



Legislation Details (With Text)

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Title: Resolution to Approve the City’s Contract with Delta Dental Plan of Michigan, Inc., for Claims Administration Services relating to the City’s Dental Plan through December 31, 2026 (\$707,455.00 in 2024, \$735,753.00 in 2025, and \$765,183.00 in 2026)

Sponsors:

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Attachments: 1. City of Ann Arbor- Group 7600-0001-Contract eff 1-1-2024 (3 Yrs)Signatures.pdf

Date	Ver.	Action By	Action	Result
12/18/2023	1	City Council	Approved	Pass

Resolution to Approve the City’s Contract with Delta Dental Plan of Michigan, Inc., for Claims Administration Services relating to the City’s Dental Plan through December 31, 2026 (\$707,455.00 in 2024, \$735,753.00 in 2025, and \$765,183.00 in 2026)

The attached Resolution authorizes the attached Delta Dental Service Contract through December 31, 2026, and authorizes related payments to Delta Dental Plan of Michigan, Inc. to administer the City’s Dental Plan and pay associated costs of claims.

Budget/Fiscal Impact: The necessary funds were appropriated as part of the FY24 approved budget in the Risk Fund through June 30, 2024. Required funding for the portion of the contract term from July 1, 2024 through June 30, 2025 will be budgeted in the FY25 Risk Fund budget. Required funding for the portion of the contract term from July 1, 2025 through June 30, 2026 will be budgeted in the FY26 Risk Fund budget. Required funding for the portion of the contract term from July 1, 2026 through December 31, 2027 will be budgeted in the FY27 Risk Fund budget. The estimated annual cost for the calendar years of this employee benefit is \$707,455.00 in 2024, \$735,753.00 in 2025, and \$765,183.00 in 2026.

The City is in a current contract with Delta Dental through December 31, 2024. Projections during the last contract years of 2022, 2023, and 2024 estimated dental costs at \$713,834.00 in 2022, \$785,217.00 in 2023, and \$866,276.00 in 2024. Due to lower than expected claims experience, our healthcare advisor Marsh McLennan Agency was able to secure a new, extended 3 year contract with a negotiated reduction in administrative services fee. The reduction in administrative fees is accompanied by lower projected claims beginning in calendar year 2024. This resolution encompasses those factors on the City’s forecasted budgetary costs for Delta Dental. Employee labor contracts and the employee benefit plans establish the level of dental coverage for City employees.

There is no change in the level of dental coverage with this renewal and payment authorization.

Prepared By: Kimberly Barry, Employee Benefits Supervisor
Reviewed By: Marc Thompson, Interim Director of HR & Labor Relations
Approved By: Milton Dohoney Jr., City Administrator

Whereas, The City provides dental benefits to City employees and their eligible dependents in accordance with the employee benefits program and various labor contracts at an estimated annual cost of approximately \$707,455.00 in 2024, \$735,753.00 in 2025, and \$765,183.00 in 2026;

Whereas, The City currently contracts with Delta Dental Plan of Michigan, Inc. ("Delta Dental") to act as claims administrator for the City's self-funded dental benefit plan, which includes initial payment of costs of claims;

Whereas, The City's current Delta Dental Service Contract is due for renewal on January 1, 2025;

Whereas, The Human Resources Services recommends approval of the attached Delta Dental Service Contract;

Whereas, Funds will be budgeted in the FY24, FY25, FY26, and FY27 Risk Fund budget, to cover projected costs associated with the provision of the dental benefit plan; and

Whereas, Delta Dental of Michigan complies with the requirements of the City's Non-Discrimination and Living Wage Ordinances;

RESOLVED, That City Council approves the attached Delta Dental Service Contract with Delta Dental Plan of Michigan, Inc. through December 31, 2026 to administer the City's self-funded dental benefit plan;

RESOLVED, That the City Council approve a ten percent (10%) contingency to be expendable from the Risk Fund, subject to City Administrator approval; and

RESOLVED, That the City Administrator is authorized and directed to execute the necessary contract documentation after approval as to form by the City Attorney and take any further necessary administrative actions (including execution of any amendments that do not increase the City's cost) to implement this resolution.