



ADMINISTRATION COMMITTEE

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Agenda Report

File #: 2024-3700

Agenda Date: 7/17/2024

Agenda Item No: 3.

FROM: Robert Thompson, General Manager
Originator: Laura Maravilla, Director of Human Resources

SUBJECT:

BENEFITS ADMINISTRATION SERVICE AGREEMENT

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Approve an Administration Agreement with Benefit Coordinators Corporation for benefits administration services, effective August 1, 2024.

BACKGROUND

In July 2023, the Board of Directors approved Orange County Sanitation District's (OC San) 2024 Benefits Insurance Renewal, which identified Workterra as the benefits administration service provider under two line items, including: 1) OC San's group insurance plans (medical, dental, vision, and Employee Assistance Program [EAP]); and 2) retiree benefits administration.

Workterra is currently one of three vendors available through the risk-sharing pool - Public Risk Innovation, Solutions, and Management (PRISM) - which OC San partners with for group insurance plans. Beginning January 1, 2026, Workterra will no longer be an approved carrier and PRISM has recommended that member agencies begin transitioning away from Workterra as soon as possible. In anticipation of the change, staff evaluated alternative providers and identified Benefit Coordinators Corporation (BCC) as the carrier that will best meet the needs of OC San. Staff is requesting to transition to BCC as of August 1, 2024, and approval is needed to enter into an agreement with BCC to ensure payment for services rendered can be made to the new carrier.

RELEVANT STANDARDS

- Offer competitive compensation and benefits
- Comply with Memoranda of Understanding and OC San Policy 4.1 - Insurance

PROBLEM

Beginning January 1, 2026, Workterra will no longer be an approved benefits administration service provider through PRISM. Approval of an agreement with BCC is needed to transition the benefits administration services to the new carrier identified by OC San staff.

PROPOSED SOLUTION

Approve entering into agreement with BCC for benefits administration of OC San's group plans and retiree benefits administration.

TIMING CONCERNS

Board approval is necessary to ensure that OC San can issue payment to the appropriate carrier for the remainder of the 2024 plan year based on the prior Board action in July 2023. Timely payments are required to continue coverage for OC San employees and eligible dependents, in accordance with the Memoranda of Understanding (MOU) and personnel policies.

RAMIFICATIONS OF NOT TAKING ACTION

Without Board approval, OC San cannot make payments to the appropriate carrier for the administration of employee benefits, including: medical, dental, vision, EAP coverage, and retiree medical and dental coverage. This would result in the interruption of coverage and services to employees, retirees, and eligible dependents; and OC San would not be meeting its obligation to provide these benefits as provided for in the MOUs and personnel policies.

PRIOR COMMITTEE/BOARD ACTIONS

July 2023 - OC San's Board of Directors approved the 2024 Benefits Insurance Renewal for an overall not-to-exceed amount of \$15,189,392, as specified below:

- A. WORKTERRA (medical, dental, and vision plans; and Employee Assistance Program [EAP]) - Not to Exceed \$13,316,662;
- B. The Standard (basic life, short- and long-term disability) - Not to Exceed \$497,246;
- C. The Standard (EMT & Manager disability) - Not to Exceed \$30,000;
- D. BenefitWallet (Health Savings Accounts [HSA]) - Not to Exceed \$42,000;
- E. BPAS / Voya (Health Reimbursement Arrangement [HRA]) - Not to Exceed \$189,000;
- F. WORKTERRA (retiree-paid health premiums, recouped from retirees through monthly payments) - Not to Exceed \$1,114,484; and
- G. Approved a contingency in the amount of \$759,470 (5%).

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget FY 2023-24 and 2024-25, Section 5, Page 5, Operating Budget) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- BCC Master Agreement