

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	12/09/13	Open	Action	12/03/13

Subject: Delegating Authority to the General Manager/CEO to Approve Contracts with the District's Health Care Providers

## ISSUE

Whether or Not to Delegate Authority to the General Manager/CEO to Approve Renewals with RT's Health Care Providers, and Whether or Not to Approve the Renewal to the Vision Care Agreement with Vision Service Plan.

## RECOMMENDED ACTION

- A. Adopt Resolution No. 13-12-\_\_\_\_, Delegating Authority to the General Manager/CEO to Approve Amendment No. 10 to the Agreement with Delta Dental of California; and
- B. Adopt Resolution No. 13-12-\_\_\_\_, Delegating Authority to the General Manager/CEO to Approve an Amendment to the DeltaCare USA Dental Service Contract; and
- C. Adopt Resolution No. 13-12-\_\_\_\_, Delegating Authority to the General Manager/CEO to Approve an Amendment to the Flexible Spending Account and Cobra Administration Agreement with EBS; and
- D. Adopt Resolution No. 13-12-\_\_\_\_, Approving the Amendments to Vision Care Agreement with Vision Service Plan.

## FISCAL IMPACT

The Dental and Vision costs discussed in this issue paper are included in the FY 2014 operating budget for a total of \$782,085.

Plans	Coverage Levels	2013 Rates	2014 Rates	% Change
Delta Dental of California (AEA, MCEG, AFSCME & ATU)	EE Only	\$57.72	\$58.36	>1%
	EE + 1	\$105.34	\$106.50	1%
	EE + Family	\$166.10	\$167.94	1%
Delta Dental of California (IBEW)	EE Only	\$53.56	\$54.15	1%
	EE + 1	\$97.20	\$98.27	1%
	EE + Family	\$156.10	\$157.82	1%
DeltaCare USA	EE Only	\$19.20	\$19.39	>1%
	EE + 1	\$34.42	\$34.76	1%
	EE + Family	\$50.92	\$51.43	1%
EBS		\$0	\$0	0%
VSP Regular Plan	EE and/or Family	\$13.70	\$13.98	2%

Approved:

Presented:

Final 12/04/13

General Manager/CEO

Chief Administrative Officer

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## DISCUSSION

Each year, RT must renew its insurance benefits policies with its current benefit providers. Following is a summary of the results of the 2014 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. Because only one provider has provided a copy of the proposed amendment, staff is asking that the Board delegate authority to the General Manager/CEO to approve and execute the amendment documents once they are received and reviewed by RT's Chief Counsel to ensure that the rates and terms are consistent with the renewal information provided to Keenan and described herein.

### **Dental:**

During 2013, 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, providing RT a rate lock of the 2013 rates for the calendar year 2014. In an effort to ease the administrative burden associated with potentially dual tracking dependent children as the Affordable Care Act (ACA) increased the dependent age for coverage to 26, the District has adopted the maximum age requirement for dependents for all health and welfare benefits to age 26. The increase in cost associated with this administrative change is 1% for each plan, which is included in the above-referenced fiscal impact; a contract amendment is required to ensure the increase in the age of covered dependents to be consistent with the ACA changes are incorporated into the contract; however, the amendments to both plans will not be made available to RT until after January 1, 2014. Staff requests that the Board delegate authority to the General Manager/CEO to approve and execute the Amendments upon receipt and review by RT's Chief Counsel.

### **Flexible Spending Account and COBRA Administration:**

EBS, RT's current provider, has provided RT with a rate lock on the current rates through the calendar year 2014. However, on October 31, 2013, the IRS provided sponsors of Medical Flexible Spending Accounts the opportunity to allow employees a "Carry Over" option of up to \$500 per year of their unused contributions. In order to allow employees the opportunity to utilize the Carry Over option, a contract amendment is required. Staff is requesting that the Board delegate authority to the General Manager/CEO to approve the amendment to RT's Agreement with EBS to make the Carry Over option a feature of RT's FSA plan upon receipt and review by RT's Chief Counsel.

### **Vision:**

Vision Service Plan (VSP) provided RT with exceptional partnering, offering the same programs with a second year rate lock of the 2013 rates for the calendar year 2014. In an effort to ease administration burden associated with the extended dependent age contained within the

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Affordable Care Act (ACA), the District has adopted the maximum age requirement for dependents to age 26. The increase associated with this administrative is approximately 2%, which is included in the above-referenced fiscal impact.

VSP has provided two amendments to the Contract between RT and VSP for vision services. The first amendment incorporates the rates that RT will be billed in 2014. The second amendment increases the age for coverage for dependents to age 26. Staff requests that the Board approve the rates and continued extension of vision coverage on the terms and conditions in RT's current Agreement with VSP.

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

RT is in the second year of a three year rate guarantee and will maintain its current life insurance provider, Prudential, through January 1, 2016.

Consequently, no changes are required to that contract.

**Long Term Disability Insurance:**

MetLife, RT's current provider, renewed the LTD plan with no increase for the 2014 plan year. Although RT's benefit broker, Keenan and Associates (Keenan), solicited 8 other carriers to provide quotes during the 2013 renewal process, their rates were not as competitive as the current provider's rates. Consequently, RT Staff has chosen to maintain the current provider with a rate lock on the current rates through the calendar year 2014.

