

City of Providence
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 503

EFFECTIVE November 17, 2014

RESOLVED, That the Members of the Providence City Council
hereby Authorize Approval of the following Five-Year Contract Extension by the
Board of Contract and Supply, in accordance with Section 21-26 of the Code of
Ordinances.

Delta Dental
(Human Resources)

Effective without the
Mayor's Signature



Lori L. Hagen
City Clerk
ACTING

IN CITY COUNCIL

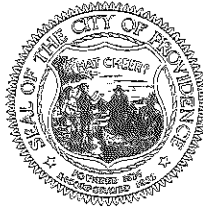
NOV 06 2014

READ AND PASSED


PRES.


CLERK
ACTING

MATTHEW M. CLARKIN, JR.
INTERNAL AUDITOR
25 DORRANCE STREET, ROOM #307
PROVIDENCE, RI 02903
Phone: (401) 421-7740 EXT. 577
Fax: (401) 351-1056
mclarkin@providenceri.com



City of Providence, Rhode Island Office of the Internal Auditor

October 2, 2014

Ms. Lori Hagen
City Clerk
City of Providence
25 Dorrance Street
Providence, RI 02903

Dear Ms. Hagen:

In accordance with Section 21-26 of the City's Code of Ordinances, I am writing to request that the following requested contract awards be submitted to the City Council and the Ways & Means Committee.

- *Human Resources* – Approval of a three-year extension to the contract with Delta Dental of Rhode Island for employee dental insurance.
- *Human Resources* – Approval of three-year extension to the contract with Blue Cross Blue Shield of Rhode Island for the administration of the city's health insurance program.
- *Human Resources* – Approval of an amendment to the contract with Mercer Health & Benefits, LLC, the city's current health and benefits consulting firm, from a one-year agreement to a three-year agreement at an annual cost of \$330,000.

If you have any questions or concerns regarding any of these items, please contact me. Thank you for your consideration with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew M. Clarkin, Jr.", is written over a horizontal line.

Matthew M. Clarkin, Jr.
Internal Auditor

Cc: Alan Sepe, Director of Operations
Francisco Ramirez, Director of Purchasing
Yvonne Graf – Chief of Staff – City Council
Jim Lombardi, City Treasurer



CITY OF PROVIDENCE
Angel Taveras, Mayor

October 1, 2014

The Honorable Angel Taveras
Chairman, Board of Contract and Supply
City Hall
Providence, RI 02903

Dear Mayor Taveras:

The City is currently in the final year of a (5) five-year contract with Delta Dental of Rhode Island. The current contract is set to expire on June 30, 2015. We are respectfully requesting permission to enter into a renewal of the Delta Dental contract for a period of three years.

We are again requesting a 5-year rate renewal of the Dental Contract. By doing so, the City will benefit both through plan design and financial savings:

- The City will be able to offer CBA mandated Wisdom Teeth removal coverage outside the annual plan maximums with no impact to premium. This item alone represents an estimated Year 1 savings of \$211,400 to the fully insured premium.
- Multi-year renewal caps – The City will secure a maximum increase over the next 5 years (the renewals can always be below the maximum, but not higher than the maximum) It should be noted that fully insured dental trend is between 6% and 8%. Following are the maximum increases; (rates will be underwritten each year):

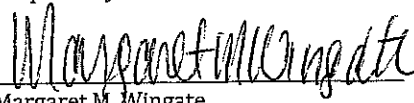
Year	<u>Max Increase</u>
FY16	+4%
FY17	+5%
FY18	+5%
FY19	+6%

- At any point during the 5-year contract, the City can elect to move from a fully insured to a self-funded financial arrangement with no associated financial penalties

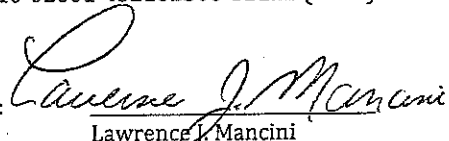
Overall, a long-term renewal arrangement offers stability to members and financial security to the City. There is no other vendor that can match Delta's network and discount arrangements. A fully insured arrangement offers predictable premiums at a lower cost than the estimated self-funded expense.

