

Administrative-Finance Committee
September 12, 2011
6:30 P.M. – Conference Room

- 1. Call to Order**
- 2. Establishment of Quorum**
- 3. Public Comment**
- 4. Discussion Items**
 - a. Dental Insurance Renewal Agreement**
 - b. Squad Car Financing**
- 5. Other Business**
- 6. Next Meeting – October 10, 2011**
- 7. Adjournment**

AGENDA MEMO
Administrative/Finance Committee
September 12, 2011

ISSUE STATEMENT

A resolution renewing the dental insurance plan with Delta Dental from October 1, 2011 to September 30, 2013.

BACKGROUND

The City of Darien has contracted with Delta Dental for the past three years to insure employee dental needs, with 100% of the cost carried through employee payroll deductions. Delta Dental is a non-profit organization that has been in existence for over fifty years. There are both HMO and PPO options with this plan. During the previous one year period, Delta Dental paid out \$23,397.94 in claims while collecting \$24,285.65 in premium. This spread is much smaller than targets for dental insurance companies. Staff asked for both one and two year proposals from Delta for renewal, receiving a proposal for a 15.9% increase for the PPO and a 0% increase for the HMO for a one year contract and a 20.5% increase for the PPO and a 4% increase for the HMO for the two year agreement.

Under a two year agreement, employees would be paying 4% more immediately but would have cost certainty through September 2013. Under a one year agreement, employees would be exposed to another large increase next year. The Delta Dental program was considered extremely competitive by the IPBC, our health insurance pool that also provides dental options.

Employees overall have been satisfied with the Delta Dental program, with few complaints received. The primary complaints have been the HMO network of dentists, of which fewer dentists are participating in all different pools. The City of Darien does not contribute financially to the program, so there would be no additional cost to the City for the program.

STAFF RECOMMENDATION

Staff recommends accepting a two year renewal for dental insurance with Delta Dental.

ALTERNATE CONSIDERATION

Accepting the one year renewal would be an alternate consideration.

DECISION MODE

This item will be placed on the September 19, 2011 City Council agenda for formal approval.

Hi Scott,

Attached is your September renewal. I have also attached the TOGO bank balances so employees know what maximums have carried over.

The rate increase is quite substantial, but here are some factors that went into the calculations:

sold with a two year rate guarantee.

In 2009 they made a benefit change to add child ortho.

Current Analysis

Prior year LR 84.6%

Current year LR 96.3%

Desired LR 86.5%

a decline in total enrollment every year:

62 enrolled 2009

54 enrolled 2010

48 enrolled currently

Recommendation:

15.9% increase to PPO rates at renewal

PASS DHMO

Please review and let me know what questions you may have. Sorry for the high increase, but the paid claims are high.

Thanks Scott.

Kathy Nelson - Account Manager

Delta Dental of Illinois | 111 Shuman Boulevard | Naperville, IL 60563

T. 630.718.4774 F. 630.983.4174 knelson@deltadentalil.com

>Delta Dental of Illinois Now Offers Individual Dental Insurance Plans for Illinois Residents. Go to <http://www.deltadentalil.me> to learn more.

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Renewal Package

for

CITY OF DARIEN

Presented By:
Kathy Nelson
Account Manager
Delta Dental of Illinois (DDIL) / TruAssure Insurance Company (TAIC)
111 Shuman Boulevard
Naperville, IL 60563

Phone 630-718-4774
Fax 630-983-4174
knelson@deltadentalil.com

**This renewal package is for an effective date of
October 1, 2011**

Confidentiality Agreement

By accepting this renewal, you agree that all information is confidential and has been provided by Delta Dental of Illinois / TruAssure Insurance Company for your use or that of the specified client only. Therefore, you agree not to disclose any information (except to the specified client, broker, consultant or agent) without the express written permission of Delta Dental of Illinois / TruAssure Insurance Company. It is acknowledged that information to be furnished in this renewal is in all respects confidential in nature, other than information that is available in the public domain through other means. Use or disclosure of information contained in this plan is strictly forbidden without obtaining written consent of Delta Dental of Illinois / TruAssure Insurance Company.

