

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

733



FROM: Human Resources Department

SUBMITTAL DATE:
August 22, 2005

SUBJECT: Administrative Fees increase with American Dental Professional Services, LLC

RECOMMENDED MOTION: 1) Approve and ratify the attached 3rd Amendment to the Administrative Agreement between American Dental Professional Services, LLC and the County of Riverside, effective January 1, 2006; 2) Authorize the Chairperson to sign four (4) copies of the attached Amendment, and 3) Retain one (1) copy of the signed Amendment and return three (3) copies to Human Resources for distribution.

BACKGROUND: On August 23, 2001, the Board approved a contract with American Dental Professional Services (ADPS) to provide administrative services for the County's self-funded dental plans (Local Advantage Plus, Local Advantage Blythe and Freedom Dental Plan). The current administrative fees paid to ADPS for these services have been \$2.50 for the Local Advantage plans, and \$2.64 for Freedom Dental plan, per enrolled employee per month (PEPM).

Ronald W. Komers

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Asst. County Executive Officer/Human Resources Dir.

FINANCIAL DATA

Current F.Y. Total Cost:	\$ 1,380	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
Annual Net County Cost:	\$ 0	For Fiscal Year:	2005/06

SOURCE OF FUNDS: Dental Plan Premiums

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature

Ronald W. Komers

- Policy
- Policy
- Consent
- Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: | **District:** | **Agenda Number:**

3.46

BACKGROUND continued

The attached amendment will modify the agreement to increase the administrative fees 3.5% to a new rate of \$2.67 for the Local Advantage Plans, and \$2.82 for the Freedom Dental Plan, per PEPM. The increase is required to cover increasing administrative costs. The County's benefit consultants have reviewed the rate increase and have determined that the increase is appropriate when compared to the current market trend for these specific services. The trust fund which pays these fees has sufficient reserves to cover the increase in administrative fees without an increase in premiums to employees and retirees.

Local Advantage

The Local Advantage plans are self-funded by the County and are administered by American Dental Professional Services (ADPS).

ADPS last increased its fees on January 1, 2004. They have requested a 3.5% increase to be effective as of January 1, 2006 to January 1, 2008 (two years). If accepted the rates would be as follows:

Plan	Current Rate	Proposed Rate (two years)
Basic	\$2.50/employee/month	\$2.67/employee/month
Freedom Dental	\$2.64/employee/month	\$2.82/employee/month

Aon Consulting has reviewed ADPS's request for an increase in fee and determined it to be within industry standards and recommend acceptance by the County. We based our analysis on Aon's dental administration database and compared ADPS's proposed fees with the data. We also found ADPS's rates to be very competitive. Also, a 3.5% increase in fees is within industry standards.

**Prepared by
Brent B. Crane Vice President
Aon Consulting
August 22, 2005**