

AGENDA ITEM 1F
Consent Item

MEMORANDUM

DATE: August 4, 2022

TO: El Dorado County Transit Authority

FROM: Maria Harris, Human Resources Manager

SUBJECT: Adoption of Resolution and Memorandum of Understanding for the Special District Risk Management Authority Health Benefits

REQUESTED ACTION:
BY MOTION,

1. **Adopt Resolution No. 22-19 approving the Memorandum of Understanding and Authorizing participation in the designated Special District Risk Management Authority Health Benefits Coverages**
2. **Authorize the Executive Director to sign and execute the program participation agreement**

BACKGROUND

El Dorado County Transit Authority (El Dorado Transit) recently transitioned from Paychex payroll services to Paylocity online payroll & human resources software. Under the former payroll service, El Dorado Transit opted to sponsor an Employee Assistance Program (EAP) service through a Paychex affiliate. With an EAP, employees have access to short-term legal, financial, and mental health counseling and referral services designed to aid in managing everyday concerns and support healthy work-life balance. The benefits of an EAP can help employers reduce absenteeism, worker's compensation claims, health care costs, accidents, and grievances.

The Paylocity software platform provides a broader range of payroll & human resources services at a lower overall cost to the agency but does not offer an affiliated EAP as part of their services.

DISCUSSION

The Special District Risk Management Authority (SDRMA) is a joint powers agency that provides competitive full-service risk management and medical insurance programs for California's local government employers. The SDRMA currently offers ancillary health coverages, including an EAP, and public agencies can select which programs they would like to participate in subject to underwriting approval.

El Dorado Transit received notification of approval from the SDRMA program underwriter on June 15, 2022, of its eligibility to participate in the PRISM Small Group Program. If El Dorado Transit elects to enroll in the EAP benefits, SDRMA requires adoption and approval by El Dorado Transit's governing board prior to the effective date.

If approved, setup will take approximately forty-five (45) days to be effective once SDRMA receives all approved documents. With the requested action, staff is recommending approval of the SDRMA MOU and adoption of Resolution No. 22-19 for an effective date of October 1, 2022, for the EAP service.

FISCAL IMPACT

Costs for participation in the PRISM Small Group EAP Program is \$2.82 per employee/per month, for an estimated total of \$1600.00 annually. This rate is guaranteed through July 2023.

**EL DORADO COUNTY TRANSIT AUTHORITY
RESOLUTION NO. 22-19**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
EL DORADO COUNTY TRANSIT AUTHORITY
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 BENEFIT
PROGRAM**

WHEREAS, El Dorado County Transit, a public agency duly organized and existing under and by virtue of the laws of the State of California (TRANSIT), has determined that it is in the best interest and to the advantage of the TRANSIT to participate in the Health Benefits Program offered by Special District Risk Management Authority (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 TRANSIT to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; 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 TRANSIT 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, BE IT RESOLVED BY THE GOVERNING BODY OF THE TRANSIT AS FOLLOWS:

Section 1. Findings. TRANSIT's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of TRANSIT.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between TRANSIT and the Authority, in the form presented at this meeting and on file with TRANSIT's Secretary, is hereby approved. TRANSIT's Governing Body and/or Authorized Officers (The Authorized Officers) are hereby authorized and directed, for and in the name and on behalf of TRANSIT, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. TRANSIT's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Severability. If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable.

Section 5. Other Actions. The Authorized Officers of TRANSIT are each hereby authorized and directed to execute and deliver any and all documents which are 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 6. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED BY THE GOVERNING BOARD OF THE EL DORADO COUNTY TRANSIT AUTHORITY at a regular meeting of the Board held on the 4th day of August 2022, by the following vote of the Board:

AYES:

NOES:

ABSTAIN:

ABSENT:

John Hidahl, Chairperson

ATTEST:

Megan Wilcher, Secretary to the Board

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 into the Public Risk Innovation, Solutions and Management (PRISM) Health and/or Employee Benefits Small Group Program (hereinafter "PROGRAM"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by the PRISM Health Committee and/or PRISM Employee Benefits 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 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.

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 up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

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, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration 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.

