

Council Meeting of
September 13, 2011

Honorable Mayor and Members
 Of the City Council
 City Hall
 Torrance, California

Members of the Council:

SUBJECT: Human Resources – Approve Renewal Rates for Group Dental Insurance and Vision Insurance

**Expenditure: \$1,100,623.44 per year for dental insurance
 \$ 50,000.40 per year for vision insurance**

RECOMMENDATION

Recommendation of the Acting Human Resources Director that the City Council:

- 1) Approve renewal rates for dental insurance with the current carrier, Delta Dental at \$38.22 for single coverage; \$76.44 two-party and \$131.87 family coverage for the Dental Preferred Option (DPO) program; and \$17.47 for single coverage; \$31.54 two-party and \$46.64 family coverage for the Dental Health Maintenance (DHMO) program beginning January 1, 2012 until December 31, 2012; for a total expenditure of \$1,100,623.44 per year; and
- 2) Approve the renewal rates for vision insurance with the current carrier, Eye Med, at \$3.23 for single coverage, \$6.10 two-party and \$8.92 family coverage with a four year guarantee rate beginning January 1, 2012 until December 31, 2015, for a total expenditure of \$50,000.40 per year.

Funding

Funding is available in the 2011-2012 operating budget in each department.

BACKGROUND/ANALYSIS

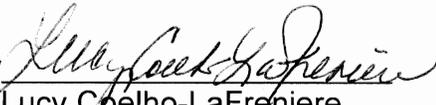
In 2009, the City Council approved the renewal of Delta Dental as the dental insurance carrier to provide dental coverage to City employees. The current policy expires on December 31, 2011. Delta Dental has proposed renewal rates for 2012 with no increase (0%) for both the DPO plan and DHMO plan. The rates are guaranteed for one year, until December 31, 2012 (attachment A). The City

pays the cost for two party premium. Due to the high utilization of the program over the last year, it is unlikely that we would obtain more competitive rates for 2012. The proposed renewal with no increase is the result of successful negotiations as the carrier has expressed an interest in retaining the policy with the City. It is anticipated that staff will request rates from other interested carriers with the next renewal for 2013.

In 2009, the City Council approved the selection of EyeMed as the vision insurance carrier to provide coverage for employees. The current policy expires on December 31, 2013. While the rates are not due to renew, a recent review of the utilization of the program over the last year allowed City staff and Wells Fargo, the current insurance broker, to explore a review of the rates with the carrier. Eye Med agreed to reduce the vision insurance rates by 39.95%. This would result in an annual savings of \$33,282.00 for the City as the City pays the cost for one party premium. The reduced rates are guaranteed for four years, until December 31, 2015 (attachment B).

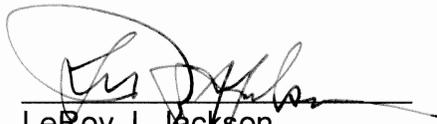
Respectfully submitted,

LEYTA O. FUENTES
ACTING HUMAN RESOURCES
DIRECTOR

By 
Lucy Coelho-LaFreniere
SR Human Resources Analyst

CONCUR:


Leyta O. Fuentes
Acting Human Resources Director


LeRoy J. Jackson
City Manager

Attachments:
Attachment A – 2012 Dental Renewal Rates
Attachment B – 2012 Vision Renewal Rates

Delta Dental Renewal Rates

Delta Dental PPO	# of Employee's	Current Rate 2011	Renewal Rate 2012
Employee	458	\$38.22	\$38.22
Employee + 1 Dependent	352	\$76.44	\$76.44
Employee + Family	335	\$131.87	\$131.87
	1145		
Annual Cost		\$1,063,057	\$1,063,057
City Annual Expenditure		\$1,050,285.60	\$1,050,285.60
\$ Change to Current			\$0
% Change to Current			0.00%
Delta Dental DHMO	# of Employee's	Current Rate 2011	Renewal Rate 2012
Employee	38	\$17.47	\$17.47
Employee + 1 Dependent	38	\$31.54	\$31.54
Employee + Family	57	\$46.64	\$46.64
	133		
Annual Cost		\$54,250	\$54,250
City Annual Expenditure		\$50,337.84	\$50,337.84
\$ Change to Current			\$0
% Change to Current			0.00%
Total for PPO +DHMO		\$1,100,623.44	\$1,100,623.44

EyeMed Vision Renewal Rates

EyeMed Vision	# of Employee's	Current Rate 2011	Renewal Rate 2012
Employee	794	\$5.38	\$3.23
Employee + 1 Dependent	264	\$10.15	\$6.10
Employee + Family	232	\$14.86	\$8.92
	1290		
Annual Cost		\$124,786	\$74,934
City Annual Expenditure		\$83,282.40	\$50,000.40
Cost Savings to City			\$33,282.00
\$ Change to Current			(\$49,852)
% Change to Current			-39.95%