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Dental Plan RFP Evaluation and Selection Process

July 18, 2022



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BACKGROUND

The City of Milwaukee currently provides two fully insured Dental Insurance Plans through Delta Dental and Care Plus. The dental benefits are offered through three different dental plan options including two DMO (Dental Maintenance Organization) with only In Network coverage and a PPO plan which allows use of any dentist office with lower cost inside the PPO Network. The City pays a flat amount of the total cost of the dental plans and works to limit increases to the employee cost share by issuing periodic Request for Proposals (RFP) to ensure high quality benefits at a competitive rate. The goal is to keep the dental plans as affordable as possible for employees while providing choice and minimizing disruption with current plan options.

The PPO Plan is offered through Delta Dental and the DMO plans are offered through both Delta Dental and Care Plus. Offering more than one plan type gives employees choice and richer benefits if their particular dentist is in either of the DMO Plans.

It is difficult for carriers to duplicate the current plans offered by the City at an affordable cost because there are a limited number of carriers that offer DMO dental plans and the City offers a relatively rich benefit plan design. Because of this, there was a limited response and some responders did not closely match the current benefits offered to City employees.

The City's request for proposal asked bidders to match the current plan whenever possible and if not possible, provide comparable value.

The City worked with its benefits consultant, Gallagher Benefits Services, to execute a Request for Proposal (RFP) process. The City was seeking proposals from carriers that have experience with fully insured programs along with a track record of quality dental insurance administration. The goal was to ensure the most affordable offers from all carriers and robust network access with as minimal provider elimination as possible.



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The Dental Plan RFP was a collaborative effort facilitated by Gallagher Benefits Services, with the below considerations and evaluation metrics of greatest importance:

- Review marketplace leaders including carriers who have a presence in the areas where the City needs network access.
- Measureable improvements in financial terms and conditions compared to other marketplace alternatives.
- Multi-year financial terms and service level guarantees with fees at risk for underperformance.
- Minimal disruption to plan subscribers and their family members.
- Provide customized education, support and enrollment services.
- Collaboration between entities to administer the plan from a compliant and cost effective manner.
- Ability to prepare useful and actionable utilization reporting.
- Attend onsite fall open enrollment fairs at numerous locations in the City of Milwaukee and have a different enrollment process or virtual options as necessary depending on the circumstances (i.e. ongoing pandemic)
- Ability to administer benefits without using member social security numbers

The City staff members of the review and selection committee included:

- Renee Joos, Department of Employee Relations, Benefits
- Jennifer Zillmer, Department of Employee Relations, Benefits
- Stephanie Foxworth, Department of Employee Relations, Benefits
- Nia Trunnell, Department of Employee Relations, Benefits
- Kirstin Richards, Department of Employee Relations, Benefits
- Terry Siddiqui, Employers' Retirement System

Assisting the City team were the following Arthur J. Gallagher associates:

- Scott Schultz, Area Vice President
- Sue Meyers, Senior Client Manager
- Dawn Seifert, Client Service Leader

EVALUATION PROCESS DENTAL PLANS

The City and Gallagher Benefits Services collaboratively drafted a best in class Request for Proposal which was sent to the below firms and included the aforementioned critical selection factors. The RFP clearly indicated all of the City’s requirements, contractual terms, timeline and responsibilities. The following table provides a summary of the bidders and their response.

Dental Plan	Status
Aetna	Declined
Anthem	Declined
Care Plus (incumbent)	Quoted
Delta Dental (incumbent)	Quoted
Humana	Declined
MetLife	Quoted
UnitedHealthcare (UHC)	Quoted

Based on the responses received, Gallagher presented the key findings to the City’s review and selection committee.

RFP Methodology

The review and selection committee ranked each finalist on the following key areas:

- Quantitative (Cost)
- Requested plan design and features
- Technology, administration and service
- Marketing, communications and enrollment



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CARRIER FINANCIAL SUMMARY

PPO Plan (currently provided by Delta Dental)

MetLife was not able to match the benefit levels of Delta Dental but did come close. However, their best offer was 19.89% higher than the City's current rates.

UnitedHealthcare (UHC) was not able to match current benefit levels either, but came close with an offer that was 9.84% higher than current premium rates.

Both MetLife and UHC would have caused 23% and 25% network provider disruption respectively.

The best offer was from Delta Dental with a 2% rate increase starting January 1, 2023 with a three year rate guarantee. Delta Dental also offered a 4% renewal rate cap in years 4 & 5 if the contract is extended for an additional two years.

DMO Plans (currently provided by Care-Plus and Delta Dental)

The RFP requested bidders duplicate or provide comparable value to the current, rich benefit plan design offered through Care-Plus and the Delta Dental EPO (Exclusive Provider Organization). No carriers were able to do this and offer a competitive rate. Care Plus made a competitive offer which ultimately increases rates 2% and Delta Dental offered the same 2% increase as well.

Both Care Plus and Delta Dental offered a 3-year rate guarantee. Care Plus offered a not to exceed increase of 5% for years 4 & 5 and Delta Dental offered a not to exceed increase of 4% for years 4 & 5 if the City chooses to extend those contracts

Care Plus also lowered the Orthodontic Deductible from \$750 to \$500 as a benefit enhancement.

Both Delta Dental and Care Plus offered improved Performance Guarantees with the new contracts for a number of items.

DENTAL RECOMMENDATION

After a comprehensive and thorough consideration of all key factors, the City's review and selection committee in partnership with Gallagher Benefits Services collectively recommends executing contracts with Delta Dental and Care Plus with the aforementioned new parameters.



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The primary reasons supporting this recommendation are the current plans provide a comprehensive and robust array of plans for City employees that include:

- Lowest possible premium costs to City employees
- 3-year rate guarantee through December 31, 2025
- Known and quantifiable contract extension renewal rate caps
- No changes to the current benefit design, aside from a benefit enhancement with Care Plus on the orthodontic deductible
- Strong Performance Guarantees with premiums at risk