

**MEMORANDUM
PERSONNEL DEPARTMENT
COUNTY OF PLACER**

To: Board of Supervisors
From: Nancy Nittler, Personnel Director *NN*
By: Ann Craig, Personnel Services Manager *AC*
Date: July 13, 2010
Subject: Delta Dental Contract Renewal

ACTION REQUESTED: Authorize the Personnel Director to sign the dental program renewal through the County Supervisors Association of California Excess Insurance Authority Program (CSAC-EIA) Memorandum of Understanding with our existing administrators, Delta Dental and Preferred Benefit Administrators, for fiscal year July 1, 2010 through June 30, 2011.

BACKGROUND: Placer County has been self-insured for employee and retiree dental insurance coverage since 1983 with Preferred Benefits Insurance Administrators (PBIA) and Delta Dental administering and adjudicating claims since July 1, 2001. This contract has been part of the CSAC-EIA Dental Program.

In an effort to improve cost and efficiencies, CSAC-EIA recently incorporated the existing CSAC-EIA Dental Program and the Alliant City Advantage Plans (CAP) Dental Program into a single program under the EIA as part of the Joint Powers Authority (JPA). The new dental program will cover 100 public agencies and over 60,000 employees. Delta Dental and PBIA will still administer the enrollment and claims processing for approximately 3,350 enrollees and their dependents in the Placer County dental plan which also includes six special districts.

Through the CSAC-EIA umbrella, Delta Dental and PBIA are requesting a slight reduction in the administrative fees, from 7.8% of claims plus \$65/employee/month to 7.5% of claims plus \$65/employee/month through June 30, 2011. The reduction includes a few minor policy improvements including panoramic x-rays and General IV Sedation. CSAC-EIA is asking each of the current member agencies to sign the attached Memorandum of Understanding to confirm participation in the Dental Program.

Delta Dental and PBIA have been consistent on their enrollment & claims processing and they work well with Placer County staff to resolve enrollment or claims processing issues that may arise. Delta Dental processed approximately 17,000 dental claims for Placer County employees and their dependents for this 2009 – 2010 fiscal year.

FISCAL IMPACT: The fiscal year 2010 - 2011 Dental/Vision self-insurance proposed budget currently includes dental administration fees of approximately \$269,050 based upon the administration fees and anticipated claims. Employees and retirees pay the full cost of their dependent coverage and Placer County pays for the employee and retiree only cost. Administration costs are built into the full premium paid by the special districts for each enrollee to Placer County.

Cc: Linda Oakman, Administrative Services Manager

April 12, 2010

County of Placer
Attn: Ann Craig
145 Fulweiler Ave., Suite 200
Auburn, CA 95603

RE: CSAC-EIA Dental Program Renewal

Dear CSAC-EIA Delta Dental Member:

As a valued participant in the CSAC Excess Insurance Authority (EIA) Dental Program, we would like to thank you for your continued participation and support. The CSAC-EIA Dental Program continues to provide increased cost stability and wholesale discounts to member agencies. The CSAC-EIA Dental Program offers member agencies the lowest administrative cost available in the market with Delta Dental.

Your dental plan benefits are scheduled to renew July 1, 2010 for a period of one (1) year, continuing uninterrupted until June 30, 2011.

This letter addresses your renewal administration and changes to the CSAC-EIA Dental Program that requires action.

RENEWAL ADMINISTRATION

Based on the review of your group's dental experience, projected increases in dental trend, it has been determined that a decrease to your current administration is necessary.

Renewal administration is effective: July 1, 2010 through June 30, 2011

Current Administration	Renewal Administration
7.80% + \$0.65 PEPM	7.50% + \$0.65 PEPM

Included with the renewal effective July 1, 2010, Delta Dental will be implementing mandatory policy changes for Panoramic X-ray, IV Sedation and General Anesthesia for all current PPO and Premier Plan Contracts. Detailed information regarding these changes is attached.

CHANGES TO THE CSAC-EIA DENTAL PROGRAM

In order to offer a more cost-effective Dental Program, Alliant has been working with Delta Dental to evaluate the structure of the CSAC-EIA Dental Program. Delta Dental has offered additional cost savings to public agencies by consolidating the existing CSAC-EIA Dental Program with Alliant's City Advantage Plans (CAP) Dental Program.

The CAP Dental Program was created by Alliant in 1999, to meet the needs of cities in California. The CAP Dental Program currently includes more than 50 cities in California.

