



**Selection Team Recommendation
Contracts for Fee-for-Service
and Prepaid Dental Plans**

Effective January 1, 2018

September 20, 2017



Table of Contents

- Process..... 3
- Qualitative and Quantitative Evaluation 4
- Conclusion 5

Appendix

- Financial Analysis

PROCESS

The City of Milwaukee currently provides dental benefits to employees by offering three different dental plan options including two pre-paid HMO style plans and a fee-for-service PPO plan.

The City pays a flat amount of the total cost of the dental plans and works to limit any 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.

Who was on the Selection Team

The City staff members on the Selection Team were:

- Renee Joos | Department of Employee Relations
- Crystal Flores | Department of Employee Relations
- Kimberly Zapata | Department of Employee Relations
- Dennis Yaccarino | Department of Administration
- Susan Liedtke | Department of Employee Relations
- Nicole Fleck | Department of Employee Relations

Assisting the City team were the following Willis Towers Watson associates:

- Clete Anderson, Vice President
- Jill Goehrig, Client Services
- Dan Hennig, Placement

The City currently offers a fee-for-service dental plan through MetLife. This plan is also called a “passive PPO” because there is no benefit plan “steerage” for using a network dentist. The prepaid dental plans (akin to HMOs for dental coverage) provided through Anthem/DentalBlue and Care-Plus have greater benefits but limited networks to better manage the cost.

Because prepaid plans have limited provider networks, offering more than one plan gives employees more choice. In addition, obtaining a less costly fee-for-service dental plan or an additional prepaid plan also benefits City employees.

There are a limited number of carriers that offer prepaid dental plans, plus the relatively rich benefit plan design currently offered by the City makes it difficult for carriers to duplicate the current plans at an affordable cost. 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. In addition, we requested that several procedures currently covered under the medical plan, be included in bidders’ proposed dental plans. These are benefits that are currently being paid as primary under the medical plan that are typically paid as primary under a dental plan.

The table below provides a summary of the carriers that responded or declined to respond to the City’s request for proposal.

Carrier	Status
Aetna	Declined to quote (timing issue)
Ameritas	Quote received
Anthem	Quote received
Care-Plus	Pre-paid renewal received
Cigna	Declined to quote (timing issue)
Delta Dental	Quote received
Guardian	Quote received
Humana	Quote received
Lincoln Financial	Quote received
MetLife	Renewal and Quote received
Mutual of Omaha	Declined to quote (not competitive)
Principal	Declined to quote (not competitive)
Standard	Declined to quote (timing issue)
UnitedHealthcare	Quote received
UNUM	Declined to quote

Combined Request for Proposal

It was initially thought that the request for proposal would be prepared in conjunction with Milwaukee Public Schools. However, this did not occur, as Milwaukee Public Schools determined they were not going to bid their dental plans for 2018.

QUALITATIVE AND QUANTITATIVE EVALUATION

Fee-for Service Dental Plan (currently provided by MetLife)

Delta Dental duplicated the current fee-for-service dental benefit plan design as requested and quoted the lowest rates for 2018, 10% below the current rates and an average of 11.4% less than the renewal rates proposed by MetLife, the incumbent. Delta Dental guaranteed their rates for two years, whereas MetLife’s rates are guaranteed for one year. Delta Dental’s rate cap on the third year is 6% and MetLife’s rates will not exceed 7% for 2019.

The fee-for-service plan is a “passive PPO” meaning that there is no benefit steerage (higher benefits) paid for using network providers. However, there is a savings to employees for using network providers since the employee out-of-pocket expense on network dentists will be lower than on non-network dentists. A change in dental provider networks may cause some disruption for employees however, most MetLife network dentists currently utilized by City employees are in Delta Dental’s network. In addition, Delta Dental’s network is larger than MetLife’s and offers more dental provider options than currently available through MetLife.

Employees would realize a significant savings by moving to Delta Dental and would have access to a larger amount of network dentists.

Prepaid Plans (currently provided by Care-Plus and Anthem DentalBlue)

We requested bidders duplicate or provide comparable value to the current, rich benefit plan design offered through Care-Plus. No carriers were able to do this and offer a competitive rate. We also requested Care-Plus consider a rate guarantee, lower their not to exceed percent and add implant coverage. Care-Plus agreed to provide implant coverage at 50% and they lowered the not to exceed percent for 2019 from 7% to 4%. For 2020, the not to exceed percent is 7% over 2019.

The current Anthem DentalBlue plan is somewhat similar to the Care-Plus plan and is more of a middle option between the Care-Plus and PPO (current MetLife) plans. Again, we requested bidders duplicate or provide comparable value to the current Anthem Plan. Delta Dental closely matches and provides comparable value at a significantly reduced rate, 12.7% less than the current and 14.8% less than Anthem's proposed renewal.

In addition, there would be little, if any, disruption for current members enrolled in the Anthem plan. Delta Dental's network is larger than Anthem's and will allow more member choice. Members will have the ability to choose any dentist for any family member and will not need to pre-select a dental provider at the beginning of year.

CONCLUSION

As a result of a request for proposal process and evaluation, the Selection Team recommends the following:

Prepaid Dental Plans

1. Enter into a three (3) year contract (January 1, 2018 through December 31, 2020) with Care-Plus, the incumbent pre-paid dental plan carrier, with the option to extend for an additional two years.
2. Enter into a three (3) year contract (January 1, 2018 through December 31, 2020) with Delta Dental, replacing the current Anthem plan, with the option to extend for an additional two years.

Fee-for Service Dental Plan

3. Enter into a three (3) year contract (January 1, 2018 through December 31, 2020) with Delta Dental, replacing the current MetLife PPO plan, with the option to extend for an additional two years.