



COUNTY OF SANTA CRUZ

PERSONNEL DEPARTMENT

701 OCEAN STREET, SUITE 310, SANTA CRUZ, CA 95060-4073
(831) 454-2600 FAX: (831) 454-2411 TDD: (831) 454-2123
DANIA TORRES WONG, DIRECTOR

0125

August 12, 2002

Agenda Date: August 27, 2002

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

AUTHORIZE THE PERSONNEL DIRECTOR TO ACCEPT THE LIFE, VISION, AND DENTAL INSURANCE RENEWALS WITH ING, VSP, AND PMI THROUGH SEPTEMBER 2003, AS RECOMMENDED BY THE PERSONNEL DIRECTOR

Dear Members of the Board:

The agreements regulating the premiums for employee life, vision and capitated dental insurance expire in October each year. Staff has been negotiating with the vendors to provide agreements for another year and are presenting them to your Board for approval. No premium increases are recommended for life or vision, however, there is a substantial increase in the capitated dental premium.

A discussion for each of the three contracts follows:

Life Insurance. ING, formerly known as ReliaStar and Northwestern National Life, has provided life insurance coverage for County employees since 1989. Based on the County's history and 2001-2002 experience, ING has agreed to continue the current premium of \$.18 per thousand for life insurance coverage and \$.03 per \$1,000 for accidental death and dismemberment.

Vision. Vision Service Plan (VSP) has agreed to continue vision coverage at the current rate of \$6.54 per month for an employee and \$18.10 per month for dependent coverage.

Private Medical Care, Inc. (PMI). PMI has provided capitated or prepaid dental services to County employees since 1984. Approximately 7% of the employees eligible for dental coverage are enrolled in this plan. PMI increased our rates by 47.7% for this next contract year because they have great difficulty contracting with HMO dentists in Santa Cruz County forcing the PMI to frequently pay dentists beyond the capitation rates. Due to the high cost of this insurance plan, together with the lack of dental providers, the County requested and PMI agreed to execute a month-to-month contract. The County has researched and

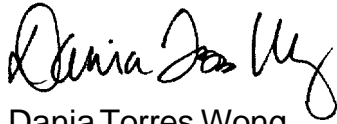
obtained quotes from other dental providers. We will be meeting with employee organizations to discuss dental plan options.

The employee life, vision and dental benefits provided through these contracts are required in agreements with employee organizations. Premiums for these benefits are budgeted in the individual departmental budgets.

As you are aware, the County is currently in contract negotiations with SEIU. If the County does not renew these plans by September 1, 2002, then these companies can either drop our current contract, increase our rates later, or per contract clause exercise a one year notice of cancellation.

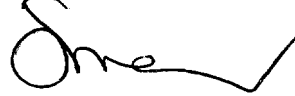
It is therefore RECOMMENDED that your Board authorize the Personnel Director to accept the life, vision, and dental insurance renewals with ING and VSP at the current rates, and PMI at the increased rate.

Sincerely,



Dania Torres Wong
Personnel Director

RECOMMENDED:



SUSAN A. MAURIELLO
County Administrative Officer

Attachment
cc: Personnel (3)

AMENDMENT
TO
GROUP DENTAL SERVICE CONTRACT
(Prepaid)

THIS AGREEMENT is made by and between PRIVATE MEDICAL-CARE, INC. and County of Santa Cruz, Deltacare Group 0368 and 1919, for the purpose of amending the original Group Dental Service Contract as follows:

1. Effective October 1, 2002, ARTICLE 1. DEFINITIONS, Section 1.04, "Contract Term" is deleted and replaced as follows:

1.04 "Contract Term" means each period, defined as Month to Month, commencing and terminating on the dates shown on Schedule D.

2. Effective October 1, 2002, ARTICLE 8. TERMINATION AND RENEWAL, Section 8.02, is deleted and replaced as follows:

8.02 Termination at the end of this Contract Term (Month to Month), shall be by at least 30 days' advance written notice of termination by certified mail given by the party desiring to terminate to the other party. In the event that PMI shall desire to change Dues or Benefits effective at the end of any Contract Term, advice of such changes will be given to Applicant upon at least 30 days' written notice, and shall have the effect of a renewal of the Contract for another Contract Term at the rates and with the coverage as stated in the notice unless Applicant provides written notification to PMI by certified mail on or before the date stated in the notice that Applicant does not choose to renew.

