

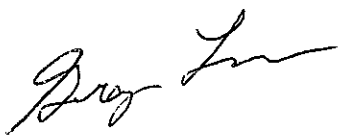


MEETING DATE: 2/2/09
ITEM NO. 5

COUNCIL AGENDA REPORT

DATE: January 27, 2009

TO: MAYOR AND TOWN COUNCIL

FROM: GREG LARSON, TOWN MANAGER 

SUBJECT: ADOPT RESOLUTION AUTHORIZING THE TOWN MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS TO REVISE THE EMPLOYEE DENTAL PLAN AND CHANGE PROVIDERS FOR THE LIFE, ACCIDENT AND DISABILITY INSURANCE PLANS

RECOMMENDATION:

Adopt resolution of the Town Council of the Town of Los Gatos authorizing the Town Manager to negotiate and execute agreements to revise the employee dental plan and change providers for the life, accident and disability insurance plans.

DISCUSSION:

The Town contracts with various insurance providers for employee health and welfare plans including dental coverage, life insurance, and accident/disability insurance. Periodically, the administration reviews these agreements as a matter of good management practice to update the plans and to ensure that the rates paid by the Town and employees are competitive. Any substantive changes to the benefits are subject to meet and confer with the employee bargaining groups.

Town staff recently conducted a comprehensive evaluation of the Town's dental plan as well as the life, accident and disability insurance plans. The Town's medical benefits were not included in staff's review because the medical plans are negotiated at a state-wide level through CalPERS and the Town does not have discretion on the structure or cost of those medical plans.

After reviewing the current agreement with Delta Dental, staff found several ways to improve efficiency, coverage and value for the existing dental plan. Specifically, the number dental plans offered to employees could be reduced from 3 to 2 plans thereby improving efficiency; employees

PREPARED BY: **RUMI PORTILLO**
Human Resources Director 

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Reviewed by: _____ Town Manager PSJ Assistant Town Manager CK Town Attorney
_____ Clerk _____ Finance _____ Community Development

MAYOR AND TOWN COUNCIL

SUBJECT: ADOPT RESOLUTION AUTHORIZING THE TOWN MANAGER TO NEGOTIATE
AND EXECUTE AGREEMENTS TO REVISE THE EMPLOYEE DENTAL PLAN
AND CHANGE PROVIDERS FOR THE LIFE, ACCIDENT AND DISABILITY
INSURANCE PLANS

January 26, 2009

could pay a share of the monthly premium for the basic plan (Delta PPO), thereby sharing the cost burden to the Town; and the plan could improve the level of preventive care to encourage better dental health. The employee bargaining groups polled their membership and reported that the unions are willing to accept these changes to the dental plan as proposed.

In regard to the life, accident and disability insurance plans, staff evaluated proposals from the major providers and found that the Town's current rates are at the high end of the market. By negotiating a new agreement with a competitive firm, the Town will reduce costs significantly with no substantive change in the benefit. Since there would be no substantive change in the life, accident and disability insurance benefits, it is a management right to change providers without further negotiation with the employee bargaining groups.

FISCAL IMPACT:

Changes in the dental plan as described in this staff report will increase the Town's portion of the Dental benefit by \$38.45 per employee per month and the employee's co-pay will increase from a zero co-pay to \$15 per month. The change in the life, accident and disability insurance will result in a savings of \$114,393 per year and includes a guaranteed rate lock for three years. The net change is a total cost savings to the Town of approximately \$51,666 annually.

Attachment

Resolution authorizing the Town Manager to negotiate and execute agreements to revise the employee dental plan and change providers for the life, accident and disability insurance plans

RESOLUTION 2009 -

**RESOLUTION OF THE TOWN OF LOS GATOS AUTHORIZING THE TOWN
MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS TO REVISE THE
EMPLOYEE DENTAL PLAN AND CHANGE PROVIDERS FOR THE LIFE, ACCIDENT
AND DISABILITY INSURANCE PLANS**

WHEREAS, the Town contracts with various insurance providers for employee health and welfare plans which are reviewed periodically as a matter of good management practice to ensure that plans are updated, cost-effective and competitive;

WHEREAS, the Town's negotiator has completed all meet and confer obligations with employee bargaining groups and has reached agreement in regard to any substantive changes in benefits;

WHEREAS, it has been determined that to improve efficiency, coverage and value, the Delta Dental Plan should be revised to reduce the number of plan options offered to employees, employees should pay a share of the monthly premium for the basic plan (Delta PPO), and coverage for preventive dental care should be at a level consistent with standard municipal employee plans;

WHEREAS, the Town desires to change the provider for Life, Accident and Disability Insurance to reduce costs to the Town and employees with no substantive change in the benefits; and

WHEREAS, revisions to the employee health and welfare plans should result in net savings to the Town.

RESOLVED, by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that the Town Council authorizes the Town Manager to negotiate and execute agreements to revise the Employee Dental Plan and change providers for the Life, Accident, and Disability Insurance Plans as described above.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 2nd day of February, 2009 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

**MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA**

ATTEST:

**CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA**