



BOARD OF DIRECTORS REPORT

MEETING DATE: SEPTEMBER 15, 2026 **AGENDA ITEM #:** 12

TYPE: ACTION ITEM

PREPARED BY: HUMAN RESOURCES AND RISK MANAGER, DAVID SERRANO

REVIEWED BY: GENERAL MANAGER, JERRY ESTRADA

SUBJECT: **STAFF MEDICAL PLAN – UPDATED PARTICIPATION AGREEMENT
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)**

RECOMMENDATION:

Staff recommend the Board of Directors:

1. approve/adopt the PRISM/SDRMA's updated Participation Agreement;
2. approve/adopt the Resolution Approving the Form of and Authorizing the Execution of a Memorandum of Understanding and Authoring Participation in the Special District Risk Management Authority's Health Benefits Program

DISCUSSION:

The District provides its non-union Staff employees with medical benefits purchased through the Special District Risk Management Authority, who through their relationship with Public Risk Innovation, Solutions, and Management (PRISM), offers small group medical plans to small, small-medium sized California Special Districts. The District has been involved with SDRMA medical plans since July 1, 2012. The Board adopted a resolution, Resolution # 2019-04, on October 15, 2019.

The SDRMA presents an update to the Membership Participation Agreement, following their governing board and PRISM governing board procedures. According to SDRMA, the table listed below indicates specific changes/updates to the Participation Agreement:

Section:	Previous Language:	Revised Language:	Description of Change:
Definitions	Various terms and definitions, some not clearly defined or missing	Expanded and clarified definitions for "Committee," "Coverage Documents," "Program Participation Agreement," and "Program Documents."	Improved clarity and specificity of key terms for better understanding and administration.

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Entry into Program	ENTITY shall enroll in the Program by making application through SDRMA.	ENTITY shall apply for participation by executing all forms prescribed by SDRMA, subject to approval by the Program's Underwriter.	Clarifies the application process and emphasizes underwriter approval.
Maintenance of Effort	Program provides health benefits to all participants of the ENTITY.	Specifies eligible participants (active employees, retired employees, dependents, public officials) and outlines optional participation for some groups.	Clarifies eligibility and participation requirements.
Premiums	ENTITY will remit monthly premiums based on rates established by SDRMA.	Premiums and rates are set by the Committee; SDRMA adds an administrative fee. Details on billing, penalties for late payment, and termination for non-payment added.	Adds detail on premium calculation, billing, and consequences for late payment.
Benefits	Benefits as set forth in ENTITY's Plan Summary.	Benefits must be agreed upon with employee organizations and approved by the Program underwriter.	Adds requirement for underwriter approval of plan selections.
Assessments & Dividends	Assessments/dividends used sparingly; allocation based on premiums paid.	Committee may impose premium assessments if funds are insufficient; details on liability for withdrawn entities and dividend formula.	Expands on funding adequacy, assessment process, and dividend distribution.

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Withdrawal	ENTITY may withdraw with 90 days' notice.	Notice period extended to 120 days prior to January 1; rescission deadline added; 3-year waiting period for re-entry after withdrawal.	Tightens withdrawal process and re-entry requirements.
Arbitration	Not previously specified.	Adds binding arbitration clause for disputes, specifying Sacramento, CA as venue.	Introduces formal dispute resolution process.
Amendment	Amendments require written agreement by both parties.	Clarifies amendment process, including SDRMA's right to terminate if ENTITY does not execute required amendments.	Strengthens amendment and termination provisions.

The District, through Legal Counsel, has reviewed these changes. Continued participation in SDRMA Medical Benefits program is contingent upon adoption of the revised/updated Participation Agreement. If the District does not adopt these amended Participation Agreements, SDRMA/PRISM could drop the District from its coverage effective 1/1/2027

While the District is a currently participating agency (Entity) in the SDRMA/PRISM small group medical plan, the District will continue to practice its due diligence in evaluating the health insurance market place annually, for cost of coverage, plan design, and ease of usage for our employees. As SDRMA/PRISM make clear in the amended Participation Agreement, should an Entity opt out, it may be three (3) years before the Entity could return to SDRMA/PRISM small group medical plan coverage. Hence, as part of any due diligence, it would include looking and forecasting the medical health coverage marketplace for up to three (3) years in advance.

Based upon our role as a currently participating agency (Entity), it is recommended the Board adopt/approve continued participation in the SDRMA/PRISM small group medical plan program, by adopting the attached resolution.

ATTACHMENTS:

- SDRMA Health Benefits Resolution
- Revised MOU for Health Benefits Redline
- Revised SDRMA Health Benefits MOU