

Agenda Date: December 16, 2010  
Agenda Placement: Admin.  
Estimated Time: N/A  
Continued Item: No

## **Board Agenda Item**

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Sharyl K. Preskitt, 961-8828

SUBJECT: Special District Risk Management Authority Medical Benefits Plan

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### **RECOMMENDATION:**

1. Adopt a resolution that authorizes APCD participation in the Special District Risk Management Authority's medical benefit program for a period of 3 years and execution of a memorandum of understanding relating to SDRMA medical benefits.
2. Execute the memorandum of understanding relating to the Special District Risk Management Authority's medical benefits program.

### **DISCUSSION:**

One of the goals of our agency is to provide health benefit programs that are both affordable and meet the needs of employees. These needs include quality care, an adequate choice of providers, and the ability to select from a variety of options and costs.

Since January 2005, monthly premiums for medical insurance have increased 87% for employee only coverage, 123% for 2-party coverage, and 85% for family coverage. Our current health carrier, Aetna, has proposed a 9% increase for 2011. The majority of these increases have been passed on to employees, which has resulted in a significant number of employees dropping their health coverage. In consideration of this, we have researched several options for alternate coverage and are recommending terminating our coverage with Aetna and entering into an agreement with the Special District Risk Management Authority (SDRMA) to provide medical benefits.

The SDRMA is a public entity Joint Powers Authority established to provide cost-effective insurance coverage and risk management programs for special districts and other public agencies throughout California. The SDRMA has been the District's workers' compensation insurer since 2005, which has resulted in significant savings to the APCD. As an SDRMA member, we are eligible to participate in their medical benefits program. We have completed the underwriting process and have been approved to join the Blue Shield HMO-15 and Silver PPO plans. We have compared our current HMO to the proposed Blue Shield HMO-15 and have determined that the proposed HMO plan offers richer benefits for a significantly lower premium. Descriptions of the proposed Blue Shield HMO-15 and Silver PPO have been attached for your review. The current Aetna monthly premiums and the proposed SDRMA 2011 renewal rates are as follows:

<b><u>Aetna HMO</u></b>	<b><u>2010 Rate</u></b>	<b><u>Blue Shield – HMO</u></b>	<b><u>2011 Rate</u></b>
Employee Only	\$559.24	Employee Only	\$540.46
Employee + one	\$1226.92	Employee + one	\$1082.05
Family	\$1626.78	Family	\$1406.32

  

<b><u>Blue Shield P.P.O.</u></b>	<b><u>2010 Rate</u></b>	<b><u>Blue Shield – Silver P.P.O.</u></b>	<b><u>2011 Rate</u></b>
Employee Only	N/A	Employee Only	\$360.13
Employee + one	N/A	Employee + one	\$720.24
Family	N/A	Family	\$936.32

As a condition of joining, the APCD will be required to remain in the SDRMA medical benefits program for a period of no less than 3 years. In consideration of a 3-year commitment, we requested and have reviewed the SDRMA renewal rates for each year since the program's inception in 2004. Since 2004, the average increase to SDRMA premiums has been 6.46% in contrast to the APCD's average increase of 17.4% since 2005.

Based on the information presented above we recommend that your Board authorize the APCD to participate in the SDRMA medical benefits program through resolution and execution of the attached MOU.

### **Fiscal Impact**

There is no fiscal impact for this action. The recently negotiated Memoranda of Understandings (MOUs) with our employee groups cap the amount the APCD is obligated to contribute towards the total cost of employee benefits for the fiscal year.

### **Attachments:**

1. Board Resolution
2. Memorandum of Understanding
3. Blue Shield – Silver PPO 80/50 Benefit Summary
4. Blue Shield – Access+ HMO Benefit Summary

**Resolution of the Air Pollution Control District Board of the  
County of Santa Barbara, State of California**

In the Matter of Approving the Form of and Authorizing)  
The Execution of a Memorandum of Understanding and)  
Participation in the Special District Risk Management )  
Authority's Medical Benefits Program)

Resolution No. 10- \_\_\_\_\_

**RECITALS**

**Whereas**, the Santa Barbara County Air Pollution Control District, (the "District"), has determined that it is in the best interest and to the advantage of the District to participate in Medical Benefits offered by the Special District Risk Management Authority (the "Authority"); and the District understands a condition of participation in Medical Benefits is a minimum of 3 full years; and

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

**Whereas**, participation in Special District Risk Management Authority programs requires the District to execute and enter into a Memorandum of Understanding (the "MOU"); which states the purpose and participation requirements for Medical 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 District 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, It Is Hereby Resolved**, as follows:

1. Findings. The Board hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the District.
2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the District and the Special District Risk Management Authority, in the form presented at this meeting and on file with the Board Clerk, is hereby approved. The District's Chair of the Board hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver to the Authority the Memorandum of Understanding.
3. Program Participation. The Board approves participating for a minimum of three full years in Special District Risk Management Authority Medical Benefits.
4. Other Actions. The Control Officer as the Executive of the District is 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.

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

**Passed and Adopted** by the Air Pollution Control District Board of the County of Santa Barbara, State of California, this 16<sup>th</sup> day of December, 2010 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

**Attest:**

Clerk of the Air Pollution Control District of  
The County of Santa Barbara

By \_\_\_\_\_  
Deputy

\_\_\_\_\_  
Chair, Santa Barbara County  
Air Pollution Control District

**Approved As To Form:**

Dennis Marshall  
Santa Barbara County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

**Approved As To  
Accounting Form:**

Robert W. Geis  
Auditor-Controller

By \_\_\_\_\_

**Approved As To Form:**

Risk Management

By: \_\_\_\_\_  
Risk Program Administrator