

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	12/10/12	Open	Action	11/28/12

Subject: Approving Contracts with the District's Health Care Providers

ISSUE

Whether or Not to Approve Renewals with RT's Health Care Providers.

RECOMMENDED ACTION

- A. Adopt Resolution No. 12-12-____, Approving Amendment No. 9 to Agreement with Delta Dental of California; and
- B. Adopt Resolution No. 12-12-____, Approving an Amendment to the DeltaCare USA Dental Service Contract; and
- C. Adopt Resolution No. 12-12-____, Approving the VSP Renewal Confirmation for the Group Vision Care Agreement with Vision Service Plan; and
- D. Adopt Resolution No. 12-12-____, Approving the First Amendment to the Group Insurance Contract with Prudential Life Insurance Company

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	0.00
Budget Source:	Operating	Next FY:	\$	840,341
Funding Source:	Federal/State/Local	Annualized:	\$	1,680,682**
Cost Cntr/GL Acct(s) or Capital Project #:	Multiple GL accounts and cost centers across agency	Total Amount:	\$	1,680,682

Total Budget: \$ 840,341*

* Total costs for FY 2013 are included in the FY 2013 operating budget.

**The annualized amount represents the full calendar year costs.

DISCUSSION

Each year, RT engages in the renewal process with its current benefit providers. Following is a summary of the results of the 2013 renewal process. Attachment 1 contains an Executive Summary prepared by RT's benefit broker, Keenan and Associates (Keenan), that provides details on all the renewal information.

Approved:

Presented:

Final 12/03/12

General Manager/CEO

Director, Human Resources

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Dental:

Delta Dental was able to provide RT an exceptional renewal rate for both the Preferred Provider Option (PPO) and Dental Health Maintenance Organization (DHMO) plans. The PPO plan's increase for 2013 was zero, with a rate lock through the calendar year 2014. The increase for the DHMO, utilized by only 33 employees, was a minimal 5%; Delta also provided RT with a rate lock on that plan through 2014.

Vision:

Vision Service Plan (VSP) provided RT with exceptional partnering, offering the same programs with no rate increase for the calendar years 2013 and 2014.

Working through VSP, RT will offer employees a supplemental plan that allows the employee to "buy-up" lens, frame and contact allowances. Employees may purchase the buy-ups through payroll deductions and must remain in the program for the entire calendar year.

Life Insurance/Accidental Death & Dismemberment (AD&D) Insurance:

RT staff asked Keenan to solicit bids to potentially replace RT's current life insurance provider, Prudential. Based on Keenan's marketing effort, however, Staff proposes that RT retain Prudential as its provider. Prudential has provided RT with a rate lock on the current rates through calendar year 2013.

Long Term Disability Insurance:

MetLife, RT's current provider, has provided RT with a rate lock on the current rates through the calendar year 2013. Consequently no changes are required for that contract.

RECOMMENDATION

Staff recommends approval of renewals with RT's dental insurance providers, Delta Dental and Delta Care USA; vision insurance provider, VSP; and Life Insurance/AD&D insurance provider, Prudential.

Attachment 1

Sacramento Regional Transit District 2013 Health & Welfare Renewal Executive Summary

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2013 renewals and marketing results for the ancillary benefit plans.

Renewal and Marketing Objectives

Keenan's primary concern regarding the renewal for Sacramento Regional Transit District was to check the market place for competitive Life, AD&D and LTD rates while renewing the current dental and vision plans at affordable rates.

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 – 5.6 %	1.75%
Prepaid – 6.6%	

Delta Dental

Sacramento Regional Transit District currently offers both a Delta Dental PPO and a DHMO (prepaid) to all employees. The 2013 renewal had a 0% increase on the PPO plan and a 5% increase on the DHMO. Rates on both plans are guaranteed until December 31, 2014.

