

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.

Over the past several years Delta 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.

Delta Dental is estimating claims to be \$428,063 for FY 2021/22. Fixed fees increased from \$4.69 per contract to \$4.84 per contract, a 3.2% increase from FY 2020/21 to FY 2021/22. The total of claims and fixed fees results in a total projected annual expense of \$460,181 for Dental coverage in FY 2021/22. There is \$467,000 budgeted for dental insurance included in the FY 2021/22 budget.

ALTERNATIVES:

1. Accept the renewal documents from Delta Dental of Iowa to provide administrative services for dental benefits effective July 1, 2021.
2. Reject the renewal from Delta Dental of Iowa and seek another company to administer the dental benefit program.

CITY MANAGER'S RECOMMENDED ACTION:

Over the past two decades Delta Dental of Iowa has been an effective administrator of the City's dental insurance plan. 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 No. 1, as described above.