



Legislation Text

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Resolution to Approve the Renewal Contracts with Delta Dental of Michigan, Inc. to Provide Dental Coverage to City Employees and Their Dependents and Authorize the City Administrator to Execute the Necessary Documentation (\$860,000.00)

The attached Resolution authorizes the City Administrator to execute the renewal of dental coverage services contract with our dental care service provider. The estimated cost of this employee benefit renewal is \$860,000. The funding arrangement changed from fully-insured to self-funded as of July 1, 2003. Delta Dental uses an "evergreen" contract for our dental benefits program, meaning they do not issue a new contract at each renewal, but only provide the guaranteed administrative services-only renewal rate.

This Plan is a self-funded program, and requires the City to pay for the actual cost of claims. The City pays an Administrative Fee to Delta Dental based on the number of contracts each month, in addition to paying all of our members' incurred claims. The Fiscal Year 2008-2009 monthly Administrative Fee per contract (per enrollee) will remain \$7.53.

Employee labor contracts and employee benefit plans establish the level of dental coverage for City employees. The costs for the program will fluctuate monthly depending both on the number of employees enrolled in the program during any given month, and the amount of incurred claims actually paid during any given month.

Over the past six years, the City has participated with the Southeast Michigan Council of Governments (SEMCOG), through the Greater Detroit Area Health Council (GDAC), in a purchasing alliance for dental coverage. Through this alliance, the City can purchase dental coverage with Delta Dental of Michigan at rates less than those of non-participating entities.

Delta Dental of Michigan received Human Rights approval on May 1, 2008.

The above referenced cost projections are in accordance with the approved Fiscal Year 2008 - 2009 budget, barring any unforeseen circumstances. The benefit coverage levels will remain the same for the Fiscal Year 2008-2009 as currently underwritten.

Prepared By: Elizabeth S. Edwards, Employee Benefits Manager

Reviewed By: Carol S. Schuler, Director of Human Resources and Labor Relations

Approved By: Roger W. Fraser, City Administrator

Whereas, The City provides dental care coverage 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 \$860,000;

Whereas, The City's contract with Delta Dental of Michigan is due for renewal on July 1, 2008;

Whereas, There is no change to the renewal rate for Delta Dental of Michigan;

Whereas, The Human Resources Services recommends renewal of this contract;

Whereas, Funds have been appropriated in the Fiscal Year 2008 - 2009 budget to cover projected costs associated with the provision of dental care coverage;

Whereas, Delta Dental of Michigan received Human Rights approval on May 1, 2008; and

Whereas, The Southeast Michigan Council of Governments (SEMCOG), through the Greater Detroit Area Health Council (GDAC), has established a Health Care purchasing alliance that allows the City to purchase dental insurance through Delta Dental at lower rates;

RESOLVED, That City Council approve renewal contract for the period July 1, 2008 to June 30, 2009, with Delta Dental of Michigan to provide dental care coverage to City employees and their eligible dependents; 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 to implement this resolution.