Upon request, this document is to be immediately returned to Delta Dental of Illinois / TruAssure Insurance Company, 111 Shuman Boulevard, Naperville, IL 60563.

Plan Design Exhibit
Current Plan

Renewal Date: 10/01/11

PPO Plan Summary	Delta Dental PPO*	Delta Dental Premier**	Non Network
Individual Annual Maximum	\$1,000	\$1,000	\$1,000
ToGo SM feature	Included	Included	Included
Deductible Individual	\$50	\$50	\$50
Family	\$150	\$150	\$150
Diagnostic / Preventive	100%	100%	100%
Deductible applies	No	No	No
Basic Restorative	80%	80%	80%
Deductible applies	Yes	Yes	Yes
Endodontics	50%	50%	50%
Deductible applies	Yes	Yes	Yes
Periodontics			
Non-surgical	50%	50%	50%
Surgical	50%	50%	50%
Deductible applies	Yes	Yes	Yes
Major Restorative	50%	50%	50%
Deductible applies	Yes	Yes	Yes
Orthodontics			
Coverage coinsurance	50%	50%	50%
Individual lifetime maximum	\$1,500	\$1,500	\$1,500
Dependents eligible to age	19	19	19
Full-time students eligible to age	19	19	19
Adult coverage	No	No	No
Individual deductible applies	No	No	No
Dependent Eligibility			
Dependents eligible to age	26	26	26
Full-time students eligible to age	26	26	26

*Delta Dental PPO dentists agree to accept payment based on the lesser of the submitted fee or the PPO discounted fee schedule, which is established at a level that typically delivers a 15 - 35 percent discount off of average billed charges nationally.

**Delta Dental Premier network dentists agree to accept payment based on the lesser of the submitted fee or Delta Dental's maximum plan allowance (also known as "Usual & Customary" fee).

Delta Dental PPO and Delta Dental Premier dentists cannot balance bill the enrollee for the difference between Delta Dental's allowed fee and the dentist's actual charge.

This document is only intended to be a brief summary of current benefits. If you have any questions regarding specific benefit coverage, limitations or exclusions, please refer to your Delta Dental of Illinois certificate of coverage. The certificate of coverage will take precedence over any differences in plan design.

Financial Exhibit
Current Plan

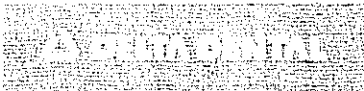
Renewal Date: 10/01/11

Claims / Premium Experience

Month / Year	Prior Period					Number of Claims	Paid Claims	Earned Premium	Earned Loss Ratio
	Single	EE + SP	EE + CH	Family	Total				
Oct-09	20	13	0	10	43	9	\$1,265.40	\$2,107.26	60.0%
Nov-09	21	13	0	10	44	6	\$763.40	\$2,133.22	35.8%
Dec-09	21	13	0	10	44	21	\$2,403.20	\$2,133.22	112.7%
Jan-10	20	14	0	10	44	14	\$2,048.70	\$2,158.18	94.9%
Feb-10	18	14	0	10	42	15	\$2,682.72	\$2,106.26	127.4%
Mar-10	18	14	0	10	42	13	\$876.32	\$2,106.26	41.6%
Apr-10	18	14	0	10	42	22	\$3,495.42	\$2,106.26	166.0%
May-10	18	14	0	10	42	9	\$775.92	\$2,106.26	36.8%
Jun-10	17	13	0	11	41	15	\$1,716.82	\$2,121.99	80.9%
Jul-10	16	13	0	11	40	14	\$3,004.72	\$2,096.03	143.4%
Aug-10	16	13	0	11	40	13	\$1,335.58	\$2,096.03	63.7%
Sep-10	16	13	0	11	40	9	\$1,103.80	\$2,096.03	52.7%
Total	219	161	0	124	504	160	\$21,472.00	\$25,367.00	84.6%
Average	18	13	0	10	42				

