SUMMARY STATEMENT

ITEM NO. SUBJECT: Employee Dental Coverage 2011 (PATCO)

COMMITTEE: Executive

COMMITTEE DATE: August 18, 2010

BOARD DATE: September 15, 2010

PROPOSAL: Staff seeks authorization to enter into a contract with Delta Dental of New Jersey to provide dental coverage to active benefit-eligible PATCO employees and their eligible dependents for plan years January 1, 2011 through December 31, 2012.

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

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

Late in 2008, PATCO entered into an agreement with Met Life to provide dental coverage for the plan years January 1, 2009 through December 31, 2010. The Met Life plan provided a $2,000 calendar year maximum per employee.

For plan year 2011, working with our broker, Willis of New Jersey, Inc., staff marketed the dental coverage. Several carriers expressed interest. The marketing efforts are summarized below:

Renewal from Incumbent Carrier
Met Life - $418,117 annually (18% increase)

One-Year Rate Quotes Received
Delta Dental - $368,869 annually (4.10% increase)
CIGNA – $399,361 annually (12.71% increase)
United Concordia – $405,350/annually (14.40% increase)
Aetna – $406,261 annually (14.65% increase)
Humana – $435,171 annually (22.81% increase)
United Health Care – $443,531/annually (25.17% increase)

Two-Year Rate Guarantees
Delta Dental – $381,042/two-year rate guarantee (7.54% increase)
Sun Life Financial – $448,204/two-year rate guarantee (26.49% increase)
Rate Decreases

Horizon Blue Cross – $349,927 annually guarantee (1.24% decrease)
- Horizon is a regional provider, and has no national networks
- Horizon’s network includes NY, NJ, and PA. It uses a rental network (DentaMax) to cover states outside of the defined coverage area.
- Employees residing in Delaware would have limited provider options.

Fidelio – $328,902 annually (7.18% decrease)
- Fidelio is a local provider, and has no national provider network
- Dependents residing outside of Fidelio’s local coverage area would need to use out-of-network providers, which could impact cost control.

Declined to Quote

Assurant
Ameritas Group
Dominion Dental
Lincoln Financial
Prudential
Standard Insurance
* All Letters of Declination are on file, and available for review.

No Response

Guardian
Principal Financial Group

Of all the carriers, Fidelio provided the lowest quote for a two-year plan. As a public entity, staff recognizes the importance of controlling costs while at the same time offering employees a quality benefit program. To that end, in addition to reviewing all proposals, we carefully considered the following:

- financial information;
- rate guarantees (if any);
- strength of local and national provider networks;
- strength of total providers, nationally and locally;
- dental provider counts by local counties
- total members;
- results of Geoaccess and Disruption Analyses;
- claim reporting abilities;
- subscriber resources (e.g., online tools);
As part of our review, we considered the network size, membership, and staffing. For the Board’s benefit, a brief comparison of Delta Dental of New Jersey and Fidelio Dental follows:

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<tr>
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<th>Delta Dental of New Jersey</th>
<th>Fidelio Dental Insurance Co.</th>
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<tr>
<td>Total Dental Providers</td>
<td>196,220</td>
<td>7,800</td>
</tr>
<tr>
<td>Total Membership</td>
<td>54 million Nationally / 1.6 million in New Jersey</td>
<td>55,000</td>
</tr>
<tr>
<td>Headquarters</td>
<td>Parsippany, NJ</td>
<td>Glenside, PA</td>
</tr>
<tr>
<td>Staff</td>
<td>Over 300 employees</td>
<td>22 employees</td>
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As mentioned above, staff also considered the value-added enhancements that Delta Dental of New Jersey would offer, at no additional premium. Those programs include:

- **The Carry Over Maximum Program** – This program 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).

Delta Dental of New Jersey has agreed to “mirror” the benefits and annual maximum in- and out-of-network benefits that are currently offered by Met Life. In addition, 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.

As a result of staff’s overall thorough review, we recommend that the Authority enter into a two-year contract with Delta Dental of New Jersey for plan year January 1, 2011 through December 31, 2012.

Accordingly, staff seeks Board authorization to enter into a contract for plan years January 1, 2011 through December 31, 2012.
**SUMMARY STATEMENT**

**Employee Dental Coverage 2011**

Executive (9/15/2010) (PATCO)

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<table>
<thead>
<tr>
<th><strong>Summary:</strong></th>
<th><strong>Amount:</strong></th>
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<td>Approximately $381,042 (two-year rate guarantee)</td>
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Note: This covers both DRPA and PATCO. 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:** 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
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to negotiate a contract with Delta Dental of New Jersey for the provision of dental care benefits to active benefit-eligible DRPA employees and their eligible dependents for the years 2011 and 2012; and be it further

RESOLVED: 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 $381,042 (two-year guarantee)
(Note – This covers both DRPA and PATCO. 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: 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