of the 2011 rate increase. The subsequent discussion yielded a final increase from Delta Dental of 10.0% for the balance of 2011 (March through December) as well as a rate lock not to exceed 7% during the contract (calendar) year 2012.

RT has not received copies of the contract amendment described. Consequently, RT Legal has been unable to verify that the rates included in attached Exhibit 1 are consistent with the terms of the actual agreements RT will be required to execute to continue the coverages described herein.

Approved:

Presented:

Final 2/21/11

General Manager/CEO

Director, Human Resources

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Subject: Dental Benefits for 2011

RT has been advised that the contract documents will be provided to RT prior to March 1, 2011. Thus, RT staff recommends that the Board approve the contract amendment conditioned upon review and verification by RT's Chief Legal Counsel that the rates and terms described in Exhibit 1 are included in the contract amendment provided to RT for its signature. Staff further recommends that upon a finding by the Chief Legal Counsel that the agreements incorporate the terms contained in Exhibit 1, the General Manager/CEO be authorized to execute such agreements.

RESOLUTION NO. 11-02-_____

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

February 28, 2011

CONDITIONALLY APPROVING CONTRACTS WITH DELTA DENTAL, AND DELTA CARE USA FOR 2011

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

THAT, the Seventh Amendment to the DeltaCare USA Group Dental Service Contract by and between Sacramento Regional Transit District with Delta Dental of California whereby the term is extended to December 31, 2011, at the rates set forth in Exhibit 1, is hereby approved, conditioned upon review and verification by RT's Chief Legal Counsel that the rates in Exhibit 1 are incorporated into the agreement.

THAT, the General Manager/CEO is hereby authorized and directed to execute the above contracts upon satisfaction of the foregoing contingencies.

DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary



Exhibit 1

Sacramento Regional Transit District 2011 Delta Dental - Version 4 - FINAL - Effective 3-1-2011

Division #s 0012, 0013, 0014, 1012 & 1013

Rate Comparison	Current		Negotiated Rate		Proposed	
Carrier Name	Delta Dental		Delta Dental		MetLife	
Effective Date	01/01/2010		03/01/2011		01/01/2010	
Eligible Class	All Eligible Employees		All Eligible Employees		All Eligible Employees	
Rating Structure	Rate	Subscribers	Rate	Subscribers	Rate	Subscribers
EE	\$50.60	282	\$55.66	282	\$52.50	282
EE & 1 Dep	\$92.34	309	\$101.58	309	\$95.80	309
EE & 2+ Deps	\$145.60	241	\$160.16	241	\$151.06	241
Total Monthly Premium	\$77,891.86		\$85,682.90		\$80,812.66	
Total Annual Premium	\$934,702.32		\$1,028,194.80		\$969,751.92	
% Change over Current Monthly Premium	N/A		10.0%		3.7%	
\$ Change over Current Annual Premium	N/A		\$93,492.48		\$35,049.60	

Division #s 0011, 1011 (IBEW Only)

Rate Comparison	Current		Negotiated Rate		Proposed	
Carrier Name	Delta Dental		Delta Dental		MetLife	
Effective Date	01/01/2010		03/01/2011		01/01/2011	
Eligible Class	All Eligible Employees		All Eligible Employees		All Eligible Employees	
Rating Structure	Rate	Subscribers	Rate	Subscribers	Rate	Subscribers
EE	\$46.94	44	\$51.64	44	\$48.70	44
EE & 1 Dep	\$85.20	71	\$93.72	71	\$88.40	71
EE & 2+ Deps	\$136.86	71	\$150.54	71	\$141.99	71
Total Monthly Premium	\$17,831.62		\$19,614.62		\$18,500.49	
Total Annual Premium	\$213,979.44		\$235,375.44		\$222,005.88	
% Change over Current Monthly Premium	N/A		10.0%		3.8%	
\$ Change over Current Annual Premium	N/A		\$21,396.00		\$8,026.44	

The rates outlined above are intended as a rate comparison only. Rates are based on census information as of (date census attached). Final rates are subject to actual enrollment, plan design(s) selected, and underwriting approval.