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SEP 26 2013



MEMORANDUM

DATE: September 23, 2013

TO: Mayor and Council

THRU: Rich Dlugas, City Manager *RD*
Debra Stapleton, Director of Human Resources Division *DAS*

FROM: Valerie F. Hernandez, Benefit Programs Manager *VFH*

SUBJECT: Recommendation for Approval of Delta Dental Plan of Arizona, Inc. Agreement

RECOMMENDATION: Approve and authorize the Mayor and Council to approve the one year extension to the agreement between the City of Chandler and Delta Dental Plan of Arizona, Inc. for benefit plan year 2014, effective January 1, 2014.

BACKGROUND: City staff reviews the employee benefits package each year with the assistance of an employee benefits consulting firm. Delta Dental Plan of Arizona, Inc. has provided premier dental services to employees since 2002. We continue to look for ways to improve the overall wellbeing of our employees and their dependents to include dental plan services ranging from general teeth cleanings to orthodontia with having minimal or no impact to the premiums of which both the City and employee pay. We were effective in ensuring that the following schedule that provides the premium and cost share for the City and the employee will continue to be in effect for plan year 2014.

Dental		Full Rate Monthly Premium	City Pays	Employee Pays
Delta Dental	Employee only	\$51.00	\$51.00	\$00.00
	Employee + 1	\$83.00	\$58.00	\$25.00
	Employee + 2 or more	\$135.00	\$67.50	\$67.50

Though the premiums and cost share for the City and the employee will not change from this benefit year to the next, Delta Dental of Arizona, Inc. has requested an administrative rate increase of fifteen cents, thus increasing the amount from \$4.74 per member per month to \$4.89. Due to an increase in utilization coupled with the fact that Delta Dental of Arizona has not requested an administrative rate increase since 2008 we believe the increase is warranted. The administrative rate is paid for by the City's self-funded dental plan.

PROPOSED MOTION: Move to approve and authorize the Mayor and Council to approve the one year extension to the agreement between the City of Chandler and Delta Dental Plan of Arizona, Inc. for benefit plan year 2014, effective January 1, 2014.

**CALENDAR YEAR 2014
AMENDMENT TO CONTRACT #1193
BETWEEN DELTA DENTAL PLAN OF ARIZONA, INC.
AND THE CITY OF CHANDLER
FOR A DENTAL SERVICE PLAN**

This Calendar Year 2014 Amendment is made and entered this 19 day of August, 2013 to the *Contract #1193 Between Delta Dental Plan of Arizona, Inc. and the City of Chandler* for a dental service plan dated January 1, 2002.

WHEREAS, the City of Chandler and Delta Dental Plan of Arizona, Inc. entered into an Employer Group Dental Contract dated January 1, 2002 ("Contract"); and

WHEREAS, the City of Chandler and Delta Dental Health Plan of Arizona, Inc. have extended this Contract since 2002, through December 31, 2013, subject to the terms and conditions of the original Contract, as amended by *Calendar Year 2013 Amendment to Contract #1193 Between Delta Dental Plan of Arizona, Inc. and the City of Chandler for a Dental Service Plan*, incorporated herein by this reference; and

WHEREAS, the City and Delta Dental Plan of Arizona, Inc. want to amend this Contract to extend it for the period from January 1, 2014 through December 31, 2014 subject to the original terms and conditions of the Contract except: 1) as amended by *Calendar Year 2013 Amendment to Contract #1193 Between Delta Dental Plan of Arizona, Inc. and the City of Chandler for a Dental Service Plan*; and 2) as amended by Attachment 1 to change the administrative fees as set forth in item 2 below.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the parties do agree as follows:

1. The *Contract #1193 Between the City of Chandler and Delta Dental Plan of Arizona, Inc.* dated January 1, 2002 as amended by *Calendar Year 2013 Amendment to Contract #1193 Between Delta Dental Plan of Arizona, Inc. and the City of Chandler for a Dental Service Plan* is incorporated herein by this reference.

