



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 24-616

September 17, 2024

Introduced: 9/4/2024

Current Status: Draft

Version: 1

Matter Type: General Agenda Item

- a. Approve and authorize the Contracts & Purchasing Officer or Contracts & Purchasing Supervisor to sign Amendment #1 to Agreement No. A-14566 between the County of Monterey and Vision Service Plan (VSP) for Third-Party Administration (TPA) of the County's Self-Insured Vision Plan extending the term of the Agreement through December 31, 2027, including the option to extend the Agreement for up to two (2) additional mutually agreed 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 work or cause an increase in the Agreement 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 Amendment #1 to Agreement No. A-14566 between the County of Monterey and Vision Service Plan (VSP) for Third-Party Administration (TPA) of the County's Self-Insured Vision Plan extending the term of the Agreement through December 31, 2027, including the option to extend the Agreement for up to two (2) additional mutually agreed 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 work or cause an increase in the Agreement rates of more than ten percent (10%).

SUMMARY/DISCUSSION:

On behalf of the Human Resources Department, the Contracts & Purchasing Office released Request for Proposals (RFP) #10718 in 2019 for a third-party administrator of the County's Self-Insured Vision Plan, and on November 19, 2019, the Board of Supervisors approved Agreement No. A-14566 between the County of Monterey and Vision Service Plan (VSP) to provide these services with the initial Agreement term beginning January 1, 2020 through December 31, 2024. The Contracts & Purchasing Officer was authorized by the Board of Supervisors to sign future amendments for up to three (3) additional one (1)-year periods.

Effective January 1, 2025, VSP is proposing an administrative fee increase from \$1.44 to \$1.58 per enrolled participant (including coverage for eligible dependents) per month under a 3-year Agreement term extension. This fee reflects a 10% increase to our current administrative fee, which has remained unchanged since January 2017. The proposed fee adjustment is necessary to account for inflation and

the rising costs of administering the plan over the past several years. Despite this increase, the new fee continues to be competitive within the industry.

Approval of the recommended actions will enable the County to continue working with Vision Service Plan as the Third-Party Administrator of the County's Self-Insured Vision Plan. With current enrollment numbers at 4,819 active employees, 29 COBRA participants, and 452 retirees, the monthly administration fee for all enrolled participants will total approximately \$8,374, amounting to an estimated \$100,488 annually.

Additionally, the Human Resources Department is recommending enhancing the Vision Plan benefits to better align with national standards by increasing the frame and contact allowance from \$140 to \$160. This adjustment is necessary to align our benefits with current national average coverage, ensuring County employees have access to a level of vision care comparable to other employers. In addition, we recommend expanding the retail network to include Walmart/Sam's Club, which will offer employees more options and convenience when selecting their vision care provider. These enhancements will not impact the administrative fee or the vision plan premiums as the fee increase to \$1.58 per participant is necessary regardless of whether the recommended plan enhancements are implemented.

The TPA fees for the vision plan are part of the costs used by the Benefits Actuary to determine the monthly premium rate that should be charged for the vision insurance. The vision insurance premiums are paid by departments for employee-only coverage and by employees for dependent coverage. COBRA participants and retirees pay 100% of their premiums.

OTHER AGENCY INVOLVEMENT:

The offices of the County Counsel and Auditor-Controller have reviewed and approved Amendment #1 as to form and legality and fiscal provisions, respectively.

FINANCING:

The cost associated with the administration of the County's Self-Insured Vision Plan will increase by approximately \$8,904 per year. The total costs associated with the administration of the Vision Plan is funded by the Benefits Internal Services Fund through premiums paid by departments and enrolled employees. The recommended actions will not cause an increase in the premiums.

BOARD OF SUPERVISORS' STRATEGIC INITIATIVES:

The recommended action addresses the Board of Supervisors' Administration Strategic Initiative. The proposed action will provide for continuation of a quality vision 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 Monterey County.

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

Prepared By: Melissa Zamora, HR Program Manager, x5004

Approved By: Andreas Pyper, Director of Human Resources, x5043

Attachments:

Attachment A - Agreement No. A-14566

Attachment B - Amendment #1 to Agreement No. A-14566