Consequently, no changes are required to that contract.

**RECOMMENDATION**

Staff recommends the Board delegate authority to the General Manager/CEO to approve the renewals with RT's dental insurance providers, Delta Dental (PPO Plan) and Delta Care USA (DHMO); Flexible Spending Account and COBRA administration with EBS, upon receipt of the necessary amendments or contract documents and review by RT's Chief Counsel. Staff further recommends that the Board approve the two amendments to the group vision care agreement with VSP and authorize the General Manager/CEO to execute the amendments.



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## Attachment 1

### Sacramento Regional Transit District 2014 Health & Welfare Renewal Executive Summary

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2014 renewal overview for the ancillary benefit plans.

#### Renewal and Marketing Objectives

Keenan's primary goal has been to continue to provide Sacramento Regional Transit District ancillary benefit programs that are affordable. Multi-year rate guarantees have been negotiated with the dental, vision and life carriers providing predictability in rates and benefit designs.

#### 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 – 6.6%	2.0%
Prepaid – 5.0%	

#### Affordable Care Act (ACA)

On March 4, 2013 the IRS published in the Federal Register a rulemaking that will require medical, dental and vision carriers to pay a Health Insurance Fee (HIPF) to the IRS starting in 2014.

#### Delta Dental

The Delta dental plans will be in the second year of a rate guarantee. With the passing of the Affordable Care Act, Delta dental will be increasing the rate by approximately 1% effective January 1, 2014 in order to cover HIPF.

#### VSP

The VSP vision plan will be in the second year of a rate guarantee. With the passing of the Affordable Care Act, VSP will be increasing the rates by approximately 2% effective January 1, 2014 in order to cover HIPF.

#### Prudential Life and AD&D

The Prudential Life and AD&D plans will be in the second year of a 3 year rate guarantee. The current rate of \$0.30/\$1,000 for life and \$0.031 for AD&D will remain in place until January 1, 2016.

MetLife – Long Term Disability

MetLife renewed the current LTD plan with no increase to the current rate of \$0.24/\$100 for the 2014 plan year. During the 2013 renewal process 8 other carriers were asked to quote the LTD plan. Even though the claims activity is very low the other carriers were unable to provide rates lower than the current MetLife plan. The plan is 100% manually rated due to the limited number of eligible participants therefore the low claims activity is not taken into account when rating.

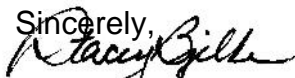
Flexible Spending Account and COBRA Administration

EBS COBRA and FSA Administration will remain at the current rates for the 2014 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 2014 and in future years.

Sincerely,



Stacey Bjelke  
Account Manager

RESOLUTION NO. 13-12-\_\_\_\_\_

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

December 9, 2013

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE  
AMENDMENT NO. 10 TO THE 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 Board hereby delegates authority to the General Manager/CEO to Approve the Tenth 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 1% rate for the Delta Dental (PPO) Plan and dependent maximum age limit is increased to age 26, contingent upon receipt and review of the Amendment by RT's Chief Counsel.

THAT, the General Manager/CEO is hereby authorized and directed to execute Amendment No. 10 upon satisfactory completion of the foregoing contingency.

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PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 13-12-\_\_\_\_\_

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

December 9, 2013

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE AN  
AMENDMENT TO THE DELTACARE USA DENTAL SERVICE CONTRACT**

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

THAT, the Board hereby delegates authority to the General Manager/CEO to approve the Tenth Amendment to the Agreement between the Sacramento Regional Transit District with DeltaCare USA Group Dental Service California, whereby the term is extended to December 31, 2014, at the 1% rate for the DHMO Plan and dependent maximum age limit is increased to age 26, contingent upon receipt and review of the Amendment by RT's Chief Counsel.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing Amendment No. 10, upon satisfactory completion of the foregoing contingency.

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PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 13-12-\_\_\_\_\_

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

December 9, 2013

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE AN  
AMENDMENT TO THE FLEXIBLE SPENDING ACCOUNT AND COBRA  
ADMINISTRATION AGREEMENT WITH EBS**

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

THAT, the Board hereby delegates authority to the General Manager/CEO to approve an Amendment to the Agreement between the Sacramento Regional Transit District and EBS, whereby the term is extended to December 31, 2014, with the "Carry Over" option, contingent upon receipt and review of the Amendment by RT's Chief Counsel.

THAT, the General Manager/CEO is hereby authorized and directed to execute the above Amendment upon satisfactory completion of the foregoing contingency.

\_\_\_\_\_  
PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary



RESOLUTION NO. 13-12-\_\_\_\_\_

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

December 9, 2013

**APPROVING THE AMENDMENTS TO 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 Amendment to the Group Vision Care Agreement between the Sacramento Regional Transit District and Vision Service Plan wherein the plan is extended to December 31, 2014, with a rate increase of approximately 2% for the VSP Plan, is hereby approved.

THAT, the Amendment to the Group Vision Care Agreement between the Sacramento Regional Transit District and Vision Service Plan wherein the maximum age for dependent coverage is increased to age 26 beginning January 1, 2013, is hereby approved.

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

\_\_\_\_\_  
PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary