

**Dental Insurance Benefit Program**  
**Recommendation for Award of Contract**  
**October 26, 2015**

**Background**

- June 29, 2015 – Release of Request for Proposals (RFP) seeking to continue an employee-pay-all dental insurance program to approximately 31,500 active employees, pensioners, and participating groups and their dependents. Two plans are offered – a PPO plan and a HMO plan. Alternative PPO and HMO plan designs were requested and interested vendors were required to demonstrate their ability to match the current plan designs and include an offering with implant coverage. Vendors were also required to provide proven excellent plan administration, customer service and adequate provider networks.
- July 31, 2015 – The Statewide Benefits Office (SBO) received bid responses from four vendors: Delta Dental (incumbent for the PPO plan), Dominion Dental (incumbent for the HMO plan), along with MetLife and United Concordia for the PPO plan. All vendors confirmed acceptance of all minimum requirements contained within the RFP. Dominion Dental was the only vendor to submit proposals for the HMO plan.
- August 17, 2015 – Based on analysis conducted by the SBO with assistance from Segal Consulting and no objection from the Proposal Review Committee (PRC), MetLife and United Concordia and Dominion Dental were not selected as finalists for the PPO plan due to high rates of network disruption ranging from 48% to 66%. Dominion Dental as the only bidder for the HMO plan, was selected as finalist for the HMO plan. Delta Dental was selected as the only finalist for the PPO plan. Both vendors submitted competitive bids to mirror the existing plan designs with low premium increases over the current rates and impressive performance guarantees and proposals with regards to the provider networks, provider recruiting efforts, member marketing and communications and continued excellent customer and account management services. Both vendors also proposed alternative plan designs including plans with implant coverage as requested in the RFP.
- October 20, 2015 – Finalist interviews were conducted. As the two selected finalists are also the incumbents with demonstrated high levels of account management and customer service, the vendors were asked to focus on the following topics:
  - Recommend the plan design that would best fit the needs of the State’s members.
  - Plans for expansion of their network.
  - Plans for enhanced customer service capabilities such as mobile apps.
  - Question and answer sessions followed each interview with strong participation by all members of the PRC.

- The PRC recommends that the contract for the employee-pay-all Dental PPO insurance benefit be awarded to Delta Dental as follows:
  - As the incumbent, Delta has consistently demonstrated excellent program administration services to the Statewide Benefits Office and customer service to members.
  - A slight increase of 1.4% in premiums for years 1 -3 with rate caps of 7.5% and 3.1% in optional years four (FY20) and five (FY21).

	FY16/Current Rates	Proposed FY17-FY19 Rates	Increase
Subscriber	\$35.34	\$35.85	\$0.51
Subscriber + Spouse	\$72.14	\$73.18	\$1.04
Subscriber + Child(ren)	\$70.82	\$71.84	\$1.02
Family	\$118.18	\$119.88	\$1.70

- Continue the same plan design and coverage with the addition of implant coverage.
- A commitment to recruiting additional providers, especially in Sussex County.
- The PRC recommends that the contract for the employee-pay-all Dental HMO insurance benefit be awarded to Dominion Dental as follows:
  - As the incumbent, Dominion Dental has consistently demonstrated excellent program administration services to the Statewide Benefits Office and customer service to members.
  - A decrease of 0.9% in premiums for years 1 - 3 with rate caps of 4.5% for both optional years four (FY20) and five (FY21).

	FY16/Current Rates	Proposed FY17-FY19 Rates	<i>Decrease</i>
Subscriber	\$24.74	\$24.52	\$0.22
Subscriber + Spouse	\$46.00	\$45.62	\$0.38
Subscriber + Child(ren)	\$49.58	\$49.16	\$0.42
Family	\$67.32	\$66.76	\$0.56

- Continue the same plan design and copays in place for the current year with the exception of an increase in copays for some basic restorative (ranging from \$2 to \$5) and orthodontia services (ranging from \$0 to \$546 and applies only to new orthodontia patients as of 7/1/16) and the addition of implant coverage.

- A commitment to recruiting additional providers, especially in Sussex County.

### **Recommendation**

RESOLVED that with respect to the award of a contract pursuant to the Request for Proposal for the State of Delaware's Dental Insurance Benefit Program, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

- Contract award for the voluntary Dental Insurance Benefit to Dominion Dental for the HMO plan and Delta Dental for the PPO plan for an initial term of three years beginning July 1, 2016 and two one-year optional renewal years with the following features:
  - Maintain the current PPO and HMO plan designs with the addition of implant coverage.
  - Rates shall be guaranteed for three years.
  - A rate cap of 7.5% in optional year four and 3.1% for the fifth and final optional year for the Delta Dental PPO plan.
  - A rate cap of 4.5% in optional years four and five for the Dominion Dental plan.
  - Awards shall be contingent upon fulfillment of the Technology Terms and Conditions as required by DTI within ten business days of this award and are subject to final negotiation of the performance guarantees and professional services contract.