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**CITY OF TEMPE**  
**REQUEST FOR COUNCIL ACTION****Council Meeting Date: 04/02/2015**  
**Agenda Item: 6A2**

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**ACTION:** Approve the one-year renewal of contracts with United Concordia Insurance Company for a dental preferred provider organization plan, and CIGNA Dental Health, Inc. for a dental health maintenance organization plan, for eligible City employees and their dependents.

**FISCAL IMPACT:** Total combined cost of the two contracts will not exceed \$1,200,000. Sufficient funds will be appropriated in the Health Fund – cost centers 4167 (Employees) and 4169 (Cobra Participants) – for the anticipated expenditures in the upcoming fiscal year. The City pays only a portion of the cost related to the dental plans, estimated at \$624,000, with the balance paid by employees through premium deductions from their paychecks based on the type and level of coverage elected.

**RECOMMENDATION:** Approve the renewal of the contracts.

**BACKGROUND INFORMATION:** (T14-116) City Council originally approved the award of contracts to United Concordia Insurance Company for an administrative service only dental preferred provider organization plan (ASO-DPPO) and CIGNA Dental Health, Inc. for a dental health maintenance organization plan (DHMO) for eligible City employees and their dependents on April 24, 2014 for an initial one-year period with four, one-year renewal options. This renewal request is for the first of four available renewal options.

During fiscal year 2014/2015 the City switched from a DPPO plan to a self-insured ASO-DPPO plan. An administrative services only (ASO) arrangement is one in which the City pays its own dental costs and contracts with an outside firm to provide a dental network for use by employees and their dependents, and to complete the administrative duties associated with the plan such as processing claims as well as adjusting payments based on the City's contracted fee schedule. This change has resulted in an annual savings to the City of approximately \$190,000.

Contractor Performance

The performance of United Concordia and CIGNA Dental were rated by the Internals Services Department as follows:

Criteria	United Concordia	CIGNA Dental
Personnel are responsive, cooperative and available	B	B
Overall quality of products or services delivered	B	B
Timeliness of performance	B	B
Quality of follow-up in resolving complaints or problems	B	B
Firm's promptness in submitting accurate invoices	B	B

A = Exceeds Standards; B = Meets Standards; C = Below Standards

Cost

United Concordia and CIGNA Dental have both agreed to renew with no cost increase.

**ATTACHMENTS:** None

**STAFF CONTACT(S):** Suzanne Olson, Human Resources Benefits Manager, (480) 350-2975

Department Director: Renie Broderick, Internal Services Director  
Legal review by: David Park, Assistant City Attorney  
Prepared by: Tony Allen, CPPB, Procurement Officer