

June 18, 2010

Alderman Michael Murphy, Chairman  
City of Milwaukee Common Council Finance and Personnel Committee  
200 East Wells Street, Room 205  
Milwaukee, WI 53202

**File No: 100201 City of Milwaukee Contract with Dental Plans for 2011-2012**

Dear Alderman Murphy:

The City of Milwaukee Department of Employee Relations and the DER Review Team, after completing a Request for Proposal Process for Pre paid dental plans and a fee for service dental plan, is recommending that the City enter into a two year contract with the option of extending the contract for one year with two Pre paid dental plans, CarePlus Dental and DentalBlue and one fee-for-service dental plan, Delta Dental. These three providers are the current dental providers.

The City allows employees to select from three dental plans. The City pay \$13 for single and \$37.50 for family and the employee pays the balance. There were only two vendors who bid on the pre paid dental plan which has very generous benefits but both have limited networks. Care Plus rates include a 9% increase in 2011 from 2010 rates and 10% increase in 2012 from 2011 rates. The DentalBlue rates have no increase in 2011 or 2012 from the 2010.

There were five vendors who bid on the fee-for-service dental plan. The fee-for-service dental plan has benefits limited to \$1000 per person but has no network. The fire and police have slightly different benefits under the fee-for-service plan and slightly different rates. The Delta Dental rates do not change from 2010 to 2011. In 2011 the Delta Dental rates increase 4%.

A resolution and a fiscal note are attached to the file. In addition a report prepared by Willis of Wisconsin regarding this file with one three-page appendix is attached to the file.

Please contact me at [mbrady@milwaukee.gov](mailto:mbrady@milwaukee.gov) or at 286-2317 if you have any questions or comments regarding this file.

Sincerely,  
Michael Brady  
Employee Benefits

CC: Maria Monteagudo, DER  
Troy Hamblin, DER

City Of Milwaukee

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Benefits Team Recommendation Regarding 2011  
Contracts for Fee-for-Service and Prepaid dental  
Plans

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## **Appendix**

- 2011 and 2012 Dental Rate Quotes

## EXECUTIVE SUMMARY

### *What are the Recommendations of the Benefits Team?*

#### **Fee-for-Service dental Plan**

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the Fee-for-Service dental plan:

Enter into a two-year contract for 2011 through 2012 with Delta dental with an option of extending the contract for one year. Delta dental is the incumbent Fee-for-Service dental plan carrier.

#### **Prepaid dental Plans**

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the Prepaid dental plans:

Enter into a two-year contract for 2011 through 2012 with Anthem and Care-Plus with an option of extending the contract for one year. Anthem and Care-Plus are the incumbent Prepaid dental plan carriers.

### *Who Was on the Benefits Team?*

The City staff members on the Benefits Team were:

- **Michael Brady** – Director Employee Benefits, Department of Employee Relations
- **Aaron Cadle** – Legislative Fiscal Analyst, Common Council City Clerk, Fiscal Review Section
- **James Michalski, CPA,** – Auditing Manager, Office of the Comptroller
- **Renee Joos** – Special Assistant, Budget Office
- **Nicole Fleck** – Labor Relations Representative, Department of Employee Relations

Assisting the City team were the following individuals:

- **Douglas Ley**, Senior Vice President, Willis
- **Clete Anderson**, Vice President, Willis

The City retained the services of Willis to assist in the following:

- Assist in the preparation of the RFP,
- assist the Benefits Team in evaluating the carrier responses and making recommendations,

- conduct financial analyses, and
- draft this final report.

***How Did the Benefits Team Reach These Recommendations?***

***Selection Process***

The City's contribution toward dental coverage is fixed and well below current dental plan rates, so obtaining quotes would not reduce the City's cost. The goal was to keep the dental plans as affordable as possible to employees while providing employees choice.

The City currently offers the Fee-for-Service dental plan through Delta Dental, and Prepaid dental plans (akin to HMOs for dental coverage) through Anthem and Care-Plus.

There is need for only one Fee-for-Service dental plan, but because Prepaid plans have limited provider networks it gives employees more choice by offering multiple plans. If we could obtain either a less costly Fee-for-Service dental plan or an additional Prepaid plan it would benefit City employees. There are a limited number of carriers that offer Prepaid dental plans, plus the relatively rich benefit plan design of the City's plan can make carriers shy away from quoting, so a limited response was expected.

The RFPs were e-mailed to carriers that offer dental plans. Responses were received from the following:

Fee-for-Service

Delta Dental  
UHC  
MetLife  
Humana  
Anthem

Prepaid

Care-Plus  
Anthem

***Financial Analysis***

The appendix to this report summarizes the current rates as well as the rates quoted for 2011 and 2012.

Fee-for-Service

Of the five proposals, the incumbent Delta Dental quoted the lowest rates for 2011 as well as for 2012. Switching to another carrier would increase the cost to employees with little or nothing to gain in return.

UHC offered a "hybrid" dental plan providing Fee-for-Service benefit coverage, more cost sharing than the Prepaid benefits, but only for network dentists (out of network dental care not covered for the most part). This plan had lower rates than the others for the actual Fee-for-Service dental benefit plan, but was deemed non compliant because the benefit design did not match the City's benefit designs and thus was not considered.

