



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HUMAN RESOURCES

**File #:** 21-972

Board Meeting Date: 12/7/2021

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Rocio Kiryczun, Human Resources Director  
Kim Pearson, Benefits Manager  
**Subject:** Vision Plan Agreement with Vision Service Plan

### **RECOMMENDATION:**

Adopt a resolution authorizing the execution of an agreement with Vision Service Plan (VSP) to provide vision insurance to County of San Mateo employees and retirees for the period of January 1, 2022 through December 31, 2024, with the aggregate amount not to exceed \$4,507,053.

### **BACKGROUND:**

The County provides vision insurance to its employees, retirees and their dependents. The employee plan is a self-insured plan in which the County pays claims costs, and also pays an administrator to adjudicate claims and administer the claim payments. The retiree plan is a fully-insured plan in which retirees pay a premium to cover the cost of claims and administration.

For employees, a "core" vision plan is offered at the County's expense, along with a richer "buy-up" plan in which the incremental additional cost is borne by the employee. For retirees, a fully voluntary vision plan that approximates the core plan's design is available at retirees' expense. The core plan for employees has 4,587 enrollees, the buy-up plan has 1,562 enrollees, and the retiree plan has 800 enrollees. Including dependents, 14,932 lives are served by the vision program.

The current provider for the vision program is Vision Service Plan (VSP). VSP has been the County's plan provider for over 30 years.

The current agreement with VSP expires on December 31, 2021. The Human Resources Department conducted a request for proposals (RFP) in partnership with the labor-management Benefits Committee and the County's consultant, Alliant Benefits Consulting. This RFP was applied to both the employee plan and the retiree plan.

### **DISCUSSION:**

Proposals were received from four national carriers (VSP, MESVision, EyeMed and United Health Care) that could offer provider networks to meet our plan participants' diverse geographic needs. Each

proposal was rated on provider network, pricing and rate guarantees, ability to match or exceed the current benefit plan design, and service and performance guarantees-individually and in the aggregate-during the finalist process.

Applying these criteria to the proposals, the selection committee unanimously recommended, and the labor-management Benefits Committee supported, approval of VSP to continue as the vision program provider.

The primary reasons for selecting VSP include the following:

- VSP's proposal for plan administration of \$112,853 per year for the employee plan is 16.0% lower than the current cost for the same services. While a couple of competitors offered lower plan administration fees, they did so by offering less coverage and/or less service.
- VSP's proposal for plan administration of \$128,748 per year for the retiree plan is 5.0% lower than the current cost for the same services. Similarly, a couple of competitors offered lower plan administration fees by offering less coverage and/or less service.
- Over 83% of employees/retirees already receive care from a VSP-contracted provider, and there would be no disruption to current provider-patient relationships with this recommendation.
- The matches to providers are critical to minimizing costs to the County and to our participants. Network providers have negotiated discounts with VSP, and those discounts mean lower claims costs to the County and lower out-of-pocket costs for participants.
- For employees who choose the optional buy-up plan, VSP will add the KidsCare Program to address the special needs of children. KidsCare includes an additional annual eye exam, new glasses every year and impact-resistant lenses. The employee cost of the buy-up plan is \$10.85/month, including \$0.28/month for KidsCare.

VSP, a California-based not-for-profit company with over 85 million members worldwide, is the largest domestic plan provider with 54% of the market share, according to Employee Benefit Adviser.

This resolution would authorize the Director of Human Resources to execute the agreement. This resolution contains the County's standard provision allowing amendment of the County's fiscal obligations by a maximum of \$25,000 (in aggregate).

County Counsel has reviewed and approved this resolution as to form.

#### **PERFORMANCE MEASURE:**

<b>Measure</b>	<b>2021 Actual</b>	<b>2022 Projected</b>
Retail Locations in San Mateo County	79	79
Percentage Match to Providers Used by County Participants	83.2%	83.2%
Percentage of Employees with Two Providers within 10 miles	98.8%	98.8%

#### **FISCAL IMPACT:**

The 2022 total costs would be \$1,502,351: \$112,853 for employee claims administration, \$1,260,750 for estimated employee claims, and \$128,748 for the fully-insured retiree plan. This represents a savings of \$28,203, or 1.8%, from the current-year projection of \$1,530,555.