

County of Santa Clara

Employee Services Agency

Employee Benefits




ESA01 062409

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II

Submitted by: Peter Ng
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DATE: June 24, 2009

TO: Board of Supervisors

FROM: 
Luke Leung
Deputy County Executive

SUBJECT: Approve the Health, Dental and Vision Insurance Group Service Agreements with Kaiser Foundation Health Plan, HealthNet, Valley Health Plan, Delta Dental Plan, and United Health Care/Pacific Union Dental Plan for the 2010 Plan Year

RECOMMENDED ACTION

Consider recommendations from Employee Services Agency relating to approval of the various group service agreements for health insurance benefits for the 2010 plan year.

Possible actions:

- a. Approve the 2010 plan year Group Service Agreements for health insurance benefits for the active County employee group with Kaiser Foundation Health Plan, Inc. and with Valley Health Plan for the plan coverage period of June 29, 2009 through June 27, 2010; and with Health Net for the plan coverage period of July 1, 2009 through June 30, 2010.

- b. Approve the 2010 plan year Group Service Agreements for health insurance benefits for the County retiree group, COBRA participants, and authorized subgroups with Kaiser Foundation Health Plan, Inc., Valley Health Plan, and Health Net for the plan coverage period of July 1, 2009 through June 30, 2010.
- c. Approve the 2010 plan year renewal with Delta Dental, Vision Service Plan, and United Health Care/Pacific Union Dental, for insurance benefits for the County retiree group, COBRA participants, and authorized subgroups for the plan coverage period of July 1, 2009 through June 30, 2010.

FISCAL IMPLICATIONS

There is no additional fiscal impact to the General Fund with the approval of these health, dental and vision insurance benefit group services agreements and related premium rates for the 2010 plan year. The premium rates for these benefit plans are included in the County Executive's FY10 Recommended Budget.

CONTRACT HISTORY

The County currently provides health insurance coverage for active employees, retirees and authorized subgroups through the following vendors:

Kaiser: The date of the original Group Service Agreement is 1963 and has been renewed every plan year; currently through June 28, 2009 for active employees and through June 30, 2009 for retirees and other authorized subgroups.

Valley Health Plan: The date of the original Group Service Agreement is October 22, 1985, and has been renewed every plan year; currently through June 30, 2009 for both active employees, retirees, and authorized subgroups.

Health Net: The date of the original Group Service Agreement is March 1, 1999, and has been renewed every plan year; currently through June 30, 2009 for active employees, retirees, and authorized subgroups.

Delta Dental: The date of the original Group Service Agreement is July 19, 1978, and the agreement has been renewed every plan year; currently through June 30, 2009 for active employees and authorized subgroups.

United Health Care/Pacific Union Dental: The date of the original Group Service Agreement with Pacific Union Dental is July 24, 1991, and has been renewed every plan year; currently through June 30, 2009. Pacific Union Dental was acquired by United Health Care Dental in 2007.

Vision Services Plan: The date of the original Group Service Agreement is August 21, 1989, and has been renewed annually every plan year; currently through June 30, 2009 for active employees and authorized subgroups.

REASONS FOR RECOMMENDATION

On May 19, 2009, the Board approved the new premium rates for the 2010 plan year for the various employees/retirees health and benefit plans (see attached). The approval of the premium rates in advance of the actual group service agreements was necessary to provide retirees with timely notification of any rate or coverage changes.

These new premium rates have now been incorporated into the Group Service Agreements for approval along with any amendments updating or clarifying any regulatory changes/requirements, benefit coverage language, or changes based on current standards of medical practices in the community. Mandated changes as required by law or involving language

clarification of existing provisions are not of any significance.

While the benefit plan providers do not require formal approval by the Board of Supervisors for renewal each fiscal year, it was recommended by Internal Audit and advised by County Counsel to do so beginning in FY 2003. Therefore, the group service agreements with Kaiser Foundation Health Plan, Health Net, and Valley Health Plan, are being submitted to the Board of Supervisors for formal approval. For United HealthCare/Pacific Dental, plan premiums are being reduced for the 2010 plan year with no reduction in benefit coverage; therefore only a renewal letter is being presented to the Board of Supervisors for formal approval. Delta Dental and Vision Services Plan have no changes to plan coverage benefits or premium rates for the 2010 plan year; therefore no updated group service agreement or renewal letter is provided as these plans will automatically renew.

All agreements include provisions for cancellation with a 30-day notice by either party.

The Employee Services Agency and County Counsel have reviewed these agreements, amendments, and renewal letter and believe the changes indicated are appropriate. The complete Group Service Agreements including the latest Evidence of Coverage documents are on file with the Clerk of the Board for review.

BACKGROUND

Current health insurance benefits and the level of coverage offered for our employees and retirees are based on labor contract terms with the County's employee organizations that have been negotiated over the years. Employee Benefits Division is responsible for annually reviewing and negotiating the renewal of these insurance benefit plans with the various benefit plan providers and ensuring that the insurance premium renewal rates are reasonable and consistent with industry trends.

In addition, the plan group service agreements are reviewed to ensure that regulatory or other changes to the plans are appropriately identified and explained in the summary change to the evidence of coverage document. These changes may include updates to reflect the current standard of medical practice in the community and any mandated coverage required by State and Federal laws and regulations. For the 2010 plan year, mandated changes as required by law or involving language clarification of existing provisions are not of any significance.

It should be noted that several smaller agencies such as West Valley Sanitation District, Santa Clara County Open Space Authority, First 5, City of Monte Sereno, to name a few, continue to be included as subgroups to the County's group service agreements with the various plan providers. These agencies were added many years ago in order to take advantage of the lower group rates due to the economies of scale with the County's larger enrollee base.

CONSEQUENCES OF NEGATIVE ACTION

The amended agreements for health, dental and vision plan group services for the 2010 Plan Year would not be approved.

STEPS FOLLOWING APPROVAL

The Clerk of the Board is requested to send Keyboard notification of final action and forward signed agreements to Renae Owens, Management Analysis Program Manager II, Employee Services Agency as follows:

- a. One signed copy for all Kaiser signature pages
- b. One signed copy for Health Net signature page
- c. One signed copy for Valley Health Plan signature page

d. One signed copy for United HealthCare/Pacific Union Dental renewal letter

ATTACHMENTS

- Transmittal Approving Premium Plan Rates 051909
- Attachment A
- Attachment B
- List of Agreements
- Signature Pages