### Prepaid

Only the incumbent carriers, Care-Plus and Anthem provided quotes. Anthem offered to quote lower rates for its Prepaid plan if awarded the Fee-for-Service dental plan, but that proposal would have caused the participants in the Fee-for-Service plan to pay more so the Prepaid plan participants could pay less, not a good deal.

### ***Qualitative Analysis***

Since there was no financial reason to replace Delta Dental as the Fee-for-Service dental carrier, and there are no ongoing service or network issues, the Team did not score the proposals. The Delta Dental proposal was reviewed to confirm that all City's requirements would be met, which they will.

### ***Conclusion***

For these reasons the Team recommends renewing the dental contracts with Delta Dental for 2011 and 2012 for the Fee-for-Service plan and with Care-Plus and Anthem on the Prepaid plans.

**Appendix**

- current 2010 City Dental Rates (one page)
- 2011 and 2012 Dental Rate Quotes (two pages)

**Dental Plans  
Rate Quotes and Employee Contributions**

**2010**

GENERAL

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$24.95	\$6.50	\$18.45	\$86.20	\$18.75	\$67.45
Pre-Paid						
Care-Plus	\$39.15	\$6.50	\$32.65	\$115.38	\$18.75	\$96.63
Anthem	\$47.25	\$6.50	\$40.75	\$141.77	\$18.75	\$123.02

FIRE

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$28.86	\$13.00	\$15.86	\$82.68	\$37.50	\$45.18

POLICE

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$28.94	\$13.00	\$15.94	\$88.05	\$37.50	\$50.55



City of Milwaukee

**Dental Plans  
Rate Quotes and Employee Contributions**

**2011**

GENERAL

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$24.95	\$6.50	\$18.45	\$86.20	\$18.75	\$67.45
UHC Passive PPO	\$25.90	\$6.50	\$19.40	\$89.48	\$18.75	\$70.73
MetLife Passive PPO	\$26.67	\$6.50	\$20.17	\$92.17	\$18.75	\$73.42
Humana	\$27.09	\$6.50	\$20.59	\$93.59	\$18.75	\$74.84
Anthem	\$26.24	\$6.50	\$19.74	\$90.54	\$18.75	\$71.79
Pre-Paid						
Care-Plus	\$42.83	\$6.50	\$36.33	\$126.23	\$18.75	\$107.48
Anthem	\$47.25	\$6.50	\$40.75	\$141.77	\$18.75	\$123.02
Anthem (if awarded FFS plan)	\$45.83	\$6.50	\$39.33	\$137.52	\$18.75	\$118.77

FIRE

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$28.86	\$13.00	\$15.86	\$82.68	\$37.50	\$45.18
UHC Passive PPO	\$28.96	\$13.00	\$15.96	\$85.82	\$37.50	\$48.32
MetLife Passive PPO	\$30.86	\$13.00	\$17.86	\$88.41	\$37.50	\$50.91
Humana	\$31.33	\$13.00	\$18.33	\$89.76	\$37.50	\$52.26
Anthem	\$26.24	\$13.00	\$13.24	\$90.54	\$38.50	\$52.04

POLICE

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$28.94	\$13.00	\$15.94	\$88.05	\$37.50	\$50.55
UHC Passive PPO	\$30.04	\$13.00	\$17.04	\$91.40	\$37.50	\$53.90
MetLife Passive PPO	\$30.66	\$13.00	\$17.66	\$94.15	\$37.50	\$56.65
Humana	\$31.42	\$13.00	\$18.42	\$95.59	\$37.50	\$58.09
Anthem	\$26.24	\$13.00	\$13.24	\$90.54	\$37.50	\$53.04

**City of Milwaukee**

**Dental Plans  
Rate Quotes and Employee Contributions**

**2012 Guarantees**

GENERAL

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$25.99	\$6.50	\$19.49	\$89.80	\$18.75	\$71.05
UHC Passive PPO	No rate guarantee.					
MetLife Passive PPO	Not to exceed 9% above 2011 rates.					
Humana	\$27.09	\$6.50	\$20.59	\$93.59	\$18.75	\$74.84
Anthem	\$26.24	\$6.50	\$19.74	\$90.54	\$18.75	\$71.79
Pre-Paid						
Care-Plus	Lesser of 9% increase or increase to achieve 70% loss ratio.					
Anthem	\$47.25	\$6.50	\$40.75	\$141.77	\$18.75	\$123.02
Anthem (if awarded FFS plan)	\$45.83	\$6.50	\$39.33	\$137.52	\$18.75	\$118.77

FIRE

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$30.07	\$13.00	\$17.07	\$86.14	\$37.50	\$48.64
UHC Passive PPO	No rate guarantee.					
MetLife Passive PPO	Not to exceed 9% above 2011 rates.					
Humana	\$31.33	\$13.00	\$18.33	\$89.76	\$37.50	\$52.26
Anthem	\$26.24	\$13.00	\$13.24	\$90.54	\$37.50	\$53.04

POLICE

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Fee-For-Service						
Delta Dental	\$30.15	\$13.00	\$17.15	\$91.73	\$37.50	\$54.23
UHC Passive PPO	No rate guarantee.					
MetLife Passive PPO	Not to exceed 9% above 2011 rates.					
Humana	\$31.42	\$13.00	\$18.42	\$95.59	\$37.50	\$58.09
Anthem	\$26.24	\$13.00	\$13.24	\$90.54	\$37.50	\$53.04