

# COMMISSION AGENDA REPORT

COMMISSION MEETING DATE: 11-04-2008 AGENDA ITEM:

COMMISSION REPORT NO: 08-1631

PREPARED BY: Michael Kinner 10-23-2008 15:07:05 DEPT: Finance

DEPARTMENT DIRECTOR'S SIGNATURE

Dennis Stone, Employee Benefits Coordinator, 954-828-5436  
AUTHOR'S NAME, TITLE, AND TELEPHONE NUMBER

CITY MANAGER'S SIGNATURE

TITLE 1: 195-10140 - IAFF Local 765 Group Dental PPO Plan

TITLE 2:

SUBJECT:

A three-year group dental plan for the IAFF Local 765 Fire Fighters is being presented for approval by the Finance Department.

REQUESTED ACTION (STAFF RECOMMENDATION - CONTENT OF MOTION):

Motion to approve.

- REGULAR AGENDA
- CONFERENCE
- Motion
- Motion for Discussion
- Old/New Business
- City Commission Reports
- Public Hearing
- Ordinance
- Exec Closed Door
- City Manager Reports
- Resolution
- Presentation
- Conference Reports
- Purchase
- Citizen Presentation
- Advisory Boards
- Consent Resolution

Public Notice Advertised:

FUNDS APPROPRIATION/TRANSFER (provide index code, subobject, and title of subobject):

Administration: \$20,000 is budgeted INS220101/5130, Fund 545/Subfund 01  
Claims: \$200,000 is budgeted INS220101/5131, Fund 545/Subfund 01 (funding continued)

## FOR PROCUREMENT ITEMS ONLY

PROCUREMENT REFERENCE NO: 195-10140 TRANSACTION TYPE: Contract

BIDS SOLICITED/RECEIVED: 388/8 WBE: 19/0 LATE BID: 0

Vendor: MBE: 14/0 NO BID: 0

The Guardian Life Insurance Company of America  
New York, NY

Amount: \$220,000.00 Details: (estimated annual)

Procurement Recommendation:

The Procurement Services Department has reviewed this item and recommends awarding to the first ranked proposer.

**Description of Exhibits:**

1. Background/Detail	2. RFP analysis	3.
4.	5.	6.
7.	8.	9.

**EXHIBITS: AVAILABLE VIA HARDCOPY:** Exhibit #s: \_\_\_\_\_

**PRIOR COMMISSION/BOARD ACTION: (attach additional file if necessary)**

Funding Continued: ▲

Funding for years two and three of the initial contract period are contingent upon the appropriation of funds.

At the 5/20/2008 Commission Meeting, the Commission unanimously approved the IAFF Local 765 contract CAR 08-0731, R-03, pertaining to the medical and dental plans being administered by the City beginning 9/1/08.

At the 7/1/08 Commission Meeting, the Commission unanimously approved an emergency assignment of the fire fighters' previous Guardian dental plan (CAR 08-0940) for 9/1/08 thru 12/31/08 during which time an RFP would be conducted to select a new carrier. ▼

**BACKGROUND/DETAIL:**

Background/Detail attached as Exhibit 1. ▲

Network Provider Analysis, Sample Utilization of Discounted Fees with estimated average charge per claim and Administrative Services Rates attached as Exhibit 2.

Evaluation Committee Ranking attached as Exhibit 3. ▼

**Attorney's Initials:** \_\_\_\_\_

## BACKGROUND/DETAIL

The IAFF Local 765 Request-For-Proposal process concluded with the evaluation committee's selection of The Guardian Life Insurance Company of America as the top-ranked proposer.

### REQUEST-FOR-PROPOSAL OBJECTIVES & SCOPE

- Group dental coverage for 433 active & retired Fire Fighters
- Either an insured or a self-insured group dental PPO – whichever is most cost-efficient
- Provide most comprehensive network of dentists with deepest possible discounts
- Plan design mirrors the current group dental coverages
- Carrier fee guarantee for three (3) years
- High quality provider network and administrative services

The evaluation committee was comprised of the following voting members:

- William Humphrey, President, IAFF Local 765
- Donna Klindt, Employee Relations, City of Fort Lauderdale
- Denny Stone, Benefits Coordinator, City of Fort Lauderdale

Non-voting technical advisors to the review committee included:

- Michael Walker, Procurement & Contracts Manager, City of Fort Lauderdale
- Lloyd Rhodes, City's benefits consultant, Rhodes Insurance Group

The RFP was released on September 19, 2008, and proposals were due at 5:00 PM on October 15, 2008. Proposals were received from the companies listed below:

1. Aetna
2. Ameritas Group
3. Delta Dental Insurance Company
4. The Guardian Life Insurance Company of America
5. Humana CompBenefits
6. Securian Dental Plans
7. United Healthcare
8. United Concordia Dental

The review committee met at 2:00 PM on Tuesday, October 22, 2008 to review and discuss the proposals with the analyses of the proposals prepared by Lloyd Rhodes of Rhodes Insurance Group.