In the new CSAC-EIA Dental Program, the existing CSAC-EIA Dental membership will be merged with the membership of Alliant's CAP Dental Program. The new CSAC-EIA Dental Program will be under EIA governance and will cover over 100 public agencies with 60,000 employees. The Restructured Program will reduce Delta Dental administration fees and member costs, offer greater rate stability and will provide more opportunity for growth in enrollment while simplifying Program administration.

NOTE: There will be no change to plan benefits or coverage documents or current billing and eligibility processes. Please see the attached *Frequently Asked Questions* document for additional information.

Effective July 1, 2010, your individual contract with Delta Dental will transition to a single master contract between CSAC-EIA and Delta Dental. To complete the transition from your direct contract with Delta Dental to becoming a participant under the CSAC-EIA master contract, you are required to execute a CSAC-EIA Dental Program Memorandum of Understanding (MOU). The CSAC-EIA Dental MOU will replace your existing contract with Delta Dental.

Attached is additional information containing all agreements requiring signature in order to renew your plan with Delta Dental and to complete the transition to the restructured CSAC-EIA Dental Program.

Please feel free to contact me at (949) 660-5987 or ccash@alliantinsurance.com or your Alliant broker or Account Executive should you have any questions or concerns regarding your renewal or the changes to the Program. Thank you for your continued participation in the CSAC-EIA Dental Program and for the opportunity to meet your dental benefit needs.

Sincerely,



Clarissa Cash
Account Manager – CSAC-EIA Delta Dental Program
Alliant Insurance Services, Inc.



Adopted: October 26, 2009

MEMORANDUM OF UNDERSTANDING DENTAL PROGRAM

This Memorandum of Understanding (hereinafter "Memorandum") is entered into by and between the CSAC Excess Insurance Authority (hereafter "Authority") and the participating entities (hereafter Members) that are signatories to this Memorandum:

1. **CREATION OF THE PROGRAM.** There is hereby created by this Memorandum the Dental Program (hereafter "Program").
2. **JOINT POWERS AGREEMENT.** Except as otherwise provided herein, all terms used shall be as defined in Article 1 of the Joint Powers Agreement Creating the CSAC Excess Insurance Authority (hereafter "Agreement"), and all other provisions of the Agreement not in conflict with this Memorandum shall apply.
3. **PURPOSE.** The Program is formed for the purpose of establishing a self-insured pool and group purchase pool for administrative services related to the Program.
4. **GOVERNING COMMITTEE.** The EIA Employee Benefits Committee (hereafter "Committee") shall have full authority to determine all matters affecting the Program and its members, including, but not limited to, approval of new members, and premium/rate setting. A majority of members of the Committee must be members of the Program.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. All actions of the Committee shall require the affirmative vote of a majority of the members of the Committee.

Except as otherwise provided herein, the Committee shall be authorized to do such acts as are reasonably necessary to further the purposes of this Memorandum and implement its provisions.

The Committee when necessary to fulfill the purposes of this Memorandum, shall meet on the call of the Chair of the Committee as provided in Article 12 of the Agreement and Article VI of the Bylaws of the Authority (hereinafter referred to as the "Bylaws").

Any meeting of the Committee shall be subject to the applicable provisions of Government Code §54950 et seq., commonly known as the "Brown Act."

5. **PREMIUM.** Initial premiums upon entry into the Program for both Pool members and Self-Insured Members shall be established by Delta Dental of California (hereafter "Delta Dental") in consultation with the Committee, actuaries and/or other consultants.
6. **MEMBERSHIP.** Membership in the Program consists of either of the following:
 - a. A "Pool Member" is defined as a Member who joins the Program and is part of the self-insured pooled Program, or
 - b. A "Self-Insured Member" is defined as a member who participates in the group purchase Program for administrative services and is fully responsible for their own dental Program.
7. **MINIMUM PARTICIPATION LEVEL.** The Committee shall establish a minimum participation level in order for the Program to become effective. The Memorandum shall not be binding upon any Member unless the minimum level of participation is reached to begin the Program. This Memorandum shall remain in force should the participation level subsequently fall below the minimum established by the Committee.
8. **PROGRAM PARTICIPATION.** Adoption of this Memorandum by a Member allows for participation in the Program. Participation in the Program may be in either the Self-Insured Pool or the Group Purchase Pool. A Member shall be entitled to participate in the Program until it has withdrawn in accordance with the provisions of paragraph 17 of this Memorandum.
9. **RENEWALS.** Renewal rate action will be determined by the Committee with assistance from Delta Dental, actuarial or other consultants for the Pool Members. The renewal action for the Self-Insured Member will be determined by the Member in conjunction with assistance from Delta Dental, actuaries and/or other consultants. Pool Members that have Legacy Premium Stabilization Funds (see paragraph 11.a.) may use those funds to offset renewal rate increases.
10. **BILLINGS AND LATE PAYMENTS.** Billing dates, payment due dates, and any late fees and/or penalties will be set by the Committee. All Members will receive separate notification of any changes in due dates and/or penalty fees at least 30 days prior to effective date of any such change.