Month / Year	Current Period					Number of Claims	Paid Claims	Earned Premium	Earned Loss Ratio
	Single	EE + SP	EE + CH	Family	Total				
Oct-10	15	12	0	11	38	21	\$3,771.62	\$2,120.29	177.9%
Nov-10	14	12	0	10	36	14	\$1,515.32	\$1,995.78	75.9%
Dec-10	14	13	0	10	37	7	\$945.62	\$2,049.25	46.1%
Jan-11	14	13	0	10	37	10	\$1,782.62	\$2,049.25	87.0%
Feb-11	15	13	0	10	38	5	\$595.42	\$2,076.51	28.7%
Mar-11	15	13	0	10	38	17	\$2,335.72	\$2,076.51	112.5%
Apr-11	15	13	0	10	38	6	\$1,090.52	\$2,076.51	52.5%
May-11	15	13	0	10	38	15	\$1,764.59	\$2,076.51	85.0%
Jun-11	12	12	0	10	34	28	\$4,441.47	\$1,941.26	228.8%
Jul-11	12	12	0	10	34	12	\$1,746.98	\$1,941.26	90.0%
Aug-11	12	12	0	10	34	12	\$1,679.72	\$1,941.26	86.5%
Sep-11	12	12	0	10	34	12	\$1,728.34	\$1,941.26	89.0%
Total	165	150	0	121	436	158	\$23,397.94	\$24,285.65	96.3%
Average	14	13	0	10	36				

*Projections



Renewal Underwriting Claim Calculation

Prior Period	10/01/09	thru	09/30/10
Current Period	10/01/10	thru	09/30/11
Renewal Period	10/01/11	thru	09/30/12

	Current	Prior
Paid Claims	\$23,397.94	\$21,472.00
Incurred But Not Reported Adjustment	\$96	\$89
Incurred Claims	\$23,494	\$21,561
Exposures	436	504
Average Incurred Claim Cost	\$53.89	\$42.78
Trend	1.06	1.12
Trended experience	\$57.13	\$48.09
Dep. Ratio adjustment	1.00	1.00
Benefit/Network Adjustments	1.00	1.00
Projected Paid Claims	\$57.13	\$48.09
Experience Period Weighting	50.00%	50.00%
Blended Experience Composite	\$52.61	
Manual Composite	\$59.22	
Experience Credibility	30.00%	
Total Projected Composite	\$57.24	
Projected Enrollment	34	
Projected Net Paid Claims	\$23,353	
Retention	13.50%	
Commission	0.00%	
Total Needed Premium	\$26,997	
Current Annual Premium	\$23,295	
Blended Rate Adjustment	15.9%	
Underwriting Requested Adjustment	15.9%	

Current Enrollment	Current Rates	12 Month Renewal Rate	% Increase
Single 12	\$27.26	\$31.59	15.9%
EE+1 12	\$53.47	\$61.97	15.9%
Family 10	\$97.25	\$112.70	15.9%



Financial Exhibit
Current Plan

Renewal Date: 10/01/11

Proposed Renewal - PPO

Table with 5 columns: Current Enrollment, Current Rates, 12 Month Renewal Rate, 24 Month Renewal Rate, % Increase. Rows include Single, EE+1, Family, and Annual Expense for both 12 and 24 month periods.

Proposed Renewal - DHMO Plan 285

Table with 5 columns: Current Enrollment, Current Rates, 12 Month Renewal Rate, 24 Month Renewal Rate, % Increase. Rows include Single, EE+1, Family, and Annual Expense for both 12 and 24 month periods.

Underwriting Considerations

Census Data

Table with 2 columns: Enrollment Type, Count. Rows: Single (18), Family (30), Total (48).

During the current experience period, CITY OF DARIEN averaged 52 enrollees.

Guarantee Terms

Policies and Claim Settlement Practices

All Delta Dental of Illinois standard processing policies, limitations and exclusions apply.

Delta Dental of Illinois reserves the right to recalculate rates in the event of any of the following:

- Change in effective date.
The number of eligible and/or enrolled employees changes by more than 10% from that identified in this quote.
The number of enrolled employees falls below the required 40 to maintain individually underwritten status.
New or changes to legislation or regulations that affect the benefits payable, eligibility or contractual provisions.

