

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	12/08/14	Open	Action	11/13/14

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. 14-12-____, Delegating Authority to the General Manager/CEO to Approve Amendment No. 11 to the Agreement with Delta Dental of California; and
- B. Adopt Resolution No. 14-12-____, Delegating Authority to the General Manager/CEO to Approve an Amendment to the DeltaCare USA Dental Service Contract; and
- C. Adopt Resolution No. 14-12-____, Delegating Authority to the General Manager/CEO to Execute the Contract for the Flexible Spending Account Agreement with Flex-Plan Services, Inc.; and
- D. Adopt Resolution No. 14-12-____, 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 2015 operating budget for a total of \$1,532,050.00.

Plans	Coverage Levels	2014 Rates	2015 Rates	% Change
Delta Dental of California (All Employees)	EE Only	\$58.36	\$58.36	>0%
	EE + 1	\$106.50	\$106.50	0%
	EE + Family	\$167.94	\$167.94	0%
DeltaCare USA	EE Only	\$19.40	\$20.48	>5.5%
	EE + 1	\$34.76	\$36.69	5.5%
	EE + Family	\$51.44	\$54.29	5.5%
FlexPlan Services, Inc. – Flexible Spending Account	Up to \$2,550 per year	\$N/A	\$4.25 PMPM	0%
VSP Regular Plan	EE and/or Family	\$13.98	\$15.00	7.3%
VSP Enhanced/Voluntary Plan	EE and/or Family	\$26.81	\$28.77	7.3%

Approved:

Presented:

Final 12/2/14

General Manager/CEO

Director, Human Resources

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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 2015 renewal process. Attachment 1 contains an Executive Summary prepared by RT's benefit broker, Keenan and Associates (Keenan), providing 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 2014, Delta Dental allowed RT to move IBEW employees to the same dental plan as all others at no additional increase in rates effective April 1, 2014. The PPO plan renewed with a rate pass with rates locked in for another 2 years. The Dental Health Maintenance Organization (DHMO) plan renewed with an increase of 5.5% with the new rates locked in for 2 years. The amendments to both plans will not be made available to RT until after January 1, 2015. 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 (FSA) and COBRA Administration:

RT's benefit broker, Keenan & Associates solicited proposals from six other FSA and COBRA Administrators to replace EBS. FlexPlan provided the most competitive rate with no monthly minimum for FSA administration. Staff recommends that the Board authorize staff to enter into an agreement with FlexPlan to serve as the new FSA administrator. Rather than have a third party vendor administer RT's COBRA program, staff has determined that it will be economical to have the vision and dental COBRA administration handled internally by Human Resources staff. Staff is requesting that the Board delegate authority to the General Manager/CEO to approve the Agreement with FlexPlan Services, Inc. to administer RT's FSA program upon receipt and review by RT's Chief Counsel.

Vision:

Vision Service Plan (VSP) increased rates 7.3% on both the basic and enhanced/voluntary plans effective January 1, 2015. Approximately 3% of the increase is based on the Affordable Care Act and the Health Insurance Fee that carriers are required to pay. The new rates for both plans are locked in for the next 2 years.

VSP has provided one amendment to the Contract between RT and VSP for vision services. The amendment incorporates the rates that RT will be billed in 2015. Staff requests that the Board

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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 third 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 (LTD) Insurance:

MetLife, RT’s current provider, renewed the LTD plan with no increase for the 2015 plan year. RT Staff has chosen to maintain the current provider with a rate lock on the current rates through the calendar year 2015.

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); and the new contract for Flexible Spending Account administration with Flex-Plan Services, Inc. upon receipt of the necessary amendments or contract documents and review by RT’s Chief Counsel. Staff further recommends that the Board approve the amendment to the group vision care agreement with VSP and authorize the General Manager/CEO to execute the amendments.



