



Legislation Text

File #: ID 19-0777, **Version:** 3

Resolution Authorizing the Award of Contract # 2020-10529 in the Amount of \$830,000 to Delta Dental, for Administrative Services for the City's Dental Plan

Department: Human Resources
Council District: N/A

Public Hearing: N/A
Advertising Date/By: N/A

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PURPOSE:

The City of Greensboro contracts for administrative services for its Dental Plan Administration. This contract will exceed \$100,000 which requires City Council approval.

BACKGROUND:

The Human Resources Department initially contracted Delta Dental to provide Dental plan administration for the City's 3,000 benefit eligible employees and over 1,000 retirees on 1/1/2016. The initial four (4) year contract terminates on 12/31/2019.

Delta Dental provided a rate guarantee to hold the administrative fees for five (5) years) at the current rate of \$3.39 per employee per month for the active and retiree dental plans from 1/1/2020-12/31/2024. The HR Department requested a waiver from the MWBE administrative requirement to rebid benefits contracts every three (3) years because of the potential adverse impact it has on employee benefits, vendor relationships, our presence in the market and reputation within the healthcare industry. The request was approved.

The Delta Dental contract is just one of the foundational plans of benefits compensation that require consistency over time in order to achieve desired results for not only our employees but for the City as well. Consistency in administration, pricing and plan design are critical components of our Total Benefits Compensation Strategy.

Several cost savings strategies are already enforce with Delta Dental in terms of plan design, market presence and cost saving initiatives that we have implemented over the past (4) years. For example, in the first 6 months of this year, we have saved almost 11% in paid claims costs and realized \$342,463.21 is network savings which represents a 10.7% increase in savings for this same period last year. So far, in 2019, six of the top ten out of network providers have joined the network and our employees and the City are adjusting well to the plan design changes. To stop this momentum and bid the contract would be disruptive to the progress that we are making and have made over the initial contract period.

BUDGET IMPACT:

The total estimated contract value is \$830,000. Funds for this contract are available in fiscal year 2019-20 and funds for the remaining contract period will be available in subsequent fiscal year budgets.

Costs:

- Total estimated annual Administrative Services Only (ASO) Fee costs total \$166,000 for each year of the 5 years totaling \$830,000.

RECOMMENDATION / ACTION REQUESTED:

The City Manager's recommendation is to award the Dental administrative services contract to Delta Dental. Council approval of a resolution authorizing the award of Contract # 2020-10529 to Delta Dental is requested.

ACCOUNT NUMBERS

681-1002-01- Dental Active	\$122,000 per year
684-1002-02- Dental Retirees	\$44,000 per year