2. As of January 1, 2014, the *Contract #1193 Between the City of Chandler and Delta Dental Plan of Arizona, Inc.* dated January 1, 2002 as amended by *Calendar Year 2013 Amendment to Contract #1193 Delta Dental Plan of Arizona, Inc. and the City of Chandler for a Dental Service Plan* shall remain in full force and effect except as it is amended as follows:

- (A) Pursuant to Attachment 1, letter to Louis Montoya from Christine Marler dated May 30, 2013, attached hereto and incorporated by this reference, **Appendix B, Summary of**

Contractual Components, Administrative Fees, is hereby amended as follows:

Administrative fees for the period of January 1, 2014 through December 31, 2014 shall be:

Employee Only	\$4.89
Employee Plus One Dependent	\$4.89
Employee Plus Two or More Dependents	\$4.89

3. The Contract is hereby amended to extend the term for the period from January 1, 2014 through December 31, 2014.

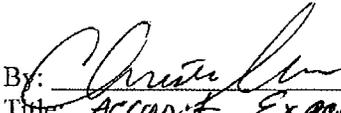
4. Except for the provisions amended pursuant to Items 1, 2 and 3 above, the Contract as amended by the *Calendar Year 2013 Amendment to Contract #1193 Between Delta Dental Plan of Arizona, Inc. and the City of Chandler for a Dental Service Plan* shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this *Calendar Year 2014 Amendment to Contract #1193 Between Delta Dental Plan of Arizona, Inc. and the City of Chandler for A Dental Service Plan* to be duly executed this 17 day of August, 2013.

CITY OF CHANDLER,
an Arizona municipal corporation

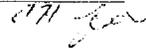
DELTA DENTAL PLAN OF
ARIZONA, INC.

By: _____
Mayor

By: 
Title: Account Executive

APPROVED AS TO FORM:

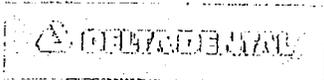
ATTEST: (If corporation)

City Attorney 

Secretary

ATTEST:

City Clerk



ATTACHMENT 1

www.deltadentalaz.com

May 30, 2013

Louis Montoya
Buck Consultants
3200 N Central Ave #2200
Phoenix AZ 85012

Re: DELTA DENTAL PLAN RENEWAL -- GROUP #1193
Contract Term: January 1, 2014 - December 31, 2014

Dear Louis,

Delta Dental of Arizona has been privileged to provide dental benefits to the employees of City of Chandler since 1980, under the above referenced group number. We propose to renew the above noted plan for the upcoming contract year under the same terms and conditions now in effect. As a reminder "December" is your open enrollment month for employees to make changes to their plan benefits.

Our Underwriting Department has completed their review to determine the adequacy of the existing billing fees. On the basis of this review, there will be an increase to the current administrative fees for the next contract renewal period; additionally, the administrative fee will be guaranteed for 24 months: January 1, 2014 through December 31, 2015. The current and renewal administrative fees are as follows:

Current Renewal
Composite: \$ 4.74 \$ 4.89

Table with 6 columns: Category, Claims, IBNR, Admin, Commission, Total. Rows include Employee, Employee + 1, and Employee +2 or more.

Thank you for your continued support of Delta Dental of Arizona. Should you wish to continue coverage, please sign and date below and return by mail, email, or facsimile at (602) 588-3921 by November 30, 2013. Also, should you have any questions or have interest in reviewing plan design alternatives at this time, please do not hesitate to call me at 602-588-3930 / cmarler@deltadentalaz.com.

Sincerely,
[Signature]
Christine Marler
Account Executive

CM/ll

Authorized signer for The City of Chandler

Date

Delta Dental of Arizona
5656 West Talavi Blvd.
Glendale, AZ 85306

Telephone: 602.938.3131
In Arizona: 800.352.6132
Facsimile: 602.588.3636