

LRB-Research & Analysis Section

Finance & Personnel Committee
File: 090337

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Title

Substitute resolution authorizing the Department of Employee Relations to extend current agreements with DeltaDental, CarePlus Dental, and DentalBlue dental to provide dental services to City employees and retirees in 2010.

Introduction

This substitute resolution authorizes the Department of Employee Relations (“DER”) to extend current agreements with DeltaDental, CarePlus Dental and DentalBlue to provide dental services to City employees and retirees in 2010.

FirstCommonwealth Dental, which in prior years was one of the dental benefit vendor options available to City employees, decided not to participate in the City’s 2010 dental benefits plan. Employees currently enrolled with FirstCommonwealth Dental must select a new dental plan during the City’s open enrollment period of October, 2009.

DER is working with the City’s remaining dental benefit vendors to provide coverage options for employees and their families for ongoing dental procedures and orthodontics which can not be completed by year end.

Background

The City of Milwaukee will offer employees 3 dental benefit options for 2010 – one fewer than was offered in 2009 - because FirstCommonwealth Dental chose not to continue as a vendor option in the City’s dental benefits program. The WPS / DeltaDental program is a fee-for-service plan while the CarePlus and DeltaBlue are prepaid programs. The City pays \$13.00 per month (\$156 annually) for single dental benefits coverage and \$37.50 per month (\$450 annually) for family dental benefits coverage, regardless of the plan chosen by the employee.

2010 premiums for general City employees enrolled in WPS / DeltaDental’s fee-for-service program will decrease a little more than 5%. Fire and Police personnel are covered by a slightly different benefits package. WPS/DeltaDental 2010 premiums for single coverage will go down 4.75% for Fire and 4.49% for Police, while family coverage will go down 4.47% for Fire and 3.95% for Police. Premiums for the 2 prepaid plans – CarePlus and DentalBlue – are up approximately 5% and 4% respectively for 2010 over 2009 rates.

FirstCommonwealth Dental’s premiums for 2009 increased 67.60% over the vendor’s 2008 rates resulting in rates which were more than 150% greater than CarePlus’ premiums, the City’s lowest cost prepaid dental benefits provider. FirstCommonwealth’s 2009 premiums, in fact, are more than 150% greater than CarePlus’ 2010 rates and it comes as no surprise this vendor chose not to participate in the City’s 2010 dental benefits program.

2010 premiums are summarized and compared to 2009 as follows:

WPS / DeltaDental (general employees)				CarePlus Dental			
	2009	2010	Change		2009	2010	Change
Single	\$ 26.31	\$ 24.95	-5.17%	Single	\$ 37.29	\$ 39.15	4.99%
Family	\$ 90.92	\$ 86.20	-5.19%	Family	\$109.89	\$115.38	5.00%
WPS / DeltaDental - Fire*				DentalBlue			
	2009	2010	Change		2009	2010	Change
Single	\$ 30.30	\$ 28.86	-4.75%	Single	\$ 45.56	\$ 47.25	3.71%
Family	\$ 86.55	\$ 82.68	-4.47%	Family	\$136.71	\$141.77	3.70%
* separate benefits package							
WPS / DeltaDental - Police*							
	2009	2010	Change				
Single	\$ 30.30	\$ 28.94	-4.49%				
Family	\$ 91.67	\$ 88.05	-3.95%				
* separate benefits package							

DER records indicate 6,546 employees participate in the City-offered dental benefits program as of July, 2009, at a net cost to the City of \$2,129,748 after reimbursements of \$125,911 from Water Works and Parking for employees enrolled in City offered dental plans.

A census of participating employees by dental plan and the City’s estimated contribution to employee dental benefits net of Water Works and parking reimbursements follows:

Estimated 2010 City Contribution - Dental Benefits			
(as of July, 2009)	Dental Benefit Coverage		
	Single	Family	Total
Employees per Plan			
WPS / DeltaDental	988	1,451	2,439
CarePlus Dental	634	1,360	1,994
DentalBlue	448	959	1,407
FirstCommonwealth	246	460	706
Total Employees	2,316	4,230	6,546
DER Enrollee Reimbursements			
Water Works & Parking	133	254	387
City's Annual Contribution	\$ 156.00	\$ 450.00	\$ 325.35
Total Estimated Contribution	\$ 340,548	\$ 1,789,200	\$ 2,129,748

Discussion

DER is confident employees will find affordable dental benefits in 2010 among the three remaining programs offered by the City. Premium rates for WPS / DeltaDental’s fee-for-service program are down slightly more than 5% for 2010 – and this on top of this vendor’s zero percent rate increase for 2009 – making WPS/DeltaDental’s 2010 premiums 5% less than 2008 rates. In addition, premium rate increases of 5% and 4% respectively by CarePlus and DentalBlue for the City’s prepaid dental benefit offerings remain modest in a world of increasing healthcare costs.

Though concerned, DER is confident the 706 employees enrolled in FirstCommonwealth Dental program will find comparable dental coverage at commensurate cost among the City’s three remaining dental benefit vendors and the department is taking steps now to smooth this transition. Approximately half of the 1,431 employees enrolled in the FirstCommonwealth plan as of July, 2008, switched to other vendors for their 2009 coverage during the October, 2008, open enrollment period when FirstCommonwealth premium rates for 2009 went up 67.60%.

Fiscal Impact

As the preceding table indicates, DER estimates the City’s total costs for dental benefits for 2010 based on renewal rates of this substitute resolution will be \$2,129,748, virtually unchanged from the 2009 budget. This is calculated by multiplying the number of participating employees by \$13.00 per month for single coverage and \$37.50 per month for family coverage.