



## Legislation Text

**File #:** 08-1414, **Version:** 1

Human Resources Department, Risk Management Division, recommending the Chairman be authorized to sign Agreement 177-S0910 with Vision Service Plan (VSP) in an amount not to exceed \$570,000 for the term July 1, 2008 through June 30, 2011 for provision of vision benefits to County employees. (Risk Management Internal Service Fund)

BUDGET SUMMARY:		
Total Estimated Cost		\$570,000
Funding		
Budgeted	\$570,000	
New Funding	\$	
Savings	\$	
Other	\$	
Total Funding Available	\$	
Change To Net County Cost		\$570,000

Fiscal Impact/Change to Net County Cost: This agreement reflects a 10% increase in administrative service fees for 36 months. 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 vision program. This contract is for a three-year term with an annual estimated cost of \$190,000 and a total estimated cost of \$570,000.

Reason for Recommendation: VSP's services include both claims administration and VSP's network of Preferred Member Doctors. This agreement approves a compensation adjustment from \$1.31 per employee per month (PEPM) to \$1.44 PEPM with a three-year rate guarantee. During the FY 08/09 term of this contract we anticipate approximately \$170,000 will be paid out on our behalf by VSP in self-insured claims, whereas the administrative services provided by this contract will cost approximately \$20,000.

The Agreement is retroactive due to a misinterpretation of the not-to-exceed amount of the contract. Staff believed that the Agreement was within the Purchasing Agent's signature authority and processed the agreement under that assumption. As a result, the contract signature block had to be revised and re-routed to the vendor and scheduled for Board approval.

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 VSP 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 vision care 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 VSP is in accordance with Board of Supervisors Policy C-17.

Action to be taken following Board approval: VSP will continue to provide cost-effective third-party claims administration and preferred provider vision network access for our self-insured vision benefits program.

Contact: Larry Costello, x.6625

Concurrences: Risk Management, County Counsel, Purchasing