

Reply to Common Council File No. 020478  
From DOA-Budget and Management Division

July 8, 2002

Ref: 02013(40)

Common Council resolution 020478 authorizes contracts for pre-paid dental plans for 2003-2004, health maintenance organizations for 2003, long term disability benefits for 2003-2005 and to amend the flexible choice contract for 2003-2004 and to extend the contract for fee for service dental for 2003.

The city received responses from three vendors who currently provide pre-paid dental to the city. Rates for the pre-paid dental increased by approximately 10%. The contract with these vendors will be two years. Since the city pays a fixed amount for dental insurance, these contracts do not impact the city budget.

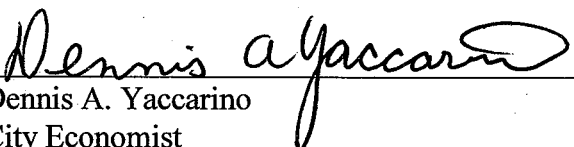
For HMO's, the city received three proposals. The proposal from CompCareBlue saves the city \$8 million in avoided costs. However, under their proposal they would be the only HMO provider. They will offer two networks, CompCareBlue Traditional Network and CompCareBlue Aurora Family Network. The lowest costing network will be the Aurora Family Network with single plan premiums of \$307.10 and family plans at \$838.38. The traditional network will have single plans at \$341.22 and family plans at \$931.53. The cost to the city is based on the lowest costing HMO. The estimated increase in the 2003 budget is \$5.3 million.

There were five bids received for the long-term disability program. The contract is recommended to continue with Standard for the next three years. Since the proposal does not include a price increase, the cost to the city remains the same as in 2002.

Fee for service dental contract with DeltaDental will be extend for one year with no increase in their rates.

The flexible choice program would retain the Flex Company through a two-year extension in their contract. The cost per member will increase by \$0.25 per month.

**RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION 020478 THAT AUTHORIZES CONTRACTS FOR HMO'S, PRE-PAID DENTAL, FEE FOR SERVICE DENTAL, LONG TERM DISABILITY AND FLEXIBLE CHOICE.**

  
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