

SUMMARY STATEMENT

ITEM NO.: DRPA-17-059

SUBJECT: Employee Dental Coverage
2018-2019 (DRPA/PATCO)

COMMITTEE:

Finance

COMMITTEE DATE:

August 2, 2017

BOARD DATE:

August 16, 2017

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 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).

In 2015, Gallagher Benefit Services, marketed the dental coverage for the 2016 plan year. After receiving numerous competitive quotes, Delta negotiated its initial 0% renewal to either:

- -7% decrease for one-year rate guarantee (based on census at time of billing) ending 12/31/2016 (~\$446,323 / projected annual savings = \$31,278); or
- -3.5% decrease for two-year rate guarantee (based on census at time of billing) ending 12/31/2017 (~\$461,981 / projected annual savings = \$15,620)

The final accepted renewal was a two-year renewal with Delta Dental for the period January 1, 2016 to December 31, 2017, for a -3.5% decrease.

In 2017, Gallagher Benefit Services obtained a renewal from Delta Dental for the upcoming year beginning January 1, 2018 at 0%. Gallagher further negotiated for a two-year, 0% rate guarantee, and Delta agreed.

**Summary: Amount: Estimated \$429,027 annually
2-year rate guarantee**

Note: This covers DRPA and PATCO. The annual rate is based upon our current DRPA/PATCO census of active benefit-eligible employees as of 7/20/2017 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 (PYs 1/1/2018-12/31/2019)
Other Parties Involved:	Delta Dental of New Jersey

