



Request for City Council Committee Action from the Department of Human Resources

Date: July 29, 2008
To: Ways & Means/Budget Committee
Referral to: City Council

Subject: Dental Benefits

Recommendation: Authorize the proper City officials to enter into a contract with Delta Dental as the selected provider for dental claims processing and related services. Such contract is to be effective January 1, 2009 for a period of three years with an option to renew for up to an additional two years.

Previous Directives: On April 18, 2008, the City Council authorized the proper City officials to (1) release a request for proposal for dental insurance services and (2) authorize the proper City officials to enter into contract negotiations with the selected vendors for services effective January 1, 2009.

Prepared by:	Joyce Traver	
Approved by:	_____	_____
	Pamela French, Director HR	Steven Bosacker, City Coordinator
Presenters in Committee:	Joyce Traver	

Reviews

- Permanent Review Committee (PRC): Approval _N/A_ Date _____
- Civil Rights Approval Approval _N/A_ Date _____
- Policy Review Group (PRG): Approval _N/A_ Date _____

Financial Impact

Action is within the Business Plan. The selection of Delta Dental will result in a decrease in administrative fees equal to approximately \$31,000 per year for the City and \$38,000 per year for the City and the affiliated boards and agencies.

Supporting Information

The Request for Proposal for Dental Insurance was released on May 13, 2008. Proposals were received from seven vendors. City of Minneapolis Human Resources, assisted by Buck Consultants, evaluated proposals based on criteria established by City Human Resources and the Benefits Sub-Committee of the Citywide Labor Management Committee (the BLMC),

Responses from the top three vendors were further analyzed by the City of Minneapolis and Buck Consultants with results from the evaluation process reviewed and approved by the BLMC. The decision to select Delta Dental was based on the following key factors:

- Provider disruption analysis.
- Size and scope of provider network.
- Competitive administrative fees including a three-year rate guarantee.
- Claims cost guarantee for 2009 whereby Delta Dental would assume the risk for dental claims in excess of a specified claims targets. The claims target equals 110% of 2007 actual claims.
 - Delta Dental will assume the risk for 50% of the claims in excess of 10% of the claims target amount.
 - Delta will assume the risk for 100% of the claims in excess of 107.5% of the claims target amount.
- Ability to provide effective and efficient administrative support and member services.