



Department of Human Resources
Division of Employee Benefits

INTER-OFFICE COMMUNICATION

Date: 9/25/2014
To: Milwaukee County Board of Supervisors, Finance, Personnel, & Audit Committee *MH*
FROM: Matthew Hanchek, Employee Benefits Administrator
SUBJECT: **Report from the Director of Benefits, Department of Human Resources, requesting authorization for renewal of the Dental Associates Contract for DMO coverage for 2015.**

Issue/Background

Milwaukee County has offered a Dental Associates (Care Plus) DMO plan as a dental option largely unchanged for over 20 years. After a difficult negotiation in 2013, Milwaukee County agreed to make significant changes to plan design for 2014, tied to similar premium rate concessions by Dental Associates. The rate agreement reached in 2014 was incorporated in, and approved with the 2014 budget.

2015 Renewal

Dental Associates is proposing a 5% increase in premiums for maintaining the current dental benefit design. This increase is primarily based on the National DMO average premium trend rates, as there has not been an adequate amount of claims experience under the revised plan to properly assess the impact the revised design has had on utilization.

Recommendation / requested action

The Benefits Division agrees that national trend data is an appropriate method for basing the 2015 renewal in the absence of sufficient credible claims utilization data. As such, we are recommending renewal and requesting approval to execute the rate increase for 2015. If approved, the Benefits Division will continue to monitor plan performance for 2016 and evaluate the potential for longer-term renewal options.

CC: County Executive Chris Abele
Raisa Koltun, Chief of Staff
Kerry Mitchell, Chief Human Resources Officer
Paul Bargren, Corporation Counsel
Supervisor David Cullen, Co-Chairman, Personnel, Finance & Audit Committee
Supervisor Willie Johnson, Co-Chairman, Personnel, Finance & Audit Committee
Kelly Bablitch, Milwaukee County Board of Supervisors Chief of Staff
Don Tyler, Director of Administrative Services
Josh Fudge, Director, Office of Performance, Strategy, and Budget
Stephen Cady, Comptroller's Office
Rick Norris, Director, Office of the Community Business Development Partners
Amy Pechacek, Director, Risk Management

Courthouse Room 210 901 North 9th Street, Milwaukee, WI 53233
Phone: (414) 278-4148 Fax: (414) 223-1379
www.county.milwaukee.gov/HumanResources

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

(ITEM) From the Director of Employee Benefits, Department of Human Resources requesting authorization to renew the current contract with Dental Associates effective January 1st, 2015 by recommending adoption of the following:

A RESOLUTION

WHEREAS, Milwaukee County contracts with Dental Associates for fully-insured DMO dental coverage; and

WHEREAS, Milwaukee County's contract with Dental Associates is due for renewal for 2015; and

WHEREAS, Dental Associates has proposed a renewal for 2015 at a 5% increase from the current rate; and

WHEREAS, Dental Associates is uniquely positioned in the Milwaukee market to provide DMO dental coverage and services to Milwaukee County employees; and

WHEREAS, Milwaukee County, in coordination with Willis of Wisconsin assessed Milwaukee County's claims utilization and national DMO rate trends, and found the renewal proposal to be favorable; now, therefore

BE IT RESOLVED, that the Director, Employee Benefits, Department of Human Resources, is hereby authorized to renew the contract with Dental Associates effective January 1, 2015.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: September 25, 2014

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request for authorization to renew the contract with Dental Associates for DMO dental insurance coverage for January 2015

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact
<input checked="" type="checkbox"/> Existing Staff Time Required
<input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input checked="" type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget

<input type="checkbox"/> Decrease Operating Expenditures

<input type="checkbox"/> Increase Operating Revenues

<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures

<input type="checkbox"/> Decrease Capital Expenditures

<input type="checkbox"/> Increase Capital Revenues

<input type="checkbox"/> Decrease Capital Revenues

<input type="checkbox"/> Use of contingent funds |
|--|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	\$111,372
	Revenue		
	Net Cost		
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions/interpretations that were utilized to provide the information on this form.

A.) This item authorizes the Benefits Division to renew the contract with Dental Associates (Care Plus) for fully-insured DMO Dental coverage for the 2015 plan year.

B.) There is no impact to the current year, other than the time of existing staff. The contract is for a base rate of \$26.25 single coverage, \$105.00 family . At current enrollment, the total cost is estimated to increase by approximately \$111,372.

C.) There is no impact to the current year. All costs in subsequent years will be reflected in the org.1950 (non-departmental fringe benefits) budgets.

D.) The cost projections for 2015 are derived by applying the County's current enrollment to the proposed contract terms. Changes in enrollment will have a corresponding positive or negative impact on the projections.

Department/Prepared By Matthew Hanchek, Director of Benefits, Human Resources

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.