



County of El Dorado

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Legislation Text

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Human Resources Department, Risk Management Division, advising the Board of all current automatically renewing perpetual Agreements with Optum Nurseline, American Specialty Health Insurance Company, (ASHIC), Jefferson Pilot, AIG, and Managed Health Network (MHN) for health benefits contracts and insurance policies administered; and recommending continuation of same; and further recommending the Purchasing Agent be authorized to establish blanket purchase orders to process the Fiscal Year 2009/2010 payments required.

BUDGET SUMMARY:		
Total Estimated Cost		\$856,200
Funding		
Budgeted	\$856,200	
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 09/10 Human Resources - Risk Management Division budget request.

Reason for Recommendation: Human Resources - Risk Management Division currently administers five 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 the FY 09/10 cost will be flat at \$23,000.
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 09/10 cost will be flat at \$85,000.
3. Jefferson Pilot - insurance coverage for long-term disability for employees. The County pays \$.42

per \$100 of monthly covered payroll. We estimate the FY 09/10 cost will be flat at \$325,000.

4. **AIG** - group and voluntary life insurance, and accidental death and dismemberment insurance for employees. The County pays \$0.145 per \$1,000 of coverage. We estimate the FY 09/10 cost will be flat at \$73,200.
5. **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 FY 04/05 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. We estimate the FY 09/10 cost will be flat at \$350,000 (\$200,000 for EAP and \$150,000 for major medical).

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 FY 09/10 to provide for the payment of Optum Nurseline, ASHIC, Jefferson Pilot, AIG, and MHN service and claim charges. Human Resources - Risk Management Division shall process payments upon receipt and approval of incoming invoices.

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Concurrences: HR, CAO