

**Meeting Location:**  
**Tulare County Employees' Retirement  
Association Board Chambers**  
**136 N Akers St**  
**Visalia, CA 93291**  
**August 28, 2015 9:00 AM**

**AGENDA DATE:** August 28, 2015

**ITEM NUMBER:** 9

**SUBJECT:** Approve Dental Plan Renewal Rates

**REQUEST(S):** Approve the renewal proposal from Delta Dental for the 2016 Plan year and Authorize Chair to Execute Agreements pending approval of SJVIA Staff and Counsel.

**DESCRIPTION:**

The SJVIA has offered a dental option through Delta Dental of California since January of 2013. Currently, eight of the participating entities in the SJVIA are utilizing plans through the Delta Dental contract (see Attachment 1). All entities over 100 employees maintain separate plan and rate structure and all those under 100 employees have a choice of several plan options with the same rates offered to each entity. Although there may be different plan and rate structures, all PPO plans are renewed uniformly at the same percentage. The PPO under Delta Dental has experienced very positive utilization periods for the past few years and has developed a large stabilization fund projected to reach \$1.5 million dollars by the end of 2015. The unique contract with Delta Dental, referred to as "guaranteed administration", allows the SJVIA to benefit from favorable claims experience and SJVIA has the option to apply this growing stabilization fund to offset future increases or benefit modification.

The renewal rate action for the PPO for all participating entities is a 4.11% **decrease** due to favorable claims experience and the stability of a larger buying pool. This rate decrease includes a rate guarantee for two years, through the end of 2017. In addition to this decrease staff is requesting approval to accept the offer of a transfer of a portion of the stabilization fund totaling approximately \$900,000 during the months of January and February. These funds will be held as dental reserves by the SJVIA and made available to offset future increases. This opportunity for the SJVIA to receive back this stabilization is part of the guaranteed administration contract with Delta and is not an option with other

**AGENDA:** San Joaquin Valley Insurance Authority

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vendors. Funds received must be used towards rate stabilization for SJVIA dental premiums since they were paid into the SJVIA for that purpose as premiums. The advantage of this option is that it allows the SJVIA to hold the funds and contribute towards rate stability over the next two years.

There are currently four entities participating in the DHMO plan option (see Attachment 2). The 2016 rates for the DHMO are **increasing** by 5.38% and all rates include accommodation for projected costs associated with the Affordable Care Act.

Pending your Board's approval, participating SJVIA Member entities may choose to modify their dental benefits to adjust rates. These considerations are made at the member entity level and do not require SJVIA Board action.

**FISCAL IMPACT/FINANCING:**

The budget impact for the Delta Dental PPO is a savings of approximately \$215,300 at current enrollment in addition to the stabilization fund transfer of approximately \$900,000. The increase of 5.38% for the DHMO plans equals approximately \$61,000 at current enrollment.

**ADMINISTRATIVE SIGN-OFF:**



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Rhonda Sjostrom  
SJVIA Manager



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Paul Nerland  
SJVIA Assistant Manager