


COUNCIL COMMUNICATION

	Number:	20-289	Meeting:	June 22, 2020
	Agenda Item:	61	Roll Call:	20-1043
	Submitted by:	James R. Wells, Human Resources Director		

AGENDA HEADING:

Award of Contract with Delta Dental of Iowa, Jeff Russell, President and CEO, 9000 Northpark Drive, Johnston, Iowa 50131 for administration of the City's employee and retiree self-funded dental insurance plan for the period July 1, 2020 through June 30, 2026.

SYNOPSIS:

Staff recommends award of Contract with Delta Dental of Iowa, Jeff Russell, President and CEO, 9000 Northpark Drive, Johnston, Iowa 50131 for administration of the City's employee and retiree self-funded dental insurance plan for the period July 1, 2020 through June 30, 2026.

FISCAL IMPACT:

Amount: Estimate based on enrollment - \$98,534

Funding Source: FY 21 Operating Budget, Page 127, Health and Dental Fund, I301 ND4122647

ADDITIONAL INFORMATION:

- The City provides its employees and retirees a dental insurance benefit. Delta Dental has administered the City's dental plan since July 1, 2010. Their current agreement expires June 30, 2020.
- On April 27, 2020, the City issued a Request for Proposal (RFP) for dental insurance administration. The scoring criteria for the RFP consisted of: 25 points for capabilities, qualifications and work plan; five (5) points for experience in providing similar services; 70 points for costs; and one (1) point for local preference. Proposals were received from four (4) providers, including: Delta Dental, Wellmark Blue Dental, Met Life, and Ameritas. Members from Human Resources evaluated the proposals along the City's benefit consultant, Holmes Murphy and Associates (HMA), who assisted staff with drafting the RFP and vetting proposals. After reviewing the proposals, it was determined that Delta Dental submitted the only compliant proposal.

- The term of the agreement is for six (6) years. Delta provided rate guarantees on their administrative fee. The dental administrative fee for the first three (3) years of the agreement (July 1, 2020 – June 30, 2023) will be fixed at \$4.12 per member per month, which is 2% lower than the current rate. Their rate will increase to \$4.27 per member per month or a 3.60% increase for the three (3) remaining and final years of the agreement (July 1, 2023 – June 30, 2026).
- Delta's projected dental plan cost for fiscal year (FY) 2021 is \$1,738,321. This includes administration and projected claim cost for the City and Airport.

Dental Claims Administration	\$ 98,534
Projected Paid Claims	<u>\$1,639,787</u>
Total Claims and Administration	\$1,738,321

- Delta Dental submitted the winning proposal through the RFP process and retaining them to administer the City's dental insurance plan provides continuity in dental benefit coverage and dental providers. Staff recommends award of contract to Delta Dental.

PREVIOUS COUNCIL ACTION(S):

Date: May 18, 2015

Roll Call Number: [15-0835](#)

Action: [Agreement](#) with Delta Dental of Iowa for administrative services related to the City's Self-Insured Dental Plan for employees and certain retirees. ([Council Communication No. 15-242](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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