Because of the stability of the dental claims over the past two years and significantly higher "insured" bids from the carriers the review committee recommends that the City will "self-insure" the group dental plan for IAFF Local 765 over the next three years. This will save the City an estimated 20% in costs.

Two of the carriers were deemed non-responsive, as they did not submit "self-insured" bids – Aetna and United HealthCare. Two more carriers were deemed non-responsive, as they did not submit a 3-year rate guarantee or percentage increase for year three, as required in the RFP – Ameritas and United Concordia.

EXHIBIT 1  
CAR #08-1631

A comprehensive analysis of the remaining four carriers was conducted by the committee of the carriers' discounted fees, network providers, references, and quality of service.

The Guardian Life Insurance Company of America outperformed the other three carriers and is being recommended to the City for award.

Attached to this document are three very compelling charts which show Guardian's superiority among the carriers responding to this RFP (Exhibit 2).

**Displacement Analysis of the Fire Fighter's Dental Providers...**The top 100 dental providers actually used by the Fire Fighters over the past year was cross-referenced with each of the four carrier's network providers (please note their total dentists in Broward, Miami-Dade & Palm Beach Counties)

1. Guardian had 72 in their network (2,376 total)
2. Delta PPO had 58 in their PPO network (1,924 total)
3. Securian 56 in their network (1,816 total)
4. Humana had 50 in their network (2,330 total)

**Sample Discounted Carrier Fee Schedule...**Each of the respondents provided the actual discounted rates they charge (in-network) for a sampling of the most common procedures. This chart takes the actual number of these procedures (by ADA Code) that Local 765 Fire Fighters had used during a 12-month period (9/1/07-8/31/08). When this data was run it shows the claims costs for a sampling of the most popular procedures at each of the four carriers – Guardian had the lowest cost:

1. Guardian at \$139,946 or \$67 per claim
2. Humana at \$166,862 or \$80 per claim
3. Delta PPO at \$176,194 or \$84 per claim
4. Securian at \$188,020 or \$90 per claim

**Administrative Fees...**The actual administrative fees were factored into the selection process and as stated below are shown over a three year period.

1. Lowest was Securian at \$55,667 for 3 years
2. Next was Guardian at \$56,304 for 3 years
3. Next was Delta PPO at \$54,345 for 3 years
4. Highest was Humana at \$70,208 for 3 years

Staff recommends a three-year group dental plan for the IAFF Local 765 Fire Fighters to The Guardian Life Insurance Company of America at an estimated annual amount of \$20,000 for administration and another annual amount of \$200,000 for claims for a total estimated three-year amount of \$660,000. The contract shall begin on January 1, 2009 and expire on December 31, 2011.

The City reserves the right to extend the contract for two, one-year renewals, subject to mutual approval and acceptance by the City and Contractor, providing all terms, conditions and specifications remain the same, both parties agree to the extension, and such extension is approved by the City.

**City of Fort Lauderdale Firefighters  
 Group Dental Plan RFP #195-10140  
 Network Provider Analysis - Top 100 Providers Utilized**

	Number of PPO Dentists in Top 100 Dental Providers Utilized	Percentage of Currently Utilized Top 100 Network Providers	Number of Non- Network
Aetna	59	59%	41
Ameritas	61	61%	39
<b>Delta PPO</b>	58	58%	42
Guardian	72	72%	28
Humana	50	50%	50
Securian	56	56%	44
United	54	54%	46
United Concordia	54	54%	46

Prepared by The Rhodes Insurance Group  
 10/20/2008

**EXHIBIT 2**  
**CAR # 08-1631**

City of Fort Lauderdale  
 RFP # 195-10140 Group Dental Plans for Firefighters  
 Utilization by Discounted Fees  
 September 1, 2007 to August 31, 2008

ADA Code	Procedure	# of Claims	Aetna	Ameritas	Delta PPO	Delta Premier	Guardian	Humana	Securian	United	United Concordia
D9430	Office visit - normal hours	2	\$104	\$74	\$80	\$146	\$54	-	\$100	\$76	\$62
<b>Diagnostic/Preventive Services</b>											
D0120	Periodic exam	629	\$16,354	\$14,467	\$17,612	\$25,059	\$15,096	\$16,354	\$18,241	\$16,983	\$15,096
D0150	Comprehensive oral evaluation	166	\$8,798	\$5,644	\$7,470	\$10,504	\$5,312	\$7,304	\$7,968	\$6,640	\$5,976
D0210	Full mouth x-rays	92	\$6,808	\$5,520	\$6,992	\$9,171	\$5,704	\$7,176	\$7,912	\$6,440	\$5,980
D1110	Prophylaxis - routine adult	733	\$38,116	\$37,383	\$41,048	\$54,623	\$32,252	\$40,315	\$43,980	\$39,582	\$36,650
<b>Restorative Services</b>											
D2140	Amalgam, 1 surface, permanent	143	\$9,724	\$8,866	\$9,867	\$12,005	\$7,722	\$10,868	\$10,296	\$9,724	\$10,153
D2150	Amalgam, 2 surfaces, permanent	120	\$9,360	\$9,360	\$10,200	\$13,920	\$8,160	\$11,040	\$13,200	\$10,080	\$10,200
D2330	Resin, 1 surface, anterior	23	\$1,748	\$1,656	\$1,886	\$2,697	\$1,679	\$2,139	\$2,323	\$1,725	\$1,794
D2391	Resin-based composite, posterior	7	\$511	\$560	\$644	\$900	\$567	\$644	\$798	\$560	\$728
<b>Crown &amp; Bridge</b>											
D2750	Crown, porcelain fused to high noble metal	65	\$39,780	\$36,985	\$50,375	\$57,269	\$38,740	\$40,755	\$49,400	\$42,510	\$40,690
D2752	Porcelain fused to base metal	7	\$4,165	\$3,913	\$4,725	\$5,984	\$3,927	\$4,725	\$4,970	\$4,536	\$4,249
D2952	Cast post & core in addition to crown	3	\$534	\$438	\$624	\$755	\$627	\$717	\$804	\$708	\$576
<b>Endodontics</b>											
D3310	Root canal, anterior, per tooth	1	\$399	\$351	\$500	\$530	\$374	\$504	\$480	\$485	\$379
D3330	Root canal, molar	15	\$9,315	\$8,130	\$10,875	\$13,208	\$8,595	\$10,785	\$11,550	\$11,460	\$8,745
<b>Periodontics</b>											
D4210	Gingivectomy or gingivoplasty, per quadrant	5	\$1,135	\$1,755	\$1,670	\$2,520	\$1,340	\$1,575	\$2,250	\$1,350	\$1,370
D4341	Perio scaling & root planing, per quadrant	65	\$8,840	\$6,825	\$8,905	\$12,765	\$7,410	\$8,840	\$10,400	\$7,735	\$8,190
D4910	Periodontal maintenance procedures	5	\$335	\$345	\$370	\$495	\$320	\$360	\$455	\$360	\$360
<b>Oral Surgery</b>											
D7510	Incision & drainage of abscess	1	\$70	\$93	\$131	\$185	\$77	\$131	\$103	\$100	\$78
D7230	Extraction impacted tooth	10	\$2,200	\$2,010	\$2,220	\$3,150	\$1,990	\$2,630	\$2,790	\$2,280	\$2,360

Total Claims & Discounted Charges	2092	\$158,296	\$144,375	\$176,194	\$225,887	\$139,946	\$166,862	\$188,020	\$163,334	\$153,636
Average Charge per Claim		\$76	\$69	\$84	\$108	\$67	\$80	\$90	\$78	\$73
Network Provider Percentage		59%	61%	58%	n/a	72%	50%	56%	54%	54%

Orthodontic services not included in total discounted charges and average due to insufficient data

Prepared by The Rhodes Insurance Group  
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**City of Fort Lauderdale Firefighters  
RFP # 195-10140 Group PPO Dental Plan  
Proposed Effective Date - January 1, 2009**

**Administrative Services Only Rates**

Number Enrolled	Per Employee Per Month Rates	Guardian	Delta	Guardian	Securian	Ameritas	United Concordia	Humana	Aetna	United
		Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
408		\$3.75	\$3.70	\$3.75	\$3.79	\$3.96	\$4.00	\$4.78	not quoted	not quoted
	Total Monthly	\$1,530	\$1,510	\$1,530	\$1,546	\$1,616	\$1,632	\$1,950	not quoted	not quoted
	Total Annual Fee	\$18,360	\$18,115	\$18,360	\$18,556	\$19,388	\$19,584	\$23,403	not quoted	not quoted
	Rate Guarantee		3 Years	1 Year	3 years	2 Years	2 years	3 Years	not quoted	not quoted
				10% or \$3.85						
	Rate Cap Guarantee	n/a	n/a	2nd Yr- 15% or \$3.90 3rd yr.	n/a	n/a	n/a	n/a	not quoted	not quoted

Prepared by The Rhodes Insurance Group  
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CITY OF FORT LAUDERDALE  
RFP EVALUATION COMMITTEE RANKING

Title Group Dental Plans for Fire Fighters  
RFP # 195-10140  
Open Date 10/15/08

Ranking	Points	Proposer
1	100	The Guardian Life Insurance Company of America
2	84.2	Humana Dental Insurance Company
3	82.72	Delta Dental Insurance Company
4	72.04	Securian Dental Plans

Aetna Life Insurance Company and United HealthCare were deemed non-responsive as they did not submit a self-insured bid and Ameritas Life Insurance Company and United Concordia Companies, Inc. were deemed non-responsive as they did not submit a three-year rate or percentage increase rate for year three, as requested in the RFP.

Based on the points ranked, the committee unanimously recommends  
The Guardian Life Insurance Company of America for award of this contract.

CAR 08-1631  
EXHIBIT 3