P.O. Box 1538 916 859-4900
Rancho Cordova, CA 95741 916 859-7167 fax GS
www.keenan.com
License No. 0451271

Sacramento Regional Transit District
2015 Health & Welfare Renewal
Executive Summary

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2015 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 and have multi-year rate guarantees which will provide 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 – 7.6%	2.0%
Prepaid – 6.6%	

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. These fees have resulted in an additional increase of 2% - 3% in premium for dental and vision plans.

The Affordable Care Act has added significant new reporting requirements under IRC sections 6055 & 6056. Keenan & Associates will continue to provide webinars, Briefings and any applicable updates to assist RT with on-going compliance of ACA.

Delta Dental

On April 1, 2014 the IBEW employees were combined with all other employees on the Delta Dental PPO plan with a lifetime deductible at no increase to the existing 2014 rates. The January 1, 2015 renewal for the PP DMO renewal is an increase of 5.5% with the new rates holding for 2 years. The next dental renewal will be January 1, 2017.

VSP

With the passing of the Affordable Care Act, VSP will be increasing the rates by approximately 3% effective January 1, 2015 in order to cover HIPF. In addition to the increase for HIPF, VSP released the 2015 renewal with a 4.3% increase bringing the total increase to 7.3%. The increase in annual premium for the Basic Plan is \$756 and the voluntary Enhanced Plan is \$2,869 based on enrollment at time of renewal. The rates will hold for the next 2 years renewing again January 1, 2017.

Prudential Life and AD&D

The Prudential Life and AD&D plans will be in the third 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 2015 plan year. 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

Due to on-going customer service issues with EBS, Keenan released an RFP to 6 alternate FSA and COBRA Administration vendors which included Flex-Plan, WageWorks, Discovery Benefits, P&A Group, Ameriflex, and Payflex.

Based on the low enrollment of COBRA participants in the vision and dental plans, RT will combine the COBRA administration internally for these plans along with the medical plans starting January 1, 2015.

The finalists for the FSA Administration, Flex-Plan and WageWorks were based on costs and references from other public agencies.

FSA Administrative Costs:

FlexPlan	\$4.25 (no monthly minimum)
WageWorks	\$4.25 (\$250 monthly minimum)

The final decision was to move FSA Administration to FlexPlan effective January 1, 2015.

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 Sacramento Regional Transit District in 2015 on the current lines of coverage along with supporting the District in developing a culture of wellness in the work place and with ACA compliance.

Sincerely,



Stacey Bjelke
Account Manager

RESOLUTION NO. 14-12-_____

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

December 8, 2014

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE
AMENDMENT NO. 11 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 Eleventh Amendment to the Agreement between the Sacramento Regional Transit District with Delta Dental of California, whereby the term is extended to December 31, 2016 with a rate pass for the Delta Dental (PPO) Plan, 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. 11 upon satisfactory completion of the foregoing contingency.

PHIL SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 14-12-_____

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

December 8, 2014

**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 Eleventh 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, 2016 with a rate increase of 5.5% for the Dental Health Maintenance Organization (DHMO) Plan, 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. 11, upon satisfactory completion of the foregoing contingency.

PHIL SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 14-12-_____

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

December 8, 2014

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE THE CONTRACT FOR THE FLEXIBLE SPENDING ACCOUNT AGREEMENT WITH FLEX-PLAN SERVICES, INC

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 execute the Contract with an effective date of January 1, 2015 between the Sacramento Regional Transit District and Flex-Plan Services, Inc., whereby Flex-Plan Services Inc. agrees to administer RT's Flexible Spending Account (FSA) program, contingent upon receipt and review of the Contract by RT's Chief Counsel.

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

PHIL SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 14-12-_____

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

December 8, 2014

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 (VSP) wherein the plan is extended to December 31, 2016, with a rate increase of approximately 7.3% 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 plan is extended to December 31, 2016, with rate increase for Health Insurance Fees (HIPF), VSP released the 2015 renewal with a 4.3% increase bringing the total increase to 7.3% for both the basic coverage provided by the District as well as the voluntary programs elected and paid for by the employees, is hereby approved.

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

PHIL SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary