

COUNCIL ACTION FORM

SUBJECT: RENEWAL OF DENTAL INSURANCE ADMINISTRATOR CONTRACT

BACKGROUND:

For many years the City has contracted with Delta Dental of Iowa to administer the dental insurance benefits approved by City Council for City employees and their families.

Delta Dental has provided good customer service and has had a commendable record of accurate and timely claim payment. Delta Dental also has advantageous contractual relationships with dental providers in Ames and throughout central Iowa, which allows the City to realize significant discounts on services received. Delta has a proven record of being able to administer the existing plans, and also been a willing and capable partner in our efforts to improve the health status of employees and their families through quality programs.

The City provides two different dental benefit plans. For Plan I, which has a \$750 annual maximum benefit, the Check Up Plus service will be added for FY 2018/19. With this addition to the plan, the cost of all regular preventative services will not be applied to the annual maximum. This will promote long-term dental health, and will give each member more coverage to apply to other services under the plan. Delta added this benefit with no additional administrative fees. There will not be any changes to our Plan II, with the annual maximum of \$1250.

Effective July 1, 2018, Delta Dental is estimating our annual claims to be \$391,616 for FY 2018/19. Under the proposed renewal contract, fixed fees will increase from \$4.24 per contract to \$4.39 per contract, which is a 3.54% increase from FY 2017/18 to FY 2018/19. **The total projected annual expense of \$420,695 is covered in the amounts budgeted for health insurance included in the approved FY 2018/19 budget.**

ALTERNATIVES:

1. Approve Delta Dental of Iowa's renewal proposal to provide administrative services for dental benefits for the fiscal year beginning July 1, 2018.
2. Reject the renewal from Delta Dental of Iowa.

CITY MANAGER'S RECOMMENDED ACTION:

Over the past two decades Delta Dental of Iowa has been an effective administrator of the City's dental administrative services. Renewal of this contract will provide the best value to the City in administering its dental insurance program.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.