

**Council Meeting: August 11, 2009****SUBJECT:** Contract Renewals for Dental and Vision Insurance for
Calendar Year 2010**REPORT IN BRIEF**

Approval is requested for the renewal of a one-year contract between the City of Sunnyvale and Delta Dental and the renewal of a one-year contract between the City of Sunnyvale and Vision Service Plan, effective January 1, 2010 through December 31, 2010. Additionally, approval is requested to include an employee paid voluntary buy-up option in both contracts.

Vision Service Plan's proposal presents no increase over the 2009 plan year. Delta Dental's proposal presents a 1% increase in the Preferred Provider Organization (PPO) plan, resulting in a total annual increase of \$6,004 for this plan in calendar year 2010. Delta Dental's proposal also includes a 3.19% increase in the Delta Dental Health Maintenance Organization (DHMO) plan, resulting in a total annual increase of \$622 for this plan in calendar year 2010.

BACKGROUND

As part of its benefits' package, the City of Sunnyvale provides all regular full and part time employees and City Council members with comprehensive dental and vision benefits. For most City employees, vision coverage is provided by Vision Service Plan and dental coverage is provided by Delta Dental.

Employees represented by the Public Safety Officers Association (PSOA) and the Communication Officers Association (COA) are provided an alternate dental plan through their respective Associations. This renewal does not impact PSOA/COA plan.

EXISTING POLICY

7.3 Legislative Management, Sub-element Policy 7.3D.1a: Maintain a competitive pay and benefits package for employees. Additionally, the Memorandum of Understanding for COA, SMA, PSOA, SEA and SEIU and the Salary Resolution for all other employees and City Council members specify that the City shall provide dental and vision benefits.

DISCUSSION

Through Alliant Insurance Services, the City participates in a large public employer purchasing pool consisting of cities, counties, schools and special districts. Alliant Insurance Services has leveraged its size and expertise in the public sector market to provide exclusive benefit programs for public agencies at very competitive prices. Through Alliant's public employer purchasing pool, the City contracts with Delta Dental and Vision Service Plan.

As part of the renewal process and in conjunction with Article 17.6 of the SEA Memorandum of Understanding, City staff directed Alliant Insurance Services to seek proposals from both Delta Dental and Vision Service Plan to include a voluntary, employee paid buy-up option for enhanced benefits. If an employee elects the voluntary buy-up options, the employee will pay the premium difference between the "core plan" and the cost of the buy-up option premium, based upon the plan level in which the employee is enrolled; employee only, employee plus one or employee plus family. Through Delta dental, the voluntary buy-up plan offers an increase of up to \$600 toward the maximum annual limit payable for each covered individual. Through Vision Service Plan, the voluntary buy-up plan offers an increase in the allowance for eyeglass frames and contact lenses; from \$120.00 to \$130.00, and, an increase in the frequency of services for eye glass frames and contact lenses; from once every 24 months to once every 12 months. The employee paid buy-up option for Delta Dental and Vision Service Plan will be offered to all eligible employees and members of the City Council.

FISCAL IMPACT

The fiscal impact includes a total increase of \$6,626 in dental premiums for the PPO and DHMO plans in calendar year 2010. There is no impact to the cost for vision insurance for plan year 2010. Funding for dental and vision benefits has been provided for in the Employee Benefits Fund for Fiscal Year 2009/2010.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES

1. Authorize the City Manager or his designee, to enter into a contract with Delta Dental for the period January 1, 2010 through December 31, 2010, and, authorize the City Manager or his designee, to enter into a contract

with Vision Service Plan for the period January 1, 2010 through December 31, 2010.

2. Do not authorize renewal of the Delta Dental Plan and Vision Service Plan contracts and direct Alliant Insurance Services to seek other proposals.

RECOMMENDATION

Staff recommends approval of Alternative #1: Authorize the Director of Human Resources to enter into a contract with Delta Dental for the period January 1, 2010 through December 31, 2010, and, authorize the Director of Human Resources to enter into a contract with Vision Service Plan for the period January 1, 2010 through December 31, 2010.

Reviewed by:

Erwin Young, Director, Human Resources

Prepared by: Dee Schabot, Human Resources Manager

Approved by:

Gary M. Luebbers
City Manager