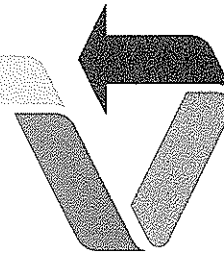


VENTURA REGIONAL SANITATION DISTRICT

1001 PARTRIDGE DRIVE, SUITE 150 • VENTURA, CA 93003-0704



A Public
Waste
Management
Agency

November 8, 2011

Board of Directors
Ventura Regional Sanitation District
Ventura, California

GROUP DENTAL, SHORT / LONG TERM DISABILITY & EAP RENEWAL

Summary

Ventura Regional Sanitation District's (VRSD) dental, short and long term disability (STD/LTD) insurance, and employee assistance program (EAP) are due for renewal on January 1, 2012. Staff, with the unanimous support of the Insurance Committee, makes the following recommendations:

- Change the dental plan preferred provider option (PPO) carrier from MetLife to Lincoln Financial;
- Change the dental health maintenance organization plan (DHMO) carrier from Golden West to Lincoln Financial; and
- Change the STD/LTD carrier from Assurant to Lincoln Financial.

Staff also recommends remaining with our current EAP provider, Anthem-Blue Cross.

Staff Report/Background

VRSD's dental, STD/LTD, life and vision insurance plans are due for renewal on January 1, 2012. The District's Insurance Broker, Joe Hernandez, was asked to research and apprise staff of renewal alternatives. Proposals were received from five carriers.

The District offers employees a choice in dental coverage; current providers are MetLife PPO (a fee for service plan) and Golden West DHMO (a prepaid panel provider plan). The cost of the employee-only premium is fully paid by the District. MetLife dental renewal rates were increased by 10.2% and Golden West dental renewal rates were increased by 14%.

Assurant provides our voluntary STD/LTD income protection plan; premiums are fully paid by the employee. STD rates were increased by 20% and LTD rates were increased by 29.7%.

The District's EAP program is administered by Anthem-Blue Cross and provides access to counseling referral services, crisis intervention assistance, legal and financial consultations, and child/elder care resources. The renewal rate was increased by 10 cents per employee per month.

Additionally, the 2012 rate guarantees previously negotiated for our life and vision insurance proved beneficial. The guaranteed rates were benchmarked with other carriers and the rates proved less costly than the competition.

In an effort to keep employees apprised of renewal alternatives and prepare for January renewal, the Insurance Committee was convened. The Committee is comprised of representatives from the three employee groups: International Union of Operating Engineers, Local 501 (IUOE), Service Employees International Union, Local 721 (SEIU), and independently represented employees. These individuals are charged with the responsibility to consider and recommend insurance alternatives for our medical, dental, vision, life and short/long term disability plans. Staff met with Mr. Hernandez and the District's Insurance Committee on November 1 to review and discuss submitted proposals, plan designs, provider networks and costs.

Staff, with the unanimous support of the Insurance Committee, makes the following recommendations:

Dental – Change the fee for service carrier from MetLife to Lincoln Financial; and change the pre-paid panel provider from Golden West to Lincoln Financial. Lincoln Financial was the only provider willing to provide the District with monthly PPO claims experience. In an effort to contain escalating dental costs staff will evaluate our claims experience, and, if feasible, recommend the District self-fund (also referred to as level funding) our PPO dental plan in 2013.

STD/LTD (voluntary) – Change the carrier from Assurant to Lincoln Financial. This will provide employees with no rate increase, a two year rate guarantee, and if disabled for six months or more the employee's COBRA medical premium will be paid by Lincoln Financial, up to a maximum of \$500 per month, for 18 months.

In addition, staff recommends remaining with the current EAP provider, Anthem-Blue Cross, with a minimal rate increase.

The above items were discussed with the Personnel & Finance Committee on November 8, 2011, and they support staff and the Insurance Committee's recommendations.

If you have any questions or would like additional information, please call me at 658-4645 or e-mail me at SueRalph@vrzd.com.

Fiscal Impact

Changing both dental providers and remaining with our current EAP provider will result in a net cost savings to the District of approximately \$2,776 for the remainder of this fiscal year.

The attached comparative summary reflects the monthly premium cost increases and decreases associated with the recommended plans.

Recommendation

It is recommended the Board:

- a. Approve implementation and/or renewal of the following group insurance plans effective January 1, 2012:
 1. Lincoln Financial PPO, a fee-for-service dental plan
 2. Lincoln Financial DHMO, a prepaid dental plan
 3. Lincoln Financial Income Protection Plan (short/long term disability)
 4. Anthem-Blue Cross Employee Assistance Program
- b. Direct staff to schedule open enrollment meetings and complete the necessary paperwork.



SUE RALPH – HUMAN RESOURCES ANALYST

APPROVED FOR NOVEMBER 17, 2011 AGENDA



Mark Lawler – General Manager

PROPOSED MONTHLY PREMIUMS EFFECTIVE JANUARY 1, 2012

	Current	Renewal	Proposed
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
<u>Dental (PPO) - change to Lincoln</u>			
Employee	51.39	58.90	49.13
Employee + Spouse	104.93	120.26	97.68
Employee + Child(ren)	113.21	129.75	103.41
Employee + Family	166.75	191.11	165.51
<u>Dental Insurance (DHMO) - change to Lincoln</u>			
Employee	\$15.78	18.02	13.30
Employee + Spouse	\$28.89	32.21	25.93
Employee + Child(ren)	N/A	N/A	28.05
Employee + Family	\$41.45	40.32	40.56
<u>Income Protection – change to Lincoln</u>			
Employee pays 100% of premium			
Short Term Disability (per \$10)	\$0.05	\$0.06	\$0.17
Long Term Disability (per \$100)	\$0.48	\$0.62	\$0.34
<u>Employee Assistance Program (EAP) – Anthem Blue Cross</u>			
Cost per employee	2.20	2.30	2.30