SUMMARY STATEMENT

ITEM NO.: DRPA-12-088  SUBJECT: Employee Dental Coverage 2013-2014 (DRPA/PATCO)

COMMITTEE:  Finance

COMMITTEE DATE:  October 03, 2012

BOARD DATE:  October 17, 2012

PROPOSAL:  Staff seeks authorization to enter into a contract with Delta Dental of New Jersey to provide dental coverage to active benefit-eligible DRPA and PATCO employees and their eligible dependents.

PURPOSE:  To continue to provide a quality dental care benefit package, with a national network, for active benefit-eligible DRPA and PATCO employees and their eligible dependents.

BACKGROUND:  As part of its health and welfare benefits package for benefit-eligible active employees has traditionally provided comprehensive dental coverage with a national network. The coverage is currently with Delta Dental of NJ.

Delta Dental is a large national dental carrier with approximately 196,220 dental providers in their network. The carrier has a total national membership of approximately 54 million, with 1.6 million residing in New Jersey. The carrier’s corporate headquarters is located in Parsippany, New Jersey. It employs over 365 employees.

Delta Dental offers two national PPO networks (Delta Dental PPO and Delta Dental Premier). By having access to both networks, the Authority will be able to capture more claims in-network which has a positive impact on long term cost control and employee satisfaction.

Delta Dental of New Jersey also offers value-added enhancements, at no additional premium. Those programs include:

The Carry Over Maximum Program – This programs allows members to carry over part of their unused standard annual maximum in one year to increase benefits for the following year and beyond; and

- Oral Health Enhancement Program – This program allows eligible members who have previously been treated for periodontal disease to receive up to four dental cleanings and/or periodontal maintenance procedures per benefit period (typically this benefit is capped at two cleanings or procedures annually).
Renewal from Incumbent Carrier

Delta Dental of New Jersey presented the following two (2) renewal options:

(1)  $393,074 annually (9% increase for 24 months)
(2)  $382,255 annually (6% increase for 12 months)

Our current loss ratio is approximately 98%. For Plan Year 2013, Delta Dental originally projected a premium increase of between 12-17%. Delta Dental subsequently settled on rate increase of 15%. After negotiations, Delta Dental agreed to offer a one-year rate renewal of 6% over current, which would result in a projected annual premium of approximately $382,255 (which will be an increase of $21,637 over current).

In addition to offering a one-year rate renewal, Delta Dental also offered a two-year renewal at 9% per year. The two-year renewal would result in an annual projected premium of $393,074 (which would be an increase of $32,456 over current). If we accept the two-year rate guarantee, we would not be obligated to enter into a two-year contract with Delta Dental. We would still retain the option of marketing the coverage for plan year 2014.

Our broker, Gallagher Benefit Services, recommends that the Authority give strong consideration to the two-year 9% rate renewal.

Accordingly, staff seeks Board authorization to accept either the one-year renewal of 6% for plan year January 1, 2013-December 31, 2013, or the two-year renewal of 9% for plan years January 1, 2013 through December 31, 2014.

Summary:  
Amount:  
Approximately $382,255 annually  
(one-year, 6% increase over current) 
Approximately $393,074 annually  
(two-years, 9% increase over current) 
Note: The rate is based upon the current DRPA/PATCO census, but subject to change as our census changes.
Source of Funds:  
Revenue Fund, General Fund
Capital Project #:  
N/A
Operating Budget:  
DRPA Employee Services Expense 
Master Plan Status:  
N/A 
Other Fund Sources:  
N/A
Duration of Contract:  
One (1) year at 6% increase over current 
Two (2) years at 9% increase over current
Other Parties Involved:  Delta Dental of New Jersey
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to accept a one-year rate renewal at 6% over current from Delta Dental of New Jersey, which would result in a projected annual premium of approximately $382,255, or in the alternative authorize staff to accept a two-year rate renewal at 9%, which would result in a projected annual premium of $393,074; and be

RESOLVED: That the Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA and PATCO. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer, and if thereafter, either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA and PATCO, along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s), while they are absent or unavailable, the Chief Executive Officer shall execute such document(s) on behalf of DRPA and PATCO.

SUMMARY: Amount: Approximately $382,255 annually (one-year, 6% increase over current) Approximately $393,074 (two-years, 9% over current). The rate is based upon the current DRPA/PATCO census, but subject to change as our census changes.)

Source of Funds: Revenue Fund, General Fund

Capital Project #: N/A

Operating Budget: DRPA/PATCO Employee Services Expense

Master Plan Status: N/A

Other Fund Sources: N/A

Duration of Contract: One (1) year at 6% increase over current Two (2) years at 9% increase over current

Other Parties Involved: Delta Dental of New Jersey