



City of Broken Arrow

Request for Action

File #: 18-1298, **Version:** 1

**Broken Arrow City Council
Meeting of: 11-5-2018**

Title:

Approval of and authorization to execute an Administrative Services Agreement with Delta Dental Plan of Oklahoma to provide network and administrative services for dental claims

Background:

The City provides dental benefits to employees through a self-insured program. With this concept, the City contracts with a third party administrator to administer the program and pay claims.

The City has utilized CoreSource as the third party administrator for dental benefits since 2016. The current dental plan does not participate in a provider network. It has been determined, that adding a network to the dental plan would strengthen employees' benefits and provide cost-containment through imposed customary fees and network discounts. With this in mind, staff elected to solicit proposals from dental providers for network and administrative services. Upon completion of assessing the proposals received, Delta Dental provides the highest cost savings with the least amount of disruption to plan participants.

Staff received seven proposals. The priorities for implementing a dental network with administrative services include an increase in overall savings to the City's dental plan with no changes to the existing benefit structure, a decrease of employees' out-of-pocket expenses for dental care and the least amount of disruption to current employee/dental provider relationships. Every effort was made to objectively evaluate the respondents based upon their capabilities to the priorities listed above.

Delta Dental has a higher administrative fee, per employee per month, but offers the least disruption to current employee/dental provider relationships and the deepest claim discounts. In review of prior claim data, utilizing Delta Dental network and administrative services would have resulted in a savings of approximately \$167,808 in claims cost.

Based upon the proposals submitted, staff recommends selecting Delta Dental to provide network and administrative services for dental claims.

Cost: \$39,000.00 in fixed costs. A predicted \$167,808 in claims savings for a predicted net savings of \$128,808.

Funding Source: Group Health and Life Fund

Requested By: Jannette McCormick, Human Resources Director

Approved By: Michael L. Spurgeon, City Manager

Attachments: Delta Dental Administrative Services Agreement
Recommendation:

Approve and authorize execution of an Administrative Service Agreement with Delta Dental Plan of Oklahoma to provide network and administrative services for dental claims.