Consent Item 9

TO: East Bay Community Energy Board of Directors
FROM: Nick Chaset, CEO
SUBJECT: EBCE participation in the Special District Risk Management Agency Medical, Vision and Dental Insurance Program (Action Item)
DATE: October 17, 2018

Recommendation

Approve a resolution authorizing EBCE to participate in the Special District Risk Management Agency (SDRMA) health, vision and dental plans; Approve a Memorandum of Understanding between SDRMA and EBCE regarding participation in the SDRMA medical, vision and dental insurance program.

Background

EBCE currently provides medical, vision and dental insurance through a set of plans offered through Paychex - EBCE’s payroll vendor - that are designed for employers with fewer than 50 employees. In an effort to provide EBCE staff with more insurance options, EBCE management has been evaluating options for EBCE to participate in larger insurance pools. EBCE management specifically looked for offerings available to small and medium sized public agencies and found that CalPERS and the Special District Risk Management Agency were the two clearest fits for EBCE’s needs. After reviewing the eligibility criteria, costs and underlying insurance options, EBCE management believes that participation in the Special District Risk Management Agency program provides the most flexible and cost-effective options for EBCE.

In this context, EBCE staff recommends that EBCE join the Special District Risk Management Agency health, vision and dental insurance program by approving both a resolution and a memorandum of understanding with the Special District Risk Management Agency in order to participate in their health, vision and dental insurance program.

Attachments:
A. Resolution for Health Benefits; and
B. Special Districts Risk Management Health Benefits MOU
RESOLUTION NO. _______

A RESOLUTION OF THE (Board of Directors) OF EAST BAY COMMUNITY ENERGY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY’S HEALTH BENEFITS PROGRAM

WHEREAS, East Bay Community Energy, Authority (EBCE), a public agency duly organized and existing under and by virtue of the laws of the State of California (the “EBCE”), has determined that it is in the best interest and to the advantage of the EBCE 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 EBCE 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 EBCE is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, THE EBCE BOARD OF DIRECTORS HEREBY RESOLVES AS FOLLOWS:

Section 1. Findings. The EBCE Board of Directors hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of EBCE.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, by and between the EBCE and the Authority, in the form presented at this meeting, is hereby approved. The CEO directed, for and in the name and on behalf of the EBCE, to deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The EBCE Board of Directors approves participating in the Special District Risk Management Authority’s Health Benefits Program.

Section 4. Other Actions. The CEO as his/her designee is hereby authorized and directed to execute and deliver any and all documents necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.
PASSED AND ADOPTED this _____ day of ________________, 20____ by the following vote:

AYES: ________________________
NOES: ________________________
ABSENT: ________________________

________________________________________
Scott Haggerty
Chair, EBCE Board of Directors

________________________________________
EBCE Secretary
Stephanie Cabrera
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: __________________________

East Bay Community Energy