



County of El Dorado

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Legislation Text

File #: 07-912, Version: 1

Human Resources Department, Risk Management Division, advising the Board of all current automatically renewing, perpetual, contracts and insurance policies administered; and recommending Purchasing Agent be authorized to establish blanket purchase orders to process the Fiscal Year 2007/2008 payments required.

RECOMMENDED ACTION: Approve.

BUDGET SUMMARY:		
Total Estimated Cost		\$783,000
Funding		
Budgeted	\$783,000	
New Funding	\$	
Savings	\$	
Other	\$	
Total Funding Available	\$	
Change To Net County Cost		\$0

Fiscal Impact/Change to Net County Cost:

These agreements are funded through the County's Health Benefits program which receives funding from County employees, departments, retirees, affiliated employers, and Cobra participants. The agreements have been budgeted in the FY 07/08 Human Resources - Risk Management Division budget request.

Reason for Recommendation:

Human Resources - Risk Management Division currently administers four agreements and/or insurance policies for services and insurance coverages that automatically renew from year to year. The following agreements and insurance policies comprise various components of the County's health benefit program for employees that are renewed only when changes occur (i.e. service or insurance cost changes).

1. Optum Nurseline - contract that provides a nurse who will answer health care questions 24-hour a day, 7 days per week, for our Blue Shield members. The cost of this contract is \$1.12 per employee per month (PEPM); we estimate that the entire cost for FY 07/08 will be \$23,000 per year.
2. ASHIC (American Specialty Health Insurance Company). This Contractor administers chiropractic coverage for the self-funded and PacifiCare health plans. The County is charged

\$2.63 PEPM for the employee only, \$5.26 PEPM employee +1, and 7.63 PEPM for family coverage. We estimate the FY 2006/07 cost to be \$85,000.

3. Jefferson Pilot - insurance coverage for long-term disability for employees. The County pays \$.42 per \$100 of monthly covered payroll. The policy which was purchased in December of 2005 included a two year rate guarantee. We estimate the FY 07/08 charge to be \$325,000. We will be working with our insurance brokers closer to December regarding continuing terms. If the terms change, the Department will return with recommendations to the Board
4. Managed Health Network (MHN) - provides employee assistance programs (EAP) for all eligible employees as well as fully-insured major-medical mental-health and substance abuse services. The latter services were "carved out" of the Blue Shield self-insured program, beginning July 1, 2005, as a result of the fy04/05 strategic plan process. The change brought the County into mental health parity regulations for the first time. The initial 2005 contract term was through June 2007, following which it would be automatically extended for successive periods of one year subject to adjustment of fees. MHN gave the County a rate pass this year, so the contract can continue without change. The total cost of the contract is estimated to be \$350,000 (\$200,000 for EAP and \$150,000 for major medical).

Pursuant to Board of Supervisors Policy C-17, Sections 7.5 and 7.10, the Purchasing agent concurs that it is appropriate to contract with MHN for the purpose of providing health benefits for employees of El Dorado County without engaging in a competitive selection process. The County currently contracts with one of the largest mental health service providers in California. The Board of Supervisors has approved the continued independent contract services of Aon Consulting, Inc. for the outside review of employee benefits available under existing medical service providers. Aon Consulting, Inc. reviews the current and proposed rates to ensure competitiveness and appropriateness within the specific medical industry, and provides a review and analysis for service levels provided with each medical service provider. The County Purchasing Agent concurs that the continued contract with MHN is in accordance with Board of Supervisors Policy C-17.

We are bringing this matter before your Board so that you have the opportunity to be made aware of the agreements that were approved by prior Boards. Because the contracts are fundamental elements of the County's health benefits program, Human Resources - Risk Management Division recommends continuation of these agreements.

Action to be taken following Board approval:

Purchasing Agent shall establish appropriate documents for FY07/08 to provide for the payment of Caremark, Optum Nurseline, MHN, Jefferson Pilot, Delta Dental and ASHIC service and claim charges. Human Resources - Risk Management Division shall process payments upon receipt and approval of incoming invoices.

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Concurrences: Risk Management, County Counsel, Purchasing

