

Management Committee

Meeting date: October 16, 2013

For the Metropolitan Council meeting of October 23, 2013

Subject: Authorization to Approve Resolution 2013-23 to Create Dental Self Insurance Plan and Establish a Dental Plan Self Insurance Reserve Fund

District(s), Member(s): All

Policy/Legal Reference:

Staff Prepared/Presented: Terri Bopp, 651-602-1370; Sandi Blaeser, 651-602-1582

Division/Department: RA c/o Wes Kooistra, 651-602-1567

Proposed Action

That the Metropolitan Council approve resolution 2013-23 to create a dental self insurance plan and establish a dental plan self insurance reserve fund.

Issues/Background

The Council currently contracts with HealthPartners for fully insured dental insurance coverage.

Resolution 2013-23 creates a dental self insurance plan and establishes a reserve fund to manage cash flow and pay claims associated with the plan. The dental reserve fund is separate from the medical reserve fund.

Use of reserve funds is restricted to the payment of claims, reduction of premiums, administrative activities, and other costs related to the provision of employee or retiree dental care benefits.

The reserve fund will be funded through employer and employee premiums reviewed and established annually to pay expected claims and meet a target reserve balance that is sufficient to minimize cash flow and claims risk to the Council.

A reserve target of 10% of annual expected claims is recommended for 2014 and is expected to be met using the same dental premiums as 2013. A total premium cost of \$4,590,000 is required to meet expected claims for 2014 and achieve the reserve target.

Reports will be provided annually to the Management Committee regarding the status of the Reserve, claims experience, and premiums.

The proportion of employer/employee share of the total premium is a part of the collective bargaining process.

Rationale

Benefits of self insuring dental plan coverage include:

- Long-term savings over fully insured plan
- Minimal risk to self-insuring due to annual maximum dental benefit
- Avoid some state taxes and Federal ACA fees

Funding

The employer share of dental premiums is included in the operating division budgets.

Known Support / Opposition

Union Representatives support self-funding dental insurance. No opposition is known at this time.

METROPOLITAN COUNCIL
390 Robert Street North – Saint Paul – Minnesota 55101-1805

RESOLUTION No. 2013-23

**RESOLUTION TO ESTABLISH A SELF INSURANCE OPTION AND
RESERVE FUND FOR EMPLOYEE DENTAL BENEFITS**

WHEREAS, the Metropolitan Council currently has a contract for fully insured dental coverage for its employees and officers; and

WHEREAS, there are significant advantages to the implementation of a self insurance dental coverage option in place of the current fully-insured option; and

WHEREAS, the creation of a self insurance option will require the establishment of a reserve fund to manage cash flow and claims risk associated with the plan.

NOW THEREFORE, BE IT RESOLVED:

1. The Regional Administrator is authorized to take all appropriate actions to establish and implement a self insurance dental coverage option for Council employees and officers.
2. A Dental Plan Self Insurance Reserve Fund shall be established to manage cash flow and claims risk associated with the self insurance dental option.
3. Annual review of reserve balances, claims experience and premiums will be provided to the Council's Management Committee.

Adopted this _____ day of October, 2013

Sue Haigh, Chair

Emily Getty, Recording Secretary