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- 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 SDRMA and between the ENTITY and 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 designated representative, or alternate, who shall have authority to execute 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 on the later of the first date of coverage for the ENTITY or the date of signing of this MEMORANDUM by the 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: _____

El Dorado County Transit

To: SDRMA/ El Dorado County Transit Authority
From: PRISM / AUS Underwriting
Date: June 15, 2022
Re: **El Dorado County Transit Authority: Small Group Program Application Approval**

We are happy to approve the application of El Dorado County Transit Authority for acceptance to participate in the PRISM Small Group program.

As part of this acceptance, you will find two attachments to this letter:

1. Program Underwriting & Eligibility Rules
2. Program Participation Agreement

The Underwriting and Eligibility Rules are designed to serve as a guide for program rules and expectations. These rules outline expectations of member conduct within the program and have been established to protect both the pool and the member from actions that may increase the cost and/or risk in the program.

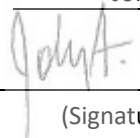
The Program Participation Agreement details the final terms of acceptance and any special exceptions or terms that have been made as part of this approval. Please read these terms carefully and contact your representative at SDRMA if you have any questions or require clarification(s).

El Dorado County Transit Authority's completion and execution of the Program Participation Agreement will constitute full acceptance of the organization as a member of the PRISM Small Group program and deem it eligible to participate in the insurance coverage plan(s) applied for and approved in this agreement. **Please return the signed Program Participation Agreement to SDRMA.**

We thank you for your interest in the PRISM Small Group program and look forward to your participation in the program.

Sincerely,

John Astwood

FOR INTERNAL USE ONLY			
Application is:	<input checked="" type="checkbox"/> Accepted	<input type="checkbox"/> Rejected	Case No. _____
Effective:	_____ 10-1-2022 _____	Underwriter:	_____ John Astwood _____
Date:	_____ 6-15-2022 _____	By:	_____  _____ (Signature)

SMALL GROUP PROGRAM UNDERWRITING & ELIGIBILITY GUIDELINES

(Subject to attached Custom Contingencies and Caveats section)

Health Program Eligibility Guidelines

Active Full-Time Employees	Full-time salaried or hourly employees who are actively at work at least 30 hours per week.
Active Part-Time Employees	Part-time employees who are actively at work at least 20 hours per week.
Dependent Eligibility	Eligible dependents are covered to age 26 and will terminate coverage first of the month following 26th Birthday. Disabled dependents are covered regardless of age but must be approved by the plan administrator (claim fiduciary medical management) prior to annual enrollment.
COBRA Participants	Eligible to elect coverage through COBRA.
Board members, Trustees, Council Members, or Other Elected officials	Directors, board members, and other elected/appointed officials can only elect plan if they are eligible on the current plan and are subject to the same requirements as Active employees. Exceptions can be made at the recommendation of AUS and with the approval of the PRISMHealth Committee.
Retirees	To qualify for Medicare plans and rates, retiree must be enrolled in Medicare Parts A&B at their own cost.
	Retired employees who are currently eligible and participating on the plan will be eligible to continue coverage under the program, if the coverage permits. Retirees who declined coverage may not enroll in any coverage at a subsequent enrollment date. Exceptions can be made at the recommendation of AUS.
	Medicare Eligible retirees must enroll in Medicare parts A&B

Health Program Underwriting Guidelines (Continued on next page)

Group Size Requirements	
Minimum/Maximum including Full-Time Eligible Employees, Part-Time Eligible Employees, Non-Medicare Retirees, Medicare Retirees, Board Members, Trustees, Council Members, or Other Elected Officials	Minimum: 2 Maximum: 200
Participation Guidelines	
Active Employees, Non-Medicare Retirees, Medicare Retirees, Board Members, Trustees, Council Members, or Other Elected Officials	<ul style="list-style-type: none"> • Minimum participation of 75% of all eligible population. • Non-Medicare Retirees will be thoroughly reviewed by AUS if they exceed 20% of the total covered population • Exceptions can be made at the recommendation of AUS and with the approval of the PRISMHealth Committee
Employer Contributions	
Contributions should be structured to allocate cost for tiers with dependent coverage. Cash-Back or "Cash-in-lieu-of" employer contributions are not preferred unless a specific exception has been made by underwriting.	
Gap Funding: Gap funding is an account established to run alongside a health plan that supplements out-of-pocket medical expenses incurred through the plan and that would normally be paid by the covered individual. PRISM offers High Deductible Health Plan (HDHP) options that are underwritten to include the	

<p>use of Health Savings Accounts (HSAs) for gap funding purposes. The program offered HDHPs are not eligible to run alongside Health Reimbursement Arrangements (HRAs) or any other type of external gap funding plan or mechanism. All other medical plans offered within the PRISMHealth portfolio (HMO, Silver PPO, Gold PPO, EPO, etc.) are not considered eligible for gap funding of any type.</p>	
<p>Active Employees, Part-Time Eligible Employees, Board Members, Trustees, Council Members, or Other Elected Officials</p>	<p>Employer pays Minimum 75% of the single-only cost, 50% suggested contribution for dependents.</p>
<p>Retirees</p>	<p>No minimum employer contribution.</p>
<p>Waiting Period</p>	
<p>Date of hire is not allowed unless hire date is on the first of the month. All plan changes resulting from Qualifying Events will be effective on the 1st of the month following the event. Births and deaths are exceptions where coverage will be added/dropped on the event date rather than the first of the month following. If dependents are covered when a retiree or employee passes away, dependent coverage will continue to the end of the month.</p>	
<p>Waivers</p>	
<p>Coverage can only be waived with proof of group coverage through spouse, other group coverage, Medicare/Medi-Cal/Medicaid or COBRA. Waivers will be reviewed by AUS if they exceed 25% of the total covered population. Exceptions can be made at the recommendation of underwriting and with the approval of the PRISMHealth Committee or PRISM staff. Non-Program participants are excluded from this waiver definition (i.e. union carve-out, PORAC).</p>	
<p>Lock-out period</p>	
<p>Small group members will comply with the withdrawal and termination rules of the JPA in which they contract for coverage.</p>	
<p>Plan Selections and Combinations Guidelines</p>	
<p>Plan Selections</p>	<p>Subject to underwriting review and approval:</p> <ul style="list-style-type: none"> • 2-100 enrolled lives: 2 non-Kaiser plans + 1 Kaiser plan • 101-200 enrolled lives: 3 non-Kaiser plans + 1 Kaiser plan
<p>Plan Combinations</p>	<ul style="list-style-type: none"> • Only 1 non-Kaiser HMO or HDHP plan may be offered to an employee group • Groups requesting more than 1 non-Kaiser HMO or more than 1 HDHP require approval from PRISM/AUS underwriting • Future plan changes are subject to review and approval by PRISM/AUS underwriting
<p>Other Programs</p>	<ul style="list-style-type: none"> • The PRISMHealth Program should be offered as a full takeover program in most situations. • The PRISMHealth Program will consider a carve-out option alongside CalPERS exclusively (not dual choice). The current plans and enrollment will be reviewed and approved via the Underwriting process and disclosed to the PRISMHealth Committee. • Other program carve-outs will not be allowed.

Dental, Vision, Life, Disability and EAP Program Eligibility Guidelines

The following underwriting guidelines assume the employer will only be offering the PRISM Small Group coverage plans to an employee group.

Active Full-Time Employees	Full-time salaried or hourly employees who are actively at work at least 30 hours per week.
Active Part-Time Employees	Part-time employees who are actively at work at least 20 hours per week.
Dependent Eligibility	<ul style="list-style-type: none"> Eligible dependents are covered to age 26 and will terminate coverage first of the month following 26th Birthday. Disabled dependents are covered regardless of age but must be approved by the plan administrator (claim fiduciary medical management) prior to annual enrollment.
COBRA Participants	<ul style="list-style-type: none"> Dental & Vision: Eligible to elect coverage through COBRA Life/AD&D, Disability, EAP: Not eligible to elect coverage through COBRA
Board members, Trustees, Council Members, or Other Elected officials	<ul style="list-style-type: none"> Dental, Vision, Life/AD&D, EAP: Directors, board members, and other elected/appointed officials can only elect plan if they are eligible on the current plan and are subject to the same requirements as Active employees. Supplemental Life and Disability: Not eligible
Retirees	<ul style="list-style-type: none"> Dental and Vision: Eligible Life/AD&D, Disability, and EAP: Not eligible

