

ITEM #: 19
DATE: 06-13-23
DEPT: HR

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 has also been a willing and capable partner in our efforts to improve the health status of employees and their families through quality programs.

For FY 2023/24, Delta Dental is estimating the City's annual claims to be \$435,126. Compared to the FY 2022/23 contract, fixed fees proposed by Delta Dental for contract administration in FY 2023/24 will increase from \$4.99 per contract to \$5.14 per contract, or 3.0%.

The total projected annual expenses for dental, inclusive of claims and contract administration, is \$468,680 for FY 2023/24. The adopted FY 2023/24 City budget contains sufficient funding in the health insurance program for these expenses.

ALTERNATIVES:

1. Accept the renewal documents from Delta Dental of Iowa to provide administrative services for dental benefits effective July 1, 2023.
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 described above.