

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

922



FROM: Human Resources Department

SUBMITTAL DATE:
March 26, 2014

SUBJECT: 2014 - Capitol Administrators, Inc., Dental Plan Administration Agreement [District- ALL]
[Total Cost - \$278,680] [Source of Funds - Employee and Retiree Dental Plan Premiums]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Capitol Administrators, Inc., as the County's dental benefit plan administrator for the Local Advantage plans (Local Advantage Plus and Local Advantage Blythe), beginning May 1, 2014 through December 31, 2019.

BACKGROUND:

Summary

Since 2001, American Dental Professional Services (ADPS) has provided administrative services for the County's self-funded dental plans (Local Advantage Plus and Local Advantage Blythe). The Local Advantage and Local Advantage Blythe plans utilize local providers including Riverside Dental Group and Hospitality Dental Group. Currently there are 1,043 members enrolled in the Local Advantage Plus plan and 30 members enrolled in the Local Advantage Blythe plan.

John Mooney
John Mooney, Asst. HR Director
Michael T. Stock
Asst. County Executive Officer/
Human Resources Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 9,070	\$ 49,020	\$ 278,680	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Employee and Retiree Dental Plan Premiums
Budget Adjustment: No
For Fiscal Year: 2013/14 - 19/20

C.E.O. RECOMMENDATION:

APPROVE

BY: *Samuel Wong 3/31/14*
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: April 8, 2014
xc: H.R. 06

Kecia Harper-Ihem
Clerk of the Board

By: *[Signature]*
Deputy

Prev. Agn. Ref.: District: ALL Agenda Number:

3-13

- A-30
- Positions Added
- 4/5 Vote
- Change Order

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: 2014 - Capitol Administrators, Inc., Dental Plan Administration Agreement [District- ALL]
[Total Cost - \$278,680] [Source of Funds - Employee and Retiree Dental Plan Premiums]**

DATE: March 26, 2014

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

On February 6, 2014, ADPS sent the County a Notice of Termination of the Dental Plan Administration Agreement between ADPS and the County. ADPS noted they have decided to exit its' Third Party Administrative line of business.

Since the receipt of the ninety (90) day notification of termination, the County has worked diligently with Aon Hewitt, the County's Health Benefits Consultant, to conduct a request for proposal (RFP). There were four respondents to the proposal. The proposals were reviewed based on the following criteria: experience and ability, service, overall cost, and member disruption. The initial bids ranged from \$49,920 to \$65,145 per year.

Best and final negotiations were conducted with three finalist. Capitol Administrators, Inc. was selected as the most cost-efficient bidder with the ability to transition services from ADPS, seamlessly implement, and continue quality service for our employees; manage a comprehensive claims process with a dedicated dental claims unit; and provide a performance guarantee.

Due to the limited time constraints to implement a Third-Party Administrator (TPA), Human Resources recommends Capitol Administrators, Inc., to act as the new TPA for the Local Advantage plans. If the Board approves the recommendation, Human Resources in conjunction with County Counsel will finalize the terms of the agreement. Once complete, the final agreement will be submitted to the Board for approval.

There is no direct cost to the County for this recommended action. Dental fees are paid by employee and retiree premiums.

Impact on Residents and Businesses

There is no direct impact to residents or businesses.

SUPPLEMENTAL:

Additional Fiscal Information

Capitol's fees include a one time set up cost of \$900; claims administration with a base fee of \$3.00 per employee, per month; and an \$0.80 repricing fee to allow members continued out-of-network access to First Dental Health providers. The total annual cost for the first year is estimated to cost \$49,920 and each year after \$49,020. The administration and network access repricing fees are guaranteed for the term of the agreement.

Due to the low enrollment numbers in the plan, Human Resources will continue to evaluate plan efficiency based on County needs and assess whether to continue to offer the plan in the future.

Contract History and Price Reasonableness

Capitol Administrators, Inc., has been in business for over two decades. They deliver service to over 200,000 members including commercial, tribal, and government agencies.

Capitol's prices are reasonable for their current market trend.