



CITY OF CARSON

Legislation Text

File #: 2019-578, Version: 1

Report to Mayor and City Council

Tuesday, June 18, 2019

Consent

SUBJECT:

**APPROVE CONTRACT AMENDMENT NO. 1 TO THE PRINCIPAL LIFE
ADMINISTRATION OF THE CITY OF CARSON SELF-INSURED DENTAL PLAN
AGREEMENT (CITY COUNCIL)**

I. SUMMARY

The City Council approved changing dental insurance services provider from Premiere Access to Principal Life in April/May 2017. Accordingly, the change in carriers took place and Staff negotiated a one-year Administrative Services Agreement (Exhibit 1) with Principal Life for processing of non-discretionary claims and for providing administrative services related to the dental insurance plan. The agreement has the option of three successive one-year terms. At this time, it is necessary to extend the agreement.

II. RECOMMENDATION

APPROVE amendment No. 1 to the contract with Principal Dental Life for administrative services commencing November 2, 2018 and ending on October 30, 2020.

III. ALTERNATIVES

Take any other action deemed appropriate.

IV. BACKGROUND

The City converted to Principal Life dental on November 1, 2017, 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 only six (6) of the current dentists used by City employees were outside of the Principal PPO and EPO network. 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 the employee out-of-pocket costs are reduced. Since transitioning to Principal Life for dental coverage, the City has experienced an annualized net savings at just over \$43,000. This is above the projected annualized net savings of \$30,000.

Staff is proposing to amend and increase the contract by two years and \$62,500 for a total three-year contract amount of \$86,500. The contract amendment (Exhibit 2) is being presented to the City Council for approval.

V. FISCAL IMPACT

Funds for these services are budgeted annually as part of the City employee benefits package.

VI. EXHIBITS

1. Agreement for Administrative Services (pgs. 3-20)
2. Contract Amendment No 1 (pgs. 21-25)

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