

TO: James L. App, City Manager  
FROM: Meg Williamson, Assistant to the City Manager  
SUBJECT: Employee Group Dental Insurance – New Contract  
DATE: December 20, 2005

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NEEDS: For City Council to consider a new Dental Contract provider.

- FACTS:
1. The City's two-year Dental Insurance contract with Principal expired on November 1, 2005. Since that expiration date, the City has maintained uninterrupted employee coverage with Principal through a month-to-month contract extension.
  2. The renewal rates quoted by Principal on the Dental Plan were 19.4% higher than the previous two year contract.
  3. An alternative carrier (Standard) and comparable Dental Plan options were quoted at significantly lesser rates based on "pooling" of the City's risk with other group employers.
  4. The City's Health Committee met in September 2005 and recommended that the City Council switch its Dental Plan from Principal to Standard's 80/50 coverage Plan (a comparable plan with no rate increase at this time).
  5. All employee bargaining groups have now endorsed the switch to Standard's 80/50 Dental Plan as recommended by the Health Committee (based on communication received by SEIU dated December 7, 2005).
  6. The contract offered by Standard Dental comes with a two year premium rate guarantee.
  7. All employee contracts require that any increase in health benefit premiums be shared proportionally, with the City covering 75% and the employee covering 25% of the premium increase. Implementation of this contract will result in a 10 cent reduction in monthly employee costs.

ANALYSIS &  
CONCLUSION: The change in Dental Plans will allow for comparable coverage without increase to the contract cost. All employee bargaining groups have endorsed the change in dental plans.

POLICY  
REFERENCE: Employee Group Contracts.

FISCAL  
IMPACT: Cost of the dental contract is within established budget parameters.

- OPTIONS:
- a. Adopt Resolution No. 05-XX authorizing the City Manager to execute a two year contract with Standard Insurance for dental coverage;
  - b. Amend, modify or reject the above option.

Attachments:

1. Resolution approving new contract with Standard

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
AUTHORIZING A NEW EMPLOYEE GROUP  
DENTAL INSURANCE PLAN CONTRACT

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WHEREAS , the City's contract for group dental insurance is with Principal Inc., and that contract expired on November 1, 2005; and

WHEREAS, the City has maintained uninterrupted employee coverage with Principal through a month-to-month contract extension while all employee bargaining groups reviewed available plan options; and

WHEREAS, Standard Insurance has proposed a two year contract for a (80/50) plan that will result in a reduction in annual city and employee costs effective January 1, 2006; and

WHEREAS, the City's Health Committee reviewed the proposal and recommended the Standard 80/50 plan contract; and

WHEREAS, all employee bargaining groups have endorsed the Health Committee's recommendation; and

WHEREAS, the cost sharing agreement within each employee group contract establishes that the City of Paso Robles cover 75% and the Employee 25% of premium increase/change (with new employee shares being shown in Exhibit A);

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles that the City Manager shall execute a two year contract with Standard Insurance commencing on January 1, 2006.

PASSED AND ADOPTED by the City of El Paso de Robles this 20<sup>th</sup> day of December 2005 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk

**Exhibit A**  
**Employee/City Share of Monthly Dental Premiums (all Groups)**  


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*December 20, 2005*

**Standard Dental Enhanced Plan 1 (80/50)**

	<u>New Premium</u>	<u>Current Plan Premium</u>	<u>Rate Difference</u>	<u>25% EE Share</u>	<u>75% Empl'r Share</u>	<u>Current EE Share</u>	<b><u>New EE Share</u></b>
Employee	32.96	33.41	-0.45			0	
EE + Family	82.14	82.54	-0.40	-0.10	-0.30	2.42	2.32