



DATE: September 26, 2019

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director
Li Zhang, Chief Financial Officer

SUBJECT: Approve the Change of TAM Dental Benefit Plan and the Required Plan MOU (Action),
Agenda Item No. 6e

RECOMMENDATION:

The Board approves the change of the agency’s dental benefit plan from Allied Administrators Delta Dental PPO to the Special Districts Risk Management Authority (SDRMA) Delta Dental PPO High Plan and the MOU between SDRMA and TAM required in order to join the new plan.

BACKGROUND:

TAM has been managing all benefit plans in house since it became the employer of record on January 1, 2018. Being an employer of only 13 employees, TAM realized that the benefit plan selections are much more limited, and the premium costs are understandably higher compared to what were available under LGS (Local Government Services)/RGS (Regional Government Services). While TAM was able to join the CalPERS Health Program with minimum financial and benefit impacts for the medical benefit, the dental plan options the agency was presented by the broker team were all at much higher premium costs in order to maintain the same benefit level LGS/RGS was offering. Allied Administrators Delta Dental PPO for Small Business was selected at the time as the best option available to TAM, providing the same level of benefit, with a more than \$4,000 (20%) annual premium increase.

DISCUSSION/ANALYSIS:

One of the goals of the ongoing management of the benefit plans is to review and research for plan options that provide the same benefit level but in a more cost-effective way. Early this year, TAM staff was approached by staff of the California Special District Association (CSDA) to join CSDA and take advantage of all the member resources it offers. Staff reviewed the member benefits offered and determined that two of the benefits: Human Resources (HR) related training and legal support and access to the various insurance options provided by SDRMA, are valuable resources and cost saving options that TAM can benefit from right away. SDRMA is a public agency formed under California Government Code Section 6500 et seq. as a full-service risk management program for California’s local governments and offers a health benefit program consists of medical and ancillary benefit plans. While there is no savings on the other benefit plans at this time point, it was very clear that TAM can realize significant savings of its dental benefit cost while maintain the overall benefit level by switching to SDRMA’s Delta Dental PPO High Plan.

The Table below illustrates the 2020 rate differences for various options between the current and proposed plans. Please note that TAM covers 100% of the dental premium costs for both the employees and their eligible dependents.

	Allied Admin Delta Dental PPO (Current Plan)	SDRMA Delta Dental PPO (Proposed Plan)	Premium Savings
Employee Only	\$64.13	\$50.80	\$13.33
Employee Plus One	\$135.21	\$85.58	\$49.63
Employee Plus Two & More Dependents	\$232.73	\$130.15	\$102.58

FISCAL CONSIDERATION:

With overall enhanced benefits for employees, TAM's annual dental premium cost will be reduced from \$21,509 to \$13,403, a total saving of \$8,100 (38%) with the switch of the plan.

NEXT STEPS:

With the approval of the Board, staff will complete the enrollment process of all employees and eligible dependents to the new SDRMA Delta Dental PPO High Plan by September 30, 2019. The new plan will become effective December 1, 2019.

There is a 30-day notice of termination required by the current plan, Allied Administrators, which will be submitted prior to November 1, 2019.

ATTACHMENT:

MOU Between TAM and SDRMA



MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities into the CSAC - Excess Insurance Authority Health's ("CSAC-EIA Health") Small Group Health Benefits Program (hereinafter "PROGRAM"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by CSAC-EIA Health Committee for the PROGRAM (the "COMMITTEE") and not SDRMA; and.

WHEREAS, ENTITY desires to enroll and participate in the PROGRAM.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. **PURPOSE.** ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.
2. **ENTRY INTO PROGRAM.** ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.
3. **MAINTENANCE OF EFFORT.** PROGRAM is designed to provide an alternative health benefit solution to all participants of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional). ENTITY public officials may participate in the PROGRAM only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements
4. **PREMIUMS.** ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, public officials, dependents and retirees.

Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an



administrative fee to premiums and rates for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

5. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to PROGRAM underwriter for approval.
6. **COVERAGE DOCUMENTS.** Except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration of the PROGRAM.
7. **PROGRAM FUNDING.** It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.
8. **ASSESSMENTS.** Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY 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 determination and approval of the COMMITTEE in accordance with the following:
 - a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.
 - b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.



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- c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.
 - d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.
9. WITHDRAWAL. ENTITY may withdraw subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY may rescind its notice of intent to withdraw. Once ENTITY withdraws from the PROGRAM, there is a 3-year waiting period to come back into the PROGRAM, and the ENTITY will be subject to underwriting approval again.
 10. LIAISON WITH SDRMA. Each ENTITY shall maintain staff to act as liaison with SDRMA and between the ENTITY and SDRMA's designated PROGRAM representative.
 11. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.
 12. VENUE. Venue for any dispute or enforcement shall be in Sacramento, California.
 13. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
 14. COMPLETE AGREEMENT. This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.
 15. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
 16. AMENDMENT OF MEMORANDUM. This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's designated representative, or alternate, who shall have authority to execute this MEMORANDUM. Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.
 17. EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA.



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18. 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: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

Transportation Authority of Marin