



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: AUGUST 3, 2021**

**FROM: HUMAN RESOURCES DEPARTMENT** **WARDS: ALL**

**SUBJECT: APPROVE CONTINUATION OF EMPLOYEE BENEFIT INSURANCE PROVIDER ENROLLMENTS WITH CURRENT BENEFIT PROVIDERS: KAISER PERMANENTE, DELTA DENTAL, LUCENT HEALTH, VISION SERVICE PLAN (VSP), THE STANDARD AND TRI-AD TO ENSURE PREMIUM PAYMENTS TO PROVIDERS.**

## **ISSUE:**

Approve the continuation of the City's current benefit insurance enrollments with Kaiser Permanente, Delta Dental, Lucent Health, Vision Service Plan (VSP), The Standard and Tri-Ad to establish on-going purchase orders to ensure appropriate payment of benefits for all eligible City benefited employees and their eligible dependents.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve the continuation of the City's current benefit insurance enrollments with Kaiser Permanente, Delta Dental, Lucent Health, Vision Service Plan (VSP), The Standard and Tri-Ad to establish on-going purchase orders for appropriate payment of benefits for all eligible City benefited employees and their eligible dependents.

## **BACKGROUND:**

The City has approximately 2,100 employees who are eligible for benefits. As part of an attraction and retention tool, a comprehensive benefits package is offered to benefited employees. The benefit package consists of medical, dental, vision, life and additional life insurance, long-term disability, and a Section 125 flexible benefits plan, that can be found in the City's Fringe Benefit and Salary Plan. These current benefit providers have contracted with the City for many years, these include: Kaiser Permanente, Delta Dental, Lucent Health, Vision Service Plan, The Standard and Tri-Ad and have successfully provided these insurance services for City employees and eligible dependents at competitive rates. In addition, medical, dental and vision insurance plans are also extended to eligible City retirees upon retiring from City service.

Active City employees are eligible for a City contribution for some insurance plans in accordance with their Memorandum of Understanding (MOU) or the Fringe Benefit and Salary Plan (FBSP), with certain insurance plans being paid completely by the employee. Retirees may be eligible for City stipend in accordance with their Memorandum of Understanding.

Below is a break-down of the Insurance Carriers, type of insurance provided and estimated annual purchase order amount for the payment of premiums:

Insurance Carrier	Type of Insurance	Estimated Annual Purchase Order Amount *
Kaiser Permanente	Medical Insurance. City contribution applicable per bargaining unit.	\$25 Million
Delta Dental	Dental Insurance. City contribution applicable per bargaining unit.	\$3 Million
Lucent Health	Third-Party Administrator for Local Advantage Dental self-insured plan. City contribution applicable per bargaining unit.	\$250,000
Vision Service Plan	Third-Party Administrator for Vision self-insured plan. City contribution applicable per bargaining unit.	\$700,000
The Standard	Life, Additional Life and Long-Term Disability (LTD) Insurance. City contribution applicable for life insurance per bargaining unit. Additional life and LTD are 100% employee-paid.	\$2 Million
Tri-Ad	Section 125 Flexible Plan, Health and Dependent Care. 100% employee-paid.	\$50,000

\*Amounts are subject to change every year due to premium and/or enrollment changes

### **DISCUSSION:**

In order to ensure proper payment of premiums and continuation of City benefits through the existing insurance carriers, the Finance Department requires proper approval by City Council of all current insurance providers. As indicated in the chart above, the City contributes a pre-negotiated amount towards the coverage of these insurance plans as noted in the corresponding bargaining unit MOU or the FBSP, that covers most of the insurance premiums with the remaining amount paid by the employee. All City benefits costs are embedded in each departmental budget as part of their personnel costs.

Purchasing Resolution 23256, Section 702(t) exception states that Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required, "When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process".

The City has contracted with Kaiser, Delta Dental, VSP, Lucent Health, The Standard and Tri-Ad over the years and these carriers have offered competitive premium rates, appropriate insurance

coverage and consistent excellent level of service to all City employees and eligible dependents. Annually, the City reviews all premium rates with existing carriers to ensure costs continue to be competitive. The annual review is conducted in partnership with the City's Benefit Consultant, HUB International, the City's Health and Benefits Committee (HBC), comprised of all bargaining units and the Human Resources Department. During the annual review. If premium rates are determined to be non-competitive or significant, the Human Resources department in collaboration with HUB and HBC, may explore other insurance carrier options and may recommend a change in the existing carrier. The current insurance carriers are expected to be retained on an on-going basis to administer the respective benefits unless the City determines a change is necessary during the annual renewal process, at which time the Human Resources department will take the change in vendor before City Council for approval.

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution 23256, Section 702(t).

### **FISCAL IMPACT:**

There is no fiscal impact associated with this report. All benefit related costs are incorporated in each department's annual budget.

Prepared by: Rene Goldman, Human Resources Department  
Certified as to  
Availability of funds: Edward Enriquez, Chief Financial Officer /Treasurer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Phaedra Norton, City Attorney