

LRB-Research & Analysis Section

Finance & Personnel Committee
File: 080373

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Title

Substitute resolution authorizing the Department of Employee Relations to extend current agreements with DeltaDental, CarePlus Dental, FirstCommonwealth Dental and DentalBlue dental to provide dental services to City employees and retirees in 2009.

Introduction

This substitute resolution authorizes the Department of Employee Relations (“DER”) to extend current agreements with DeltaDental, CarePlus Dental, DentalBlue and FirstCommonwealth Dental to provide dental services to City employees and retirees in 2009.

Background

The City of Milwaukee offers employees four dental benefit options, one fee-for-service program, WPS / DeltaDental, and 3 prepaid plans, CarePlus, DeltaBlue and FirstCommonwealth Dental. 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.

The renewal rates for 2009 for WPS / DeltaDental’s fee-for-service program are unchanged for general City employees, police and fire, while renewal increases for the 2 of the 3 prepaid plans vary from a low of 6.00% to a high of 15.50%. Renewal rates for all dental programs are as follows:

WPS / DeltaDental (general employees)				CarePlus Dental			
	2008	2009	Change		2008	2009	Change
Single	\$ 26.31	\$ 26.31	0.00%	Single	\$ 35.18	\$ 37.29	6.00%
Family	\$ 90.92	\$ 90.92	0.00%	Family	\$102.47	\$109.89	7.24%
DentalBlue				FirstCommonwealth			
	2008	2009	Change		2008	2009	Change
Single	\$ 39.45	\$ 45.56	15.49%	Single	\$ 36.76	\$ 61.61	67.60%
Family	\$118.36	\$136.71	15.50%	Family	\$110.91	\$185.89	67.60%

DER records indicate 6,462 employees participate in the City-offered dental benefits program as of July, 2008, at a total cost to the City of \$2,251,104, which includes \$134,750 paid by the City for Water Works and Parking Division employees - \$134,750 that is reimbursed to DER as a revenue but which is nevertheless a cost to the City as a whole. A census of participating employees by dental plan and the City's estimated total contribution to employee dental benefits are as follows:

Estimated 2009 City Contribution - Dental Benefits			
(as of July, 2008)	Dental Benefit Coverage		
	Single	Family	Total
Employees per Plan			
WPS / DeltaDental	848	1,279	2,127
CarePlus Dental	535	1,178	1,713
DentalBlue	426	765	1,191
FirstCommonwealth	425	1,006	1,431
Total Employees	2,234	4,228	6,462
Contribution per Employee	\$ 13.00	\$ 37.50	\$ 29.03
Total Estimated Contribution *	\$ 348,504	\$1,902,600	\$2,251,104
* Includes \$134,750 for Water Works & Parking Division Employees which will be reimbursed to DER			

Discussion

From an economic viewpoint, renewal rate increases in offered dental benefit programs make no difference to the City because the City's contribution to all such programs is fixed at \$13.00 per month for single plan coverage and \$37.50 per month for family benefits. However, the City, specifically the DER, is mindful that dental benefit programs offered to employees must be reasonably priced.

DER is confident employees will find affordable dental benefits in 2009 among the programs offered by the City based on the zero rate increase from WPS / DeltaDental and the relatively modest 6.00%-7.24% and 15.50% rate increases from CarePlus and DentalBlue respectively. DER recognizes and is concerned over the sharp 67.60% increase from FirstCommonwealth, but feels the 1,431 employees currently participating in the FirstCommonwealth plan (fully 22% of total participating employees) will be able to switch to the City's other prepaid plans (CarePlus and DentalBlue) during open enrollment and receive comparable benefits at more affordable rates. Employees wishing to move to a fee-for-service program may also opt for the WPS / DeltaDental plan, the lowest premium cost of the City offered plans.

Fiscal Impact

As the table on page 2 indicates, the DER estimates the City's total costs for dental benefits for 2009 based on renewal rates of this substitute resolution will be \$2,251,104. 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.

This \$2,251,104 includes approximately \$134,750 DER will be reimbursed by Water Works and the Parking Division for the costs of dental benefits paid by DER for these other City entities, resulting in an estimated \$2,116,354. DER rounds this estimated amount up to \$2,200,000 as a margin for error.