

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	June 10, 2013
	Agenda Item No.	55
	Roll Call No.	<u>13-953</u>
	Communication No.	<u>13-284</u>
	Submitted by:	James R. Wells, Human Resources Director

AGENDA HEADING:

Approve administrative services only agreement with Delta Dental of Iowa (Delta), Jeff Russell, President and CEO, 9000 Northpark Drive, Johnston, Iowa 50131, to provide administration of the employee and retiree dental insurance plan for the period July 1, 2013 through June 30, 2015 with an option to renew for one year (representing the third year) as long as the administrative fee will not increase more than 3% from the fee paid in the preceding year.

SYNOPSIS:

A competitive bid process was conducted for administration of the City’s self-funded dental benefit. Delta and Wellmark Blue Dental (Wellmark) submitted proposals. Delta submitted the lowest overall bid.

FISCAL IMPACT:

Amount: FY 14 \$90,238; FY 15 est. \$ \$92,950; FY 16 not to exceed \$95,750

Funding Source: IS301 HRS960100 Health and Dental Fund

ADDITIONAL INFORMATION:

Delta began administering the City’s self-insured dental benefit July 1, 2010. The current agreement between Delta and the City expires June 30, 2013. In accordance with the City’s procurement ordinance, a competitive bid process was conducted. Bids were received from Delta and Wellmark. Scoring was based exclusively on cost, which was calculated by totaling administrative fees and the cost of the top ten dental procedures. Wellmark submitted a lower administrative fee, however due to Delta’s deeper network discounts, Delta submitted a lower overall bid. Wellmark and Delta provided a guarantee that their administrative fee will not increase more than 3% in year 2 (FY 2015). An additional option to renew for one-year is recommended if Delta’s administrative fee does not increase in year 3 (FY 2016) by more than 3% from the previous year. City benefit consultant Holmes Murphy and Associates reviewed and validated both proposals. Monthly dental premiums will remain unchanged in fiscal year 2014. Below is Delta’s administrative fee proposal and estimated claims cost for fiscal year 2014.

	Delta Dental \$/Contract
Aggregate Stop Loss	\$ 0.05
Network Access Fee	\$ 0.25
Administration	\$ 3.37
Total Admin.	\$ 3.67
# of Subscriber (2)	2049
Total Annual Admin. Expense	\$ 90,238.00
Total Estimated Claim Cost (3)	\$ 1,577,902.00
Total Proposed Cost	\$ 1,668,140.00

PREVIOUS COUNCIL ACTION(S):

Date: May 23, 2011

Roll Call Number: [11-0937](#)

Action: [Exception](#) to competitive procurement process for Fiscal Years 2012 and 2013, approving renewal of agreement with Delta Dental of Iowa for administrative services related to the City's self-insured dental plan for employees and certain retirees, and authorizing staff to negotiate rates for Fiscal Years 2012 and 2013 with approval of the City Manager.

Date: May 10, 2010

Roll Call Number: [10-756](#)

Action: [Agreement](#) with Delta Dental of Iowa (Don Hutchins, President) to provide employee and retiree administration of the City's dental insurance plan, for the period July 1, 2010 through June 30, 2011. ([Council Communication No. 10-264](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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