

Agenda Date: January 18, 2018
Agenda Placement: Admin.
Estimated Time: N/A
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer

CONTACT: Kristina Aguilar, Administrative Manager (961-8813)

SUBJECT: Special District Risk Management Authority Health Benefits Plan Update

RECOMMENDATION:

- A) Rescind Resolution No. 10-29 and adopt a new resolution authorizing the District's continued participation in the Special District Risk Management Authority's (SDRMA) health benefit program; and
- B) Approve and authorize the Chair to execute the Memorandum of Understanding (MOU) relating to the Special District Risk Management Authority's health 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.

Resolution No. 10-29 authorized the District's participation in SDRMA's health benefit programs as of January 1, 2011. Due to the size of our agency, monthly health insurance premium rates have been historically high. By joining the SDRMA health benefit program pool, the District was able to extend lower premiums to our staff. Each year before open enrollment, the District researches rates and health insurance providers, and options are discussed by the benefits committee (consisting of one representative each from Service Employees International Union Local 620 (SEIU), Engineers and Technicians Association (ETA), Santa Barbara County Air Pollution Control District Employees Association (EA), Management, and Confidential-Unrepresented). Based on those discussions, the committee recommends the best options to the APCO, who then finalizes the benefits package. Each year, the District has continued to find the best health benefit programs through SDRMA.

For calendar year 2018, the District is switching dental coverage to a plan offered through SDRMA. Due to the addition of this plan through SDRMA, as well as “housekeeping” updates they have made to their MOU since its approval by your Board on December 16, 2010, an updated MOU needs to be executed. The District is recommending that your Board approve the attached resolution and updated MOU to allow for the District’s continued participation in SDRMA’s health benefits program.

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 District. As a member of SDRMA, the District is eligible to participate in their health benefits program.

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 District is obligated to contribute towards the total cost of employee benefits for the fiscal year. In addition, the District’s contribution towards employees’ medical benefits was included in the FY17-18 budget that was adopted by your Board on June 15, 2017.

ATTACHMENT:

1. Resolution for the participation in the SDRMA’s Health Benefit Program
2. SDRMA Memorandum of Understanding

ATTACHMENT #1

Resolution for the participation in the
SDRMA's Health Benefit Program

January 18, 2018

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

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 HEALTH BENEFITS
PROGRAM

APCD RESOLUTION NO. _____

RECITALS

WHEREAS, Santa Barbara County Air Pollution Control District, a public agency duly organized and existing under and by virtue of the laws of the State of California (the "District"), has determined that it is in the best interest and to the advantage of the District 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 District 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 District is now duly authorized and empowered, pursuant to each and every requirement of law, to

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 HEALTH BENEFITS PROGRAM

consummate such transactions for the purpose, in the manner and upon the terms herein provided; and

WHEREAS, Resolution No. 10-29 of the Board of Directors of the Santa Barbara County Air Pollution Control District established the District's participation in the Authority's Medical Benefits Program; and

WHEREAS, updates necessitate the execution of a new Memorandum of Understanding between the District and the Authority.

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. Resolution No. 10-29 of the Board of Directors of the Santa Barbara County Air Pollution Control District is rescinded and hereby superseded by the adoption of this Resolution.
2. Findings. The District's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the District.
3. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the District and the Authority, in the form presented at this meeting and on file with the District's Secretary, is hereby approved. The Chair of the District's Board of Directors is 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.
4. Program Participation. The District's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.
5. Other Actions. The Chair of the District's Board of Directors 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.
6. Effective Date. This resolution shall take effect immediately upon its passage.

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 HEALTH BENEFITS PROGRAM

PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of
the Santa Barbara County, State of California, this ___ day of _____, _____, by the
following vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET
Clerk of the Board

By _____
Deputy

By _____
Chair

Date _____

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
Santa Barbara County Counsel

By Victoria Parks Tuttle
Deputy

APPROVED AS TO FORM:

RAY AROMATORIO, ARM, AIC
Risk Manager

By [Signature]
Risk Manager

APPROVED AS TO FORM:

THEODORE A. FALLATI, CPA, CPFO
Auditor-Controller

By Theo Fallato
Deputy

ATTACHMENT #2

SDRMA Memorandum of Understanding

January 18, 2018

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

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: _____

Santa Barbara County Air Pollution Control District