Broker Compensation

Proposed rates include the following broker commissions:

Table with 2 columns: Insurance Type, Commission Rate. Rows: Fully Insured PPO (0.0%), Fully Insured DHMO (0.0%).

Acceptance of Renewal

Please acknowledge your acceptance of these terms by signing below and returning this page to your Account Manager.

Kathy Nelson
Delta Dental of Illinois
111 Shuman Boulevard
Naperville, IL 60563
Phone 630-718-4774 Fax 630-983-4174

If we do not receive notification from you at least 30 days prior to your renewal date, we will assume you agree to the proposed rates and renew your current dental benefit plan with the above noted 12 month renewal rates.

AGREED AND ACCEPTED (Current Plan):

CITY OF DARIEN DDIL #10478 ALL

By: _____ Date: _____

Form with checkboxes for 12 month rates and 24 month rates.

Title: _____

Please help keep our records current by providing your current contribution levels: _____ % Employee _____ % Dependent



Contact Sheet

For questions about your renewal, please contact:

Kathy Nelson
Account Manager
Phone 630-718-4774
Fax 630-983-4174
knelson@deltadentalil.com

Your Account Specialist can also assist you with any account-related questions you may have, as well as enrollment activities and fulfillment. For questions about ongoing account administration, claims and other account inquiries, please contact:

Leslie Tyson-Cobb
Phone 630-718-4766
Fax 630-983-4588
lcobb@deltadentalil.com

Your enrollees can get real-time access to claim information and find network dentists through our IVR at 1-800-323-1743 or the Subscriber Connection on our website at www.deltadentalil.com. Enrollees can also access benefit and eligibility information, print temporary ID cards, enroll in our Enhanced Benefits Program and retrieve oral health information on our website. In addition, during our normal business hours, enrollees can contact a customer service representative through our toll-free number 1-800-323-1743.

Your enrollees can reach TruAssure Insurance Company's Customer Service department by calling 1-800-414-4988. Enrollees can access vision claim status and benefit or eligibility information by calling 1-866-723-0513.

AGENDA MEMO
Administrative/Finance Committee
September 12, 2011

ISSUE STATEMENT

A resolution authorizing the City Administrator to enter into an agreement with Hinsdale Bank and Trust to provide funding for the purchase of police squad cars and related equipment.

BACKGROUND

The City of Darien planned a squad car and equipment purchase totaling \$695,965.90 in 2011. The first \$212,500 is budgeted in FYE 2012, with the remainder financed over the following three years. Staff sent a bid sheet to all Darien area banks, chamber of commerce members, and finance company solicitations over the past six months to offer rates for financing.

Institution	Rate Offered	Payment Year One	Payment Year Two	Payment Year Three	Payment Totals
Hinsdale Bank and Trust	1.50%	\$165,032.49	\$165,344.49	\$164,902.89	\$495,279.87
Sparta Commercial	3.443%	\$170,304.99	\$170,304.99	\$170,304.99	\$510,914.97
Citizen's Financial	2.97%	\$175,724.77	\$166,031.50	\$166,073.87	\$507,830.14
First American	2.06%	\$166,579.05	\$166,579.05	\$166,579.03	\$499,737.13
California First	2.210%	\$166,984.09	\$166,984.09	\$166,984.09	\$500,952.27
Municipal Funding Solutions	2.59%	\$168,220	\$168,220	\$168,220	\$504,660
Republic Bank	3.25%	\$169,862.54	\$169,862.54	\$169,862.55	\$509,587.63

The institution offering the lowest rate and financing cost over the next three years is Hinsdale Bank and Trust. Staff is recommends entering into an agreement with Hinsdale Bank and Trust, with an estimated draw date of October 15, 2011.

STAFF RECOMMENDATION

Staff recommends accepting the proposal from Hinsdale Bank and Trust.

ALTERNATE CONSIDERATION

Accepting an alternate proposal would be an alternate consideration.

DECISION MODE

This item will be placed on the September 19, 2011 City Council agenda for formal approval.