SUMMARY STATEMENT

ITEM NO.: DRPA-13-103
SUBJECT: Employee Dental Coverage 2014-2015 (DRPA/PATCO)

COMMITTEE: Finance

COMMITTEE DATE: September 3, 2013
BOARD DATE: September 18, 2013

PROPOSAL: Staff seeks authorization to enter into a two-year 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 will continue to offer the following value-added enhancements, at no additional premium:

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).
Last year, after negotiations, Delta Dental agreed to offer a one-year rate renewal of 6% over current, which would have resulted in a projected annual premium of approximately $382,255 (which was a projected increase of approximately $21,637 over then-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 have resulted in an annual projected premium of $393,074 (which would be an increase of $32,456 over current). The Board elected the one-year renewal option.

Our broker, Gallagher Benefit Services, marketed the dental coverage and the following seven (7) carriers submitted quotes: Delta Dental; Aetna; Sunlife; Standard; Lincoln Financial; UHC; and Horizon.

We received the following quotes:

- Delta Dental - $494,057 (20% over current or $82,330)
- Delta Dental - $477,601 (16% over current or $65,875-Final)
- Horizon - $430,800 (4.6% over current or $19,082)
- Aetna - $448,960 (9% over current or $37,234)
- Sunlife - $502,659 (22.1% over current or $90,933)
- Standard - $512,043 (24.4% over current or $100,317)
- Lincoln Financial - $513,167 (24.6% over current or $101,441)
- UHC - $540,127 (31.2% over current or $128,401)

Delta Dental initially released a +20% renewal, annual premium of $494,176.56 ($82,330 over current.) Our claims incurred and paid through July 2013, are running at 100.1% loss ratio.

Our broker negotiated a final renewal quote from Delta Dental of 16% over current, annual premium of $477,601 ($65,875 over current.) Delta has also agreed to a two year rate guarantee.

While Horizon and Aetna submitted competitive quotes our broker advises that their provider networks and overall discounts are not as large as the national network and discounts offered by Delta Dental. Horizon has a 72% network match and Aetna has a 67% network match. This could cause member disruption in provider utilization as well as out of pocket costs for services they incur.

Our broker recommends that we accept Delta Dental’s two-year renewal, which was negotiated from 20% to 16%. 
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<thead>
<tr>
<th>Summary:</th>
<th>Amount:</th>
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<tbody>
<tr>
<td></td>
<td>$477,601 annually</td>
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<td>Note:</td>
<td>This covers DRPA and PATCO. The annual rate is based upon our current DRPA/PATCO census of active benefit-eligible employees, and is subject to change as our census changes.</td>
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<tr>
<td>Source of Funds:</td>
<td>Revenue Fund, General Fund</td>
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<tr>
<td>Capital Project #:</td>
<td>N/A</td>
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<tr>
<td>Operating Budget:</td>
<td>DRPA/ PATCO Employee Services Expense</td>
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<td>Master Plan Status:</td>
<td>N/A</td>
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<td>Other Fund Sources:</td>
<td>N/A</td>
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<tr>
<td>Duration of Contract:</td>
<td>Two (2) Years</td>
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<td>Other Parties Involved:</td>
<td>Delta Dental of New Jersey</td>
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RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to accept a two-year renewal with Delta Dental of New Jersey, which would result in a projected annual premium of approximately $477,601; and be it further

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority recognizes that the annual premium of $477,601 is based upon our current DRPA/PATCO census of active benefit-eligible employees, and is subject to change as our census changes.; and be it further

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: $477,601 annually
Note: This covers DRPA and PATCO. The annual rate is based upon our current DRPA/PATCO census of active benefit-eligible employees, and is 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: Two (2) Years
Other Parties Involved: Delta Dental of New Jersey