Notwithstanding any other provisions to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Committee,

any Member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.

11. **PREMIUM STABILIZATION FUNDS.** Premium Stabilization Funds as set forth apply only to Pool MEMBERS.
 - a. Legacy Premium Stabilization Fund. Current Delta Dental Member who are fully insured with Delta Dental are required to have their stabilization funds (if any) transferred to the EIA upon entry into the Program. These funds will be accounted for individually for the Member's use. If the Member leaves the Program with a fund balance remaining, those funds remain in the Program and the Member has no equity rights to those funds.
 - b. Program Premium Stabilization Fund. The Program Stabilization Fund shall consist of accumulated excess reserves (in excess of the required Incurred But Not Reported (IBNR) and margin requirements) generated by the Program with all years combined on a go forward basis. The Committee shall have authority to determine the use of these funds. These funds are not Member specific and they are separate from the Legacy Premium Stabilization Funds
12. **STABILIZATION INTEREST.** Interest generated by both premium stabilization funds are available for the Committee to use for any purpose, including administrative fees, rate offsets, or claim payments.
13. **DIVIDENDS AND ASSESSMENTS (Applicable to Pool Members Only).** Should the Program not be adequately funded for any reason, pro-rata assessments to the Members may be utilized to ensure the approved funding level for applicable policy periods. Any assessments, which are deemed necessary to ensure approved funding levels, shall be made upon the approval of the Committee in accordance with the following:
 - a. Any dividends or assessments shall be based upon the preceding three years of percent of contribution for losses for Pooled Members only.
 - b. Self-Insured Members shall not be eligible for dividends or assessments.
14. **APPROVAL OF NEW MEMBERS – APPLICATION TO THE PROGRAM.** Any public entity wishing to become a Member of the Program shall make application

to and be approved by a majority vote of the Committee in a manner prescribed by them. The Committee shall develop specific criteria for accepting new members.

15. **COVERAGE DOCUMENTS.** Coverage documents shall be issued by Delta Dental to each individual Member and Delta Dental shall determine coverage for each Member in the Program. Coverage shall be governed in accordance with these documents. Any changes to the benefits are as determined by the Member subject to Delta Dental, Committee, actuarial, and/or other consultants pricing requirements.
16. **CLAIMS ADMINISTRATION.** The Committee shall authorize the retention of the services of Delta Dental to provide claims services for the Program.
17. **WITHDRAWAL.** Withdrawal of a Member from the Program shall be as follows:
 - a. Pool Member. After becoming a participant in the Program a Pool Member may withdraw from the Program at the end of a policy year only if it provides the AUTHORITY with sixty (60) days written notice prior to the end of the policy year.
 - b. Self-Insured Member. After becoming a participant in the Program a Self Insured Member may withdraw from the Program at the end of their specific policy year period by giving the Authority sixty (60) days written notice prior to the end of their specific policy year period.
18. **LIASION WITH THE AUTHORITY.** Each Member shall maintain staff to act as liaison with the Authority and Delta Dental and between the Member and the Authority's and Delta Dental's designated representative
19. **DISPUTES.** The Committee shall first determine any question or dispute with respect to the rights and obligations of the parties to this Memorandum, however, all final determinations shall be in accordance with Article 31 of the AGREEMENT.
20. **ADMINISTRATION COSTS.** The Authority shall be entitled to assess annual administration costs associated with the Program. Administrative costs for the Program shall be determined through the Authority's budget process. The source of the funds for the Program will be administrative charges, interest earnings or a combination of both.

21. **COMPLETE AGREEMENT.** Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the Members.
22. **SEVERABILITY.** Should any provision of this Memorandum be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
23. **AMENDMENT OF MEMORANDUM.** This Memorandum may be amended by a majority vote of the Committee and signature on the Memorandum by the Member's designated representative, or alternate who shall have authority to execute this Memorandum.
24. **EFFECTIVE DATE.** This Memorandum shall become effective on the first effective date of coverage for the Member and upon approval by the Committee and the signing of this agreement by the Members and Chief Executive Officer of the Authority.
25. **EXECUTION IN COUNTERPARTS.** This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed the Memorandum as of the date set forth below.

Dated: October 26, 2009



CSAC Excess Insurance Authority
Michael D. Fleming, Chief Executive Officer

Dated: _____

Name _____

Placer County Personnel
Nancy Nittler, Director