Dental, Vision, Life, Disability and EAP Program Underwriting Guidelines

Group Size Requirements	
Minimum/Maximum include Full-time Eligible Employees, Part-Time Eligible Employees, Non-Medicare Retirees, and Medicare Retirees, Board Members, Trustees, Council Members, or Other Elected officials	Minimum: 2 Maximum: Up to 50*
Participation Guidelines	
Active Employees, Retirees and Board Members, Trustees, Council Members, or Other Elected officials	<ul style="list-style-type: none"> Dental and Vision: 75% of all eligible Life/AD&D, Disability, and EAP: 75% of all eligible (Retirees not eligible)
Employer Contributions	
Contributions should be structured to allocate cost for tiers with dependent coverage. Cash-Back or "Cash-in-lieu-of" employer contributions are not permitted unless a specific exception* has been made by underwriting.	
Active Employees, Board members, Trustees, Council Members, or Other Elected officials	Employer pays 75% of the single-only cost, except for Supplemental Life. 50% suggested contribution for dependents.
Retirees	No minimum employer contribution (for eligible lines of coverage).
Lock-out period	

Small group members will comply with the withdrawal and termination rules of the JPA in which they contract for coverage.

Plan Selection Guidelines

Plan Selection	<ul style="list-style-type: none">• Dental: Employers can select 1 Dental PPO plan + 1 Dental DHMO• Vision/EAP: Employers can select one plan to offer their employees and dependents• Basic Life and AD&D: Employer can select a plan for each class of employee (Designated by level of benefit)
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* At the discretion of Underwriting. See Special Acceptance Terms section of Program Participation Agreement for further detail.

PROGRAM PARTICIPATION AGREEMENT

The coverage and premiums offered under this agreement are based on the information provided. The submission of any false information may result in the denial of coverage. The provision of known false or misleading information shall render this agreement null and void, and any insurance coverage offered hereunder shall be withdrawn retroactively to the effective date of the policy.

El Dorado County Transit Authority is approved for the following products:

Health	<input type="checkbox"/>	Dental	<input type="checkbox"/>	Vision	<input type="checkbox"/>	Life	<input type="checkbox"/>	Disability	<input type="checkbox"/>	EAP	<input checked="" type="checkbox"/>
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Future underwriting approval is required for coverage not requested / approved above.

Special Acceptance Terms

- Rate proposal assumes full takeover of existing benefit plans and carriers.

Standard Acceptance Terms

- The Underwriting & Eligibility Rules are part of the terms of this agreement and apply unless stated otherwise in the Special Acceptance Terms.
- Proposed rates are guaranteed ONLY for the current population of **El Dorado County Transit Authority**, including all currently covered active employees, retirees and public officials (where approved).
- This proposal includes applicable Affordable Care Act Government Fees (Health plans only).
- Rate proposal assumes current enrollment as provided in census file submitted in Interest Packet. PRISM reserves the right to potentially non-renew if the following changes occur and no corrective action is taken by the member organization:
 - If total program enrollment changes by more than 10%.
 - If the distribution of Actives versus non-Medicare Retirees changes by more than 10%.
 - If the tiered enrollment distribution changes by more than 10%.
 - If employer's contribution towards the employee only cost falls below 75%. This proposal assumes current employer contribution is at least 75% of employee-only cost unless a specific exception has been provided by underwriting. Contribution requirement does not apply to Supplemental Life.

GENERAL AGREEMENT AND SIGNATURE

Effective date requested: _____ (Actual date will be assigned by PRISM if application is accepted). Application is hereby made to PRISM or the appropriate affiliated company for Employee Benefits coverage identified above. If this application is accepted, this Program Participation Agreement will become part of the agreement to join the program.

Upon Acceptance of the application, **El Dorado County Transit Authority** will inform all persons who are eligible for coverage that they may apply for PRISM coverage under the Agreement/Policy. By signing below **El Dorado County Transit Authority** acknowledges receipt of and adherence to PRISM's underwriting and eligibility guidelines and the terms of the Program Participation Agreement.

By: _____ Title: _____
(Authorized Signature)

Printed Name: _____