



Board Report

File #: 24-452, Version: 1

- a. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to sign an Agreement between the County of Monterey and Benefits and Risk Management Services (BRMS) for Third-Party Administration (TPA) of the County's Self-Insured Dental Plan and the Consolidated Omnibus Budget Reconciliation Act (COBRA) program for dental and vision benefits with the initial Agreement term beginning July 1, 2024 through June 30, 2025, including the option to extend the Agreement for up to two (2) additional one (1)-year periods; and
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to sign future Amendments to the Agreement where the Amendments do not significantly change the Scope of Services or cause an increase in the previous year's fee rates of more than ten percent (10%).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to sign an Agreement between the County of Monterey and Benefits and Risk Management Services (BRMS) for Third-Party Administration (TPA) of the County's Self-Insured Dental Plan and the Consolidated Omnibus Budget Reconciliation Act (COBRA) program for dental and vision benefits with the initial Agreement term beginning July 1, 2024 through June 30, 2025, including the option to extend the Agreement for up to two (2) additional one (1)-year periods; and
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to sign future Amendments to the Agreement where the Amendments do not significantly change the Scope of Services or cause an increase in the previous year's fee rates of more than ten percent (10%).

SUMMARY:

The current Third-Party Administrator for the County's Self-Insured Dental Plan, Pacific Health Alliance (PHA), has announced they will be closing their claims processing and COBRA administration business operations by June 30, 2024. This unexpected development necessitates the selection of a new TPA to ensure the uninterrupted administration of our employee dental plan benefits, including the processing and payment of dental claims for active and retired employees, administration of dental and vision Consolidated Omnibus Budget Reconciliation Act (COBRA) benefits and compliance support.

The County of Monterey is a member of the Public Risk Innovation, Solutions, and Management (PRISM), a Joint Powers Authority (JPA) who conducted a thorough RFP and determined that Benefits & Risk Management Services (BRMS) met all the qualification to provide TPA services for the administration of employee benefit programs. Additionally, the Human Resources Department consulted with our long-standing benefits actuary to explore alternate solutions. After careful consideration and based on the short notice from our current TPA and the complexity of the County's Self-Insured Dental Plan and design, the County's benefit actuary also recommended BRMS based on their extensive industry experience and proven track record. After

considering these recommendations, BRMS emerged as the best solution due to their extensive experience, comprehensive service offerings, advanced technology platform, and strong reputation for customer service.

As such, the Human Resources Department recommends the Board of Supervisors approve the Agreement between the County of Monterey and BRMS (Attachment A) to work with BRMS as the Third-Party Administrator of the County's Self-Insured Dental Plan, as well as enrollment services for the Consolidated Omnibus Budget Reconciliation Act (COBRA) participants. Current enrollment is 4,825 active employees, 49 COBRA participants, and 447 retirees. At the current rate of participation, the monthly administration fee for all enrolled participants will be approximately \$22,312 per month or \$267,744 during the first year (fiscal year 2024-25) and will increase annually as listed in Exhibit B to the Agreement. Under the current agreement, the County paid approximately \$250,00 during fiscal year 2023-24.

The TPA fees for the dental plan are part of the costs used by the benefits actuary to establish the monthly premium rates that should be charged for the dental insurance each year. The dental insurance premiums are paid by departments for employee-only coverage and by employees for dependent coverage. COBRA participants and eligible retirees enrolled in the plan pay 100% of their premiums.

OTHER AGENCY INVOLVEMENT:

The Contracts/Purchasing Office approved Sole Source Justification (Attachment B). The offices of the County Counsel and Auditor-Controller have reviewed and approved the Agreement as to form and legality and fiscal provisions, respectively.

FINANCING:

The costs associated with this action will be funded by the Benefits Internal Services Fund (specifically by the Dental Unit). This fund collects revenue from dental insurance premiums paid by participating employees and County departments.

BOARD OF SUPERVISORS' STRATEGIC INITIATIVES:

The recommended action addresses the Board of Supervisors' Administration Strategic Initiative. The proposed action will provide for the continuation of a quality dental plan for County employees in support of the County's commitment to meeting the Board's initiative in attracting, recruiting, and retaining a diverse, talented work force that supports the mission of the County of Monterey.

- ☐ Economic Development
- ☒ Administration
- ☐ Health & Human Services
- ☐ Infrastructure
- ☐ Public Safety

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Approved By: Andreas Pyper, Director of Human Resources

Attachments:

Attachment A - Agreement between County and BRMS
Attachment B - Sole Source Justification