

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	12/11/17	Open	Action	11/27/17

Subject: Delegating Authority to the General Manager/CEO to Approve an Amendment to the Contract with Delta Dental

## ISSUE

Whether or not to delegate authority to the General Manager/CEO to approve a Contract Amendment with Delta Dental.

## RECOMMENDED ACTION

Adopt Resolution No. 17-12-\_\_\_\_, Delegating Authority to the General Manager/CEO to Approve Amendment No. 12 to the Agreement with Delta Dental.

## FISCAL IMPACT

Budgeted: 98.1% Increase to \$25,654\*  
FY 2018:

Budget Source: Operating  
Funding Source: Operating Total FY 2018: \$1,341,060  
Cost Cntr/GL Acct(s) or Various CC, GL:520004  
Capital Project #:

Total Budget: FY 2018: \$1,315,406

\* This is the increase to the FY 2018 budget for the GL referenced above. Savings from other salary and benefit costs will be used to cover the unbudgeted increase.

## DISCUSSION

Each year, SacRT must determine whether to continue its current insurance benefit policies with its current benefit providers. Following is a summary of the results of the 2018 renewal process. Attachment 1 contains an Executive Summary prepared by SacRT's benefit broker, Keenan and Associates ("Keenan"), providing details on all the renewal information. The rates are renewed on a calendar year basis as opposed to how funds are budgeted on a fiscal year basis.

### **Dental:**

After a three year rate-lock, Delta Dental presented SacRT with a 2.3% rate increase per year for the PPO Dental Plan and a 3.0% rate increase per year for the DHMO Dental plan. Keenan indicates that these rates are in-line with the increases experienced by other public agencies. Delta Dental agreed to a new 3 year rate lock so, these rates will remain in effect until December 31, 2020.

Approved:

Presented:

Final 12/6/17

General Manager/CEO

Director, Human Resources

J:\Board Meeting Documents\2017\17 December 11, 2017\Health and Welfare Contract Renewal IP 2018.doc

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**Vision:**

During 2014, SacRT negotiated new rates with Vision Service Plan (VSP) that included a three year rate lock. The relationship has progressed well and VSP has, once again, provided SacRT a three-year rate lock through December 31, 2019. Therefore, there is no rate increase associated with this Contract and associated costs have been included in the FY18 budget.

**Flexible Spending Account (FSA) and COBRA Administration:**

During 2014, SacRT entered into a Contract with FlexPlan, now Navia Benefits, to administer its FSA accounts. The relationship has progressed well during the past two years, and SacRT staff intends to continue to engage Navia Benefit Solutions as its vendor of choice. There is no rate increase associated with this Contract and associated costs have been included in the FY18 budget. The contract with Navia Benefits is an evergreen contract meaning that it continues in force indefinitely, but may be terminated with a 30 day notice of cancellation.

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

Effective January 1, 2016, SacRT entered into an Agreement with The Hartford to provide both Life Insurance/Accidental Death & Dismemberment (AD&D) Insurance and Long Term Disability (LTD) Insurance. The relationship has progressed well this year, and employees and SacRT are happy with both the rates and service provided by The Hartford Life Insurance Company. Since the Contract contained a 3 year rate lock, there is no rate increase associated with this Contract and the associated costs have been included in the FY18 budget. The current contract does not expire until December 31, 2019.

Because SacRT's Contracts with VSP, Navia Benefits, and the Hartford are still in force, no action by the Board is necessary at this time. However, the Board needs to take action on SacRT's Contract with Delta Dental. Staff requests that the Board delegate authority to the General Manager/CEO to approve the Contract Amendment with Delta Dental upon receipt of the Contract Amendment for Delta Dental around the first of the new year.



Attachment 1

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Sacramento Regional Transit District  
2018 Health & Welfare Renewal  
Executive Summary

On behalf of Sacramento Regional Transit District, Keenan & Associates is pleased to present the 2018 renewal overview for the ancillary benefit plans.

Renewal and Marketing Objectives

Keenan’s primary goal continues to negotiate and provide Sacramento Regional Transit District with 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 – 5.0%	2.5%
Prepaid – 5.0%	

Affordable Care Act (ACA)

ACA continues to have direct impacts to the offering of employee benefits. Keenan & Associates will continue to provide webinars, Briefings and any applicable updates to assist RT with on-going compliance of ACA.

Delta Dental

Current rates and benefits for all employees enrolled in the Delta Dental PPO and DHMO plans will remain the same for the 2018 plan year. The rates are guaranteed for two years with the next plan renewal effective January 1, 2020.

VSP

Current rates and benefits for all employees enrolled in the VSP Basic or Enhanced plans will remain the same for the 2018 plan year. This will be the second year of a two year rate guarantee. The next plan renewal will be January 1, 2019.

The Hartford

Current rates and benefits for Life and Disability will remain the same for the 2018 plan year. This will be the third year of a three year rate guarantee. The next plan renewal will be January 1, 2019.

Flexible Spending Account

The current rate of \$4.25 per participant will remain the same for the 2018 plan year.

Summary

We appreciate the long term partnership we've had with Sacramento Regional Transit District and look forward to working with the District during the next plan year. We will continue to work with the current lines of coverage while keeping the District informed of new regulations and changes that affect the employee benefits offered to District employees.

Sincerely,



Stacey Comerchero  
Sr. Account Manager

RESOLUTION NO. 17-12-\_\_\_\_\_

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

December 11, 2017

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO APPROVE  
AMENDMENT NO. 12 TO THE AGREEMENT WITH DELTA DENTAL**

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 Twelfth Amendment to the Agreement between the Sacramento Regional Transit District and Delta Dental of California, whereby the term is extended to December 31, 2020 and Delta Dental's proposed 2018 rates are adopted contingent upon receipt and review of the Amendment by SacRT's Chief Counsel.

THAT, the General Manager/CEO is hereby authorized and directed to execute Amendment No. 12 upon satisfactory completion of the foregoing contingency.

\_\_\_\_\_  
ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

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