

RESOLUTION NO. 2017-05

A RESOLUTION OF THE (GOVERNING BODY) OF Feather River Air Quality Management District APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS PROGRAM

**WHEREAS**, Feather River Air Quality Management District, a public agency duly organized and existing under and by virtue of the laws of the State of California (the "ENTITY"), has determined that it is in the best interest and to the advantage of the ENTITY to participate in Health Benefits offered by the Special District Risk Management Authority (the "Authority"); and

**WHEREAS**, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

**WHEREAS**, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for Health Benefits; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:**

Section 1. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Other Actions. The Authorized Officers of the ENTITY are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 5th day of June, 2017 by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

\_\_\_\_\_  
Name Jay Pendergraph

Chairman  
\_\_\_\_\_  
Title

\_\_\_\_\_  
ENTITY Secretary

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## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.

**WHEREAS**, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities typically having 250 or less employees into the CSAC - Excess Insurance Authority Health's ("CSAC-EIA Health") Small Group Health Benefits Program (hereinafter "PROGRAM"); and

**WHEREAS**, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by CSAC-EIA Health Committee for the PROGRAM (the "COMMITTEE") and not SDRMA; and.

**WHEREAS**, ENTITY desires to enroll and participate in the PROGRAM.

**NOW THEREFORE**, SDRMA and ENTITY agree as follows:

1. **PURPOSE.** ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.
2. **ENTRY INTO PROGRAM.** ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.
3. **MAINTENANCE OF EFFORT.** PROGRAM is designed to provide an alternative health benefit solution to all participants of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional). ENTITY public officials may participate in the PROGRAM only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements
4. **PREMIUMS.** ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, public officials, dependents and retirees.

Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates set by the COMMITTEE for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

- a. SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties. Premiums are based on a full month and there are no partial months or prorated premiums.
- b. ENTITY must send notification of termination of benefits for a covered employee or dependent to SDRMA within 31 days of the date of termination. Benefits will be terminated the last day of the month in which the termination occurred. If the termination notice is received after 31 days of the date of termination, the request must be approved by the PROGRAM to terminate coverage. All requests may not be approved; therefore participants may need to wait for open enrollment to elect the change (termination). If the termination is due to an employee terminating employment, if not approved to retroactively terminate coverage, coverage will be terminated prospectively at the end of the month.

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5. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to PROGRAM underwriter for approval.
  6. **COVERAGE DOCUMENTS.** Except as otherwise provided herein, CSAC-EIA Health documents outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM.
  7. **PROGRAM FUNDING.** It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.
  8. **ASSESSMENTS.** Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:
    - a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.
    - b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.
    - c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.
    - d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.
  9. **WITHDRAWAL.** ENTITY may withdraw subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY may rescind its notice of intent to withdraw. Once ENTITY withdraws from the PROGRAM, there is a 3-year waiting period to come back into the PROGRAM, and the ENTITY will be subject to underwriting approval again.
  10. **LIAISON WITH SDRMA.** Each ENTITY shall maintain staff to act as liaison with the SDRMA and between the ENTITY and the SDRMA's designated PROGRAM representative.
  11. **GOVERNING LAW.** This MEMORANDUM shall be governed in accordance with the laws of the State of California.
  12. **VENUE.** Venue for any dispute or enforcement shall be in Sacramento, California.
  13. **ATTORNEY FEES.** The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
  14. **COMPLETE AGREEMENT.** This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.
  15. **SEVERABILITY.** Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
  16. **AMENDMENT OF MEMORANDUM.** This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's signatory to this MEMORANDUM.

Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.

- 17. EFFECTIVE DATE. This MEMORANDUM shall become effective upon the signing of this MEMORANDUM by the ENTITY and Chief Executive Officer or Board President of SDRMA.
- 18. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Special District Risk  
Management Authority

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Feather River Air Quality Management District

## PROGRAM PARTICIPATION AGREEMENT

The coverage and premiums offered under this agreement are based on the information provided. The submission of any false information may result in the denial of coverage. The provision of known false or misleading information shall render this agreement null and void, and any insurance coverage offered hereunder shall be withdrawn retroactively to the effective date of the policy.

Feather River Air Quality Management District is approved for the following products:

Health  Dental  Vision  Life  Disability  EAP

Future underwriting approval is required for coverage not requested / approved above.

### Special Acceptance Terms

- None. All other terms listed on this agreement apply.

### Standard Acceptance Terms

- The Underwriting & Eligibility Rules are part of the terms of this agreement and apply unless stated otherwise in the Special Acceptance Terms.
- Proposed rates are guaranteed ONLY for the current population of **Feather River Air Quality Management District**, including all currently covered active employees, retirees and public officials (where approved).
- This proposal includes the following Affordable Care Act Government Fees (Health plans only)
  - Reinsurance Fee, PCORI Fee, Insurer Fee (where applicable)
- Rate proposal assumes current enrollment as provided in census file submitted in Interest Packet. The EIA reserves the right to potentially non-renew if the following changes occur and no corrective action is taken by the member organization:
  - If total program enrollment changes by more than 10%.
  - If the distribution of Actives versus non-Medicare Retirees changes by more than 10%.
  - If the tiered enrollment distribution changes by more than 10%.
  - If employer's contribution towards the employee only cost falls below 75% for the health program and 100% for Ancillary. This proposal assumes current employer contribution is at least 75% of employee-only cost for health and 100% for ancillary unless a specific exception has been provided by underwriting. Contribution requirement does not apply to Voluntary Life.

### GENERAL AGREEMENT AND SIGNATURE

Effective date requested: July 1, 2017 (Actual date will be assigned by EIA if application is accepted). Application is hereby made to EIA or the appropriate affiliated company for Employee benefits coverage identified above. If this application is accepted, this Program Participation Agreement will become part of the agreement to join the program.

Upon Acceptance of the application, the **Feather River Air Quality Management District** will inform all persons who are eligible for coverage that they may apply for EIA coverage under the Agreement/Policy. By signing below applicant acknowledges receipt and adherence of EIA's underwriting and eligibility guidelines and terms of the Participation Agreement.

By: \_\_\_\_\_ Title: Chairman  
(Authorized Signature)

Printed Name: Jay Pendergraph