Account Code(s) 101-900-21321 (City)
10-02001-432102500-52125 (PPSD)
10-99997-997979700-21153 (PPSD)
10-02001-432102500-52122 (PPSD)

Respectfully submitted,


Margaret M. Wingate
Manager of Employee Benefits

Financial Approval:


Lawrence J. Mancini
Acting Director of Administration/
Director of Finance

HUMAN RESOURCES | WORKERS' COMPENSATION

Providence City Hall | 25 Dorrance Street, Room 108, Providence, Rhode Island 02903
401 421 7740 ph | 401 272 0867 fax
www.providenceri.com

DELTA DENTAL OF RHODE ISLAND

Summary of Monthly Prospective Premium Rates (1)
Five Year Renewal Proposal Effective July 1, 2014 through June 30, 2019

City of Providence

Subloc.	Renewal Rates Effective (2)			Maximum Renewal Rates Eff. (3)			Maximum Renewal Rates Eff. (3)			Maximum Renewal Rates Eff. (3)		
	7/1/14 - 6/30/15			7/1/15 - 6/30/16			7/1/16 - 6/30/17			7/1/17 - 6/30/18		
	Ind	2 Per	Fam	Ind	2 Per	Fam	Ind	2 Per	Fam	Ind	2 Per	Fam
1105-0001	\$35.71	N/A	\$113.21	\$37.14	N/A	\$117.74	\$39.00	N/A	\$123.63	\$40.95	N/A	\$129.81
0002/0003	\$34.58	N/A	\$106.61	\$35.96	N/A	\$110.87	\$37.76	N/A	\$116.42	\$39.65	N/A	\$122.24
0004/0005	\$34.58	N/A	\$106.61	\$35.96	N/A	\$110.87	\$37.76	N/A	\$116.42	\$39.65	N/A	\$122.24
1105-0006	\$34.58	N/A	\$106.61	\$35.96	N/A	\$110.87	\$37.76	N/A	\$116.42	\$39.65	N/A	\$122.24
1105-0012	\$36.22	\$74.46	\$111.67	\$37.67	\$77.44	\$116.14	\$39.55	\$81.31	\$121.94	\$41.53	\$85.38	\$128.04
1105-0013	\$35.71	N/A	\$113.21	\$37.14	N/A	\$117.74	\$39.00	N/A	\$123.63	\$40.95	N/A	\$129.81
0014/0015	\$34.58	\$71.09	\$106.61	\$35.96	\$73.93	\$110.87	\$37.76	\$77.63	\$116.42	\$39.65	\$81.51	\$122.24
1105-0017	\$34.58	N/A	\$106.61	\$35.96	N/A	\$110.87	\$37.76	N/A	\$116.42	\$39.65	N/A	\$122.24
0019/0020	\$35.71	N/A	\$113.21	\$37.14	N/A	\$117.74	\$39.00	N/A	\$123.63	\$40.95	N/A	\$129.81
0021/0022	\$35.05	N/A	\$109.68	\$36.45	N/A	\$114.07	\$38.27	N/A	\$119.77	\$40.19	N/A	\$125.76

Renewal Rate	0.00%	4.00%	5.00%	5.00%	6.00%
Adjustment					

Includes Upgrade to exclude Oral Surgery Codes 7140, 7210, 7220, 7230, 7240, 7241 from Calendar year Maximum at no additional cost

- (1) This proposal is contingent upon a signed agreement for the contract period, July 1, 2014 through June 30, 2019. Should the agreement be terminated prior to the end of the contract period, liquidation damages will be assessed to the City of Providence and payable to Delta Dental of Rhode Island. The renewal rates include the Federal PPACA fee assessment applicable to all insured groups.
- (2) The monthly prospective premium rates are guaranteed based upon the following enrollment assumption: 4821 Individual contracts and 4178 Family contracts. Any significant change in the assumed enrollment (plus or minus 10%) may result in adjustments to this renewal. Effective January 1, 2009, Rhode Island General Law, Chapter 44-17 entitled Taxation of Insurance Companies was amended to include non-profit dental service corporations. The rates quoted include a 2.0% premium tax and are subject to change at any time to comply with applicable state law.
- (3) The renewal rates effective 7/1/15-6/30/16, 7/1/16-6/30/17, 7/1/17-6/30/18 and 7/1/18-6/30/19 represent the maximum rates the City of Providence would receive to be determined through annual experience ratings. The renewal rates assume no benefit changes to the medical or dental benefit plans in effect as of the last renewal date. The maximum rates in future contract periods may be adjusted in accordance with changes in federal, state and local governmental or regulatory provisions.