VSP

The vision plan renewed with a 0% increase with another 2 year rate guarantee for the current Signature plan. The plan has been enhanced to include a cap of \$60 on contact lens fitting and evaluation. In addition to the renewal, VSP provided options for voluntary "buy up" plans which increase the frequency and allowance for frames and lenses and are provided on a voluntary basis paid for by the employee.

Life, AD&D and Long Term Disability Marketing

Keenan & Associates requested quotes from 8 Life and LTD carriers which included: Cigna, Fort Dearborn, Guardian, Hartford, MetLife (Life), Prudential (LTD) Principal Financial, Standard and Unum. For both lines of coverage, rates were either non-competitive or we received a declination to quote. The marketing pressure did result in the incumbent carriers renewing the existing plans at no increase in the current rates.

MetLife – Long Term Disability

MetLife renewed the current LTD plan with no increase to the current rate of \$0.24/\$100 for the 2013 plan year.

Prudential

Prudential renewed the current Life & AD&D plans with no increase in the current rate of \$0.30/\$1,000 for Life and \$0.031 for AD&D. The rates are guaranteed for 3 years and include an added financial planning benefit for beneficiaries.

Flexible Spending Account and COBRA Administration

EBS COBRA and FSA Administration will remain at the current rates for the 2013 plan year.

Summary

It continues to be a pleasure working with Sacramento Regional Transit District. Keenan & Associates is grateful for the continued partnership and we look forward to working with the District in 2013 and in future years.

Sincerely,

A handwritten signature in black ink, appearing to read "Stacey Bjelke". The signature is fluid and cursive, with the first name "Stacey" written in a larger, more prominent script than the last name "Bjelke".

Stacey Bjelke
Account Manager

RESOLUTION NO. 12-12-_____

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

December 10, 2012

APPROVING AMENDMENT NO. 9 TO AGREEMENT WITH DELTA DENTAL OF CALIFORNIA

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

THAT, the Ninth Amendment to the Agreement between the Sacramento Regional Transit District with Delta Dental of California, whereby the term is extended to December 31, 2014, at the current rates, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute Amendment No. 9.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 12-12-_____

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

December 10, 2012

**APPROVING AN AMENDMENT TO THE DELTA CARE USA DENTAL SERVICE
CONTRACT**

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

THAT, the Amendment to Delta Care USA Group Dental Service Contract between
the Sacramento Regional Transit District and Delta Dental of California, whereby the term
is extended to December 31, 2014, at the rates set forth in Exhibit A, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the
foregoing Amendment.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

Exhibit A

DELTACARE USA GROUP DMO PLAN - Effective January 1, 2013

	EE ONLY	EE + ONE	FAMILY	% CHANGE
Current Rate	\$18.28	\$32.78	\$48.50	
Renewal Rate	\$19.20	\$34.42	\$50.92	4.99%

RESOLUTION NO. 12-12-_____

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

December 10, 2012

**APPROVING THE VSP RENEWAL CONFIRMATION FOR THE GROUP VISION
CARE AGREEMENT WITH VISION SERVICE PLAN**

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

THAT, the VSP Renewal Confirmation to the Group Vision Care Agreement between the Sacramento Regional Transit District and Vision Service Plan, whereby two "buy up" options are added and the term is extended to December 31, 2014, at the rates set forth in Exhibit A, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the above Amendment.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

Exhibit A

VSP 2013 Renewal		
	Composite	% CHANGE
Current Rate	\$13.70	
Renewal Rate	\$13.70	0.00%
Option 1 Buy Up	\$9.76	N/A
Option 2 Buy Up	\$12.58	N/A

RESOLUTION NO. 12-12-_____

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

December 10, 2012

**APPROVING THE FIRST AMENDMENT TO THE GROUP INSURANCE CONTRACT
WITH PRUDENTIAL LIFE INSURANCE COMPANY**

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

THAT, the First Amendment to Group Contract No. G-49541-CA between the Sacramento Regional Transit District and Prudential Insurance Company of America, whereby Prudential will issue new group insurance certificates to the covered employee groups, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the above Amendment.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary