



Legislation Text

File #: 2017-833, Version: 1

Report to Mayor and City Council

Monday, November 06, 2017

Consent

SUBJECT:

APPROVAL OF AGREEMENT FOR ADMINISTRATIVE SERVICES WITH PRINCIPAL LIFE FOR ADMINISTRATION OF THE CITY OF CARSON SELF-INSURED DENTAL PLAN AND AMENDMENT TO AGREEMENT FOR ADMINISTRATIVE SERVICES FOR BENDER BENEFITS BROKER ADMINISTRATION (CITY COUNCIL)

I. SUMMARY

The City Council approved changing Dental insurance services providers from Premiere Access to Principal Life through direction to the City's Labor Negotiators in April/May 2017. Accordingly, the change in carriers has taken place and staff negotiated a one-year Administrative Services Agreement with Principal Life for processing of non-discretionary claims and for performing administrative functions related to the Dental insurance plan. The agreement may be renewed at the City's option for up to three successive one-year terms. As part of the agreement with Principal, Principal will compensate Bender Benefits, the insurance broker the City currently uses under the terms set forth in the Amendment to the Agreement for Administrative Services

II. RECOMMENDATION

TAKE the following actions:

1. AWARD a one-year contract for dental insurance administrative services to Principal Life including payment of broker fees to Bender Benefits commencing November 1, 2017 with three one-year City renewal options and should the City exercise those options the agreement has the potential of reaching November 1, 2021; AND
2. AUTHORIZE the Mayor to execute the contract after approval as to form by the City Attorney and AUTHORIZE the City Manager to execute each of the optional extensions in one year increments.

III. ALTERNATIVES

The City Council may take any other action it deems appropriate.

IV. BACKGROUND

The City is self-insured for employee dental coverage. As a result, the City pays the cost of services for employees and their families when they visit the dentist. Dentists who are either a PPO or EPO provider generally have significantly lower costs, thus, when employees and their families visit one of those dentists the cost to the City and to the employee out-of-pocket costs are reduced. Unfortunately, the current provider, Premiere Access, has a very limited PPO and EPO network in the Southern California region. Recognizing how this was impacting both the City and employees' costs, the City's broker Rick Bender of Bender Benefits sought other plan alternatives that would be more cost effective to the City and to the employees. Mr. Bender was able to secure a proposal from Principal Life which has a network of PPO and EPO Dentists in Southern California and specifically the South Bay area. An analysis of that network indicated that all but 6 of the current dentists used by City employees are part of the Principal PPO and EMO network. This information was brought forward to the City Council as part of the labor negotiations process in April/May 2017 and staff was directed to negotiate the option of implementing the Principal Life Dental program. Staff was able to meet with the Unions and they all approved changing to the Principal Life Dental plan.

As part of the implementation of the plan change, Principal Life provided the City with their form agreement. Upon staff's request, the City Attorney's office was able to negotiate terms that are favorable to the City and its employees.

V. FISCAL IMPACT

Changing Dental Plans will save the City at least \$30,000 per year and will save the employees additional funds as their out of pocket expenses decrease due to visiting in network dentists.

VI. EXHIBITS

1. Agreement For Administrative Services with Addendum (Pgs. 3-20)
2. Amendment to Agreement for Administrative Services (Pgs. 21-25)

1.

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