3. Effective October 1, 2002, SCHEDULED, GROUP VARIABLES AND PREMIUMS, item D, is deleted and replaced as follows:

D. Contract Term: Month to Month basis from the Period of October 1, 2002 through September 30, 2003.

All other aspects of the Group Dental Service Contract currently in effect remain the same.

IN WITNESS WHEREOF, the parties have executed this Contract and have affixed their signatures on the -14th day of June, 2002.

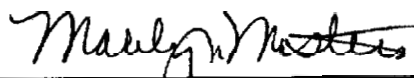
County of Santa Cruz.
Deltacare Group #s 0368 & 1919

PRIVATE MEDICAL-CARE, INC.

By: _____
Signature and Title

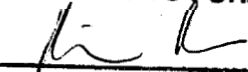
701 Ocean Street, Suite 310
Address

Santa Cruz, CA 95060-4073
City State Zip

By: 
Signature and Date

Vice President, Research
Title

APPROVED AS TO FORM:

By: 
Office of the County Counsel

APPLICATION FOR Deltacare GROUP DENTAL SERVICE CONTRACT

The undersigned group ("Applicant") hereby applies for a Deltacare GROUP DENTAL SERVICE CONTRACT with PRIVATE MEDICAL-CARE, INC. ("PMI") on the following terms:

- I. Applicant hereby authorizes PMI to furnish the dental Benefits described in the attached Contract, subject to all of the terms and conditions of the Contract.
- II. Applicant or Enrollees agree to pay to PMI, the Premiums specified in Schedule D to the Contract.
- III. Upon acceptance of this Application by PMI, and payment of the initial Premiums, the Contract shall be effective at 12:01 a.m. on the Effective Date shown on Schedule D and the Contract shall continue until terminated as provided.
- IV. Applicant agrees to make available to Eligible Employees or Enrollees any notices concerning Benefits required to be furnished by PMI.
- V. PMI will provide directly to each Eligible Person or Enrollee a combined Evidence of Coverage and Disclosure Form (EOC). PMI's Enrollment materials advise Eligible Persons that an EOC is also available upon request, prior to enrollment by contacting PMI's Customer Relations department. A matrix which describes the program's major Benefits and coverage is included at the beginning of the EOC and as Schedule F within this Contract. The EOC will disclose the terms and conditions of coverage, but will constitute only a summary of the program. As required by the California Health & Safety Code, the Contract must be consulted to determine the exact terms and conditions of the coverage provided. A copy of the Contract will be furnished upon request. Enrollees should read the EOC carefully. Persons with special healthcare needs should read the section entitled "Special Needs". Pursuant to California Health and Safety Code, the EOC provides Enrollees with information regarding the societal benefits of organ donation and the method whereby an Enrollee may elect to be an organ or tissue donor. Enrollees may also obtain information about Benefits by calling PMI's Customer Relations department at (800) 422-4234.
- VI. Applicant agrees to receive, on behalf of Enrollees, all applicable notices concerning Benefits under this Contract.
- VII. THE PREMIUMS PAYABLE UNDER THIS CONTRACT ARE SUBJECT TO INCREASE UPON RENEWAL AFTER THE END OF THE INITIAL CONTRACT TERM OR ANY SUBSEQUENT CONTRACT TERM.
- VIII. THIS CONTRACT IS SUBJECT TO ARBITRATION IN ACCORDANCE WITH ARTICLE 6.

(Date)

0368 (Actives) & 1919 (COBRA)
(Group Number)

County of Santa Cruz
(Applicant)

701 Ocean Street, San Jose, CA 95060-4073
(Applicant Address)

By: _____
(Authorized Signature)

By: _____
(Licensed Registered Agent)

APPROVED AS TO FORM:

By: [Signature]
Office of the County Counsel