



# County of El Dorado

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## Legislation Text

File #: 08-0942, Version: 1

Human Resources Department, Risk Management Division, recommending the Chairman be authorized to sign Amendment 11 to Agreement Group 353 with Delta Dental Plan of California in an amount not to exceed \$3,700,000 for the term July 1, 2008 through June 30, 2010 for administration of said Plan. (Risk Management Internal Service Fund)

**RECOMMENDED ACTION:** Approve.

BUDGET SUMMARY:		
Total Estimated Cost		\$3,700,000
Funding		
Budgeted	\$3,700,000	
New Funding	\$	
Savings	\$	
Other	\$	
Total Funding Available	\$3,700,000	
Change To Net County Cost		\$0

### Fiscal Impact/Change to Net County Cost:

These expenditures are budgeted within the Risk Management internal service fund, health benefits sub-fund. Revenue is provided by Board-approved internal charges along with charges to retirees and outside agencies on behalf of participants in the County's self-funded dental insurance program. With approximately 1850 employees and retirees projected to be enrolled next fiscal year, the annual administrative cost of this contract to the Risk Management Fund will be approximately \$120,000; the annual self-insured claims costs are estimated to be \$1.7 million. This contract is for a two-year term with a total estimated cost of \$3.7 million.

### Reason for Recommendation:

The County obtains Delta Dental's services, both claims administration and Delta's network of Preferred Dentists, by means of participation in a multi-County purchasing pool sponsored by the CSAC Excess Insurance Authority. This amendment #11 approves a compensation adjustment from \$5.31 per employee per month (PEPM) to \$5.68 PEPM with a two year rate guarantee. During the FY 08/09 term of this contract we anticipate approximately \$1.7 million will be paid out on our behalf by Delta Dental in self-insured claims, whereas the administrative services provided by this contract will cost approximately \$120,000.

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 Delta Dental 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 dental care providers in California. In addition to the multi-

County purchasing pool participation, 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 Delta Dental is in accordance with Board of Supervisors Policy C-17.

Action to be taken following Board approval:

Delta Dental will continue to provide cost-effective third-party claims administration and preferred provider dental network access for our self-insured dental benefits program

Contact:

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Concurrences:

Risk Management, County Counsel, Purchasing