



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 10/19/2021

To: The Board of Supervisors of Sonoma County, Board of Directors of the Sonoma County Water Agency, Board of Commissioners of the Community Development Commission, Board of Directors of the Sonoma County Agricultural Preservation and Open Space District, Board of Directors of the Northern Sonoma County Air Pollution Control District

Department or Agency Name(s): Human Resources

Staff Name and Phone Number: Cheryl Thibault, Employee Benefits Manager - 565-3033

Vote Requirement: Majority

Supervisorial District(s): All

Title:

Amendment to Agreement with The Segal Company (Western States) Inc. (Segal)

Recommended Action:

Authorize the Director of Human Resources to execute an agreement amendment with The Segal Company (Western States) Inc. (Segal) for benefit consulting and actuarial services, increasing the agreement by \$30,000, for a total agreement amount not to exceed \$265,000 for this current calendar year, 2021.

Executive Summary:

Segal is the County's benefits and actuarial consultant. In addition to their many services, they assist us with legal compliance for our benefits programs. We currently have a contract with Segal for the period of January 1, 2019 through December 31, 2023. The contract amount for 2021 is a maximum of \$235,000.

In response to the COVID-19 pandemic, the No Surprises Act was signed into law as part of the Consolidated Appropriations Act, 2021, also known as the COVID-19 stimulus package. The No Surprises Act puts new requirements on health plan sponsors. Because the County is a health plan sponsor through its self-funded County Health Plan (CHP) the County began working with its contracted benefits consultant, Segal, to develop policies in compliance of the Act before the tiered effective dates starting January 1, 2022. Segal has helped the County to implement other pandemic related provisions and regulations in addition to the No Surprises Act. The Segal Agreement approved in December 2018 did not include the scope of services to implement the recently released regulation. Therefore, one-time increase of \$30,000 is requested

Discussion:

The Human Resources, Employee Benefits Unit is responsible for management and administration of the County's health and welfare benefit programs for employees, retirees, and their eligible dependents. As part of that responsibility, the County contracts with Segal to assist the County in maintaining benefit programs that are competitively priced, to meet the needs of County employees, retirees, and dependents. In addition, Segal provides guidance and insight into benefit related laws and regulation compliance.

Segal has provided benefit and actuarial consulting services to the County of Sonoma since January 2008. The current contract with Segal is authorized through calendar year 2023. Segal has developed trusting

relationships with the County and with labor representatives and is a valuable business partner, whether presenting information as part of labor negotiations, or working on benefit analysis projects with the Joint Labor Management Benefits Committee (JLMBC). In addition to their normal scope of services, Segal has helped the County to implement other pandemic related provisions and regulations in addition to the No Surprises Act.

The No Surprises Act requires the County, as a plan sponsor, to change how the County's self-funded (CHP) covers and pays for emergency services, air ambulance services, and certain non-emergency services provided by out-of-network providers at in-network facilities. The Act also requires plan sponsors to remove any prior authorization requirements for emergency services, and only charge participants cost sharing based on in-network rates.

The Act includes several additional mandates affecting health plans, including requirements for provider contracting, amendments to strengthen the Mental Health Parity and Addiction Equity Act (MHPAEA) and mandatory prescription drug reporting.

Pursuant to the technical and complex changes of these new regulations, staff requires the expertise of Segal to meet CHP compliance obligations within the mandatory timeframes.

The CHP medical plan options are self-funded, meaning the contributions from the County of Sonoma and eligible employees and retirees are used to pay plan benefits, including services provided to the members and claims administration. The CHP has enough reserves to absorb the \$30,000 without the need to increase total premiums. Staff will also work with Segal to determine the impact of the new regulations have on the County's Kaiser, Sutter Health Plus, and Western Health Advantage medical plans.

Prior Board Actions:

12/11/2018 Approved new agreement with The Segal Company

12/19/2017 Approved amendment extending term for one year

12/10/2013 Approved initial agreement with Segal Consulting

01/08/2008 Approved initial agreement term 1/1/08 through 6/30/11, total contract \$904,000

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$267,500	\$242,500	\$242,500
Additional Appropriation Requested	0	0	0
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			

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Fees/Other	237,500	\$242,500	\$242,500
Use of Fund Balance	30,000		
Contingencies			
Total Sources	\$267,500	\$242,500	\$242,500

Narrative Explanation of Fiscal Impacts:

The Segal Benefits Consulting contract is funded from three internal services funds, Benefits Administration (51210), County Health Plan (51215), and OPEB (51605). The one time increase of \$30,000 is directly related to the County Health Plan and will be paid out of existing fund balance from the County Health Plan internal services fund. Sufficient appropriations are included in the FY 2021/22 budget.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

None

Related Items "On File" with the Clerk of the Board:

Amendment 1 - Segal Consulting