



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 06/06/05
No.: 05-331
Agenda Item Type: Resolution
No.:

Communication

Roll Call

Submitted by: Tom Turner, Human Resources Director

SUBJECT—

Administrative Services Only (ASO) Agreement with Wellmark Blue Cross Blue Shield of Iowa (John Forsyth, CEO, Des Moines) for administration of dental claims for active and retired City of Des Moines employees.

SYNOPSIS—

Renew ASO agreement with Wellmark Blue Cross Blue Shield of Iowa for administration of City's dental insurance benefit for the period of July 1, 2005 through June 30, 2006.

FISCAL IMPACT—

The FY06 budget reflects the cost of this renewal that includes a 4% increase for active employees and retirees and a projected \$13,000 increase for an increased dental benefit for SPM employees. The SPM annual maximum dental benefit will increase to \$1,000 per person. Retirees electing dental coverage pay 100% of the dental premium.

RECOMMENDATION—

Approval

BACKGROUND—

Wellmark has provided dental administration and dental claims processing for the City's self-insured dental plan since February 1, 2003. Dental rates charged for active employees and retirees will be \$28.65 for single plan and \$74.19 per month for a family plan.

Total administrative fee is \$3.01 per member. The remaining monthly premium is allocated for claims payment and reserves as required by state law. For FY03, FY04 and FY 05, the City received an exemption for its dental plan, as the plan costs did not exceed 1% of the City's General Fund budget. In FY06, however, as the City's General Fund budget is decreasing and cost of the dental plan is increasing, the dental plan may not be granted the 509A exemption for this next plan year.