SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-B**

FROM: Steve Mack, General Manager

Meeting Date: July 5, 2018

SUBJECT: DISTRICT VISION AND DENTAL BENEFIT PLAN CHANGES; APPROVAL OF RESOLUTION 18-10

RECOMMENDED ACTION: Receive a presentation from General Manager Steve Mack regarding changes to the District vision and dental benefit plans, approve Resolution 18-10 which authorizes the General Manager to enroll the District in the new Delta Dental and VSP plans, and provide direction to staff.

FISCAL IMPACT: Approximately $650 for FY 2018-19.

DISCUSSION:

District vision and dental plans have been purchased in the past as an affiliate of the County of Sonoma. Approximately two months ago the County told us we would have to get our own plans as of June 1, 2018 because we are not legally connected to them (that's my understanding of the reason). Recently they told us we could stay on their plan for two additional months while we are getting new coverage.

We have been looking into this, and we had a broker giving us some options. Our intention is to get plans that are similar (at least as good as) to what we all have now at no additional cost to staff and at a minimal cost increase, if necessary to the District.

At the June meeting we first presented this issue and discussed dental and vision options provided by the broker that would have cost the District approximately $392 more each month than we are currently paying. Since that meeting, we have learned that the Special District Risk Management Association (SDRMA) also offers dental and vision plans to their members and at cheaper prices. SDRMA offers a number of coverage levels for both dental and vision, but we are recommending programs that will provide similar or better coverage for District employees with only a slight increase in premium costs:

> Dental: An premium increase of $50.52 each month. Employees would take on an annual deductible ($50/person), but would get a higher annual maximum, better coverage on major dental work, and expand orthodontic coverage to include adults.
>
> Vision: An premium increase of $2.09 each month. Employees would take on a $25 co-pay with about the same coverages.

It should be noted that the Union contract requires that these plans be made available to staff at no additional cost to them. Further, our current plans cost the same per employee regardless of family size. All the new plans charge premiums that vary based on family size. The estimates above are based on current staff family demographics.

Resolution 18-10 authorizes the General Manager to execute a Memorandum of Understanding with SDRMA that allows us to participate in their heath benefits programs. With the Board's approval staff would like to proceed with enrollment in the vision and dental plans outline above. We need to resolve this soon because SDRMA requires a 45 day enrollment wait period after execution of the MOU, which means the earliest our coverage under the new plans would start is September 1. Thus far the County has been amenable to us remaining with their plan, but it is unknown how long we'll be able to do this.

RESOLUTION NO. _____

A RESOLUTION OF THE (GOVERNING BODY) OF Sweetwater Springs Water District
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A
MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS
PROGRAM

WHEREAS, Sweetwater Springs Water District, a public agency duly organized and existing under and by virtue of the laws of the State of California (the "ENTITY"), has determined that it is in the best interest and to the advantage of the ENTITY to participate in Health Benefits offered by the Special District Risk Management Authority (the "Authority"); and

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.,* for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

WHEREAS, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for Health Benefits; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:

Section 1. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Other Actions. The Authorized Officers of the ENTITY are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this _____ day of _____, 20_____ by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

_____
Name

_____
Title

_____
ENTITY Secretary

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities typically having 250 or less employees into the CSAC - Excess Insurance Authority Health's ("CSAC-EIA Health") Small Group Health Benefits Program (hereinafter "PROGRAM"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by CSAC-EIA Health Committee for the PROGRAM (the "COMMITTEE") and not SDRMA; and.

WHEREAS, ENTITY desires to enroll and participate in the PROGRAM.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. PURPOSE**.** ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.

2. ENTRY INTO PROGRAM**.** ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.

3. MAINTENANCE OF EFFORT**.** PROGRAM is designed to provide an alternative health benefit solution to all participants of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional). ENTITY public officials may participate in the PROGRAM only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements

4. PREMIUMS. ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, public officials, dependents and retirees.

   Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates set by the COMMITTEE for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

   a. SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties. Premiums are based on a full month and there are no partial months or prorated premiums.

   b. ENTITY must send notification of termination of benefits for a covered employee or dependent to SDRMA within 31 days of the date of termination. Benefits will be terminated the last day of the month in which the termination occurred. If the termination notice is received after 31 days of the date of termination, the request must be approved by the PROGRAM to terminate coverage. All requests may not be approved; therefore participants may need to wait for open enrollment to elect the change (termination). If the termination is due to an employee terminating employment, if not approved to retroactively terminate coverage, coverage will be terminated prospectively at the end of the month.

5. BENEFITS. Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to PROGRAM underwriter for approval.

6. COVERAGE DOCUMENTS. Except as otherwise provided herein, CSAC-EIA Health documents outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM.

7. PROGRAM FUNDING. It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.

8. ASSESSMENTS. Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:

   a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.

   b. If a dividend/assessment is declared, allocation will be based upon each ENTITY'S proportional share of total premiums paid for the preceding 3 years. An ENTITY must be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.

   c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.

   d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.

9. WITHDRAWAL. ENTITY may withdraw subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY may rescind its notice of intent to withdraw. Once ENTITY withdraws from the PROGRAM, there is a 3-year waiting period to come back into the PROGRAM, and the ENTITY will be subject to underwriting approval again.

10. LIAISON WITH SDRMA. Each ENTITY shall maintain staff to act as liaison with the SDRMA and between the ENTITY and the SDRMA'S designated PROGRAM representative.

11. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.

12. VENUE. Venue for any dispute or enforcement shall be in Sacramento, California.

13. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.

14. COMPLETE AGREEMENT. This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.

15. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

16. AMENDMENT OF MEMORANDUM. This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY'S signatory to this MEMORANDUM.

Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.

17. EFFECTIVE DATE. This MEMORANDUM shall become effective upon the signing of this MEMORANDUM by the ENTITY and Chief Executive Officer or Board President of SDRMA.

18. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____ By:_____

Special District Risk
Management Authority

Dated: _____ By:_____

Sweetwater Springs Water District