

# AGENDA



Thursday, June 18, 2009

## Purchasing Office RECOMMENDATION FOR COUNCIL ACTION

Item No. 39

**Subject:** Authorize award, negotiation, and execution of two 12-month requirements service contracts with: ASSURANT EMPLOYEE BENEFITS, Kansas City, MO, for a Dental Maintenance Organization (DMO) dental plan for City of Austin retirees in an estimated amount not to exceed \$210,000, with one 12-month extension option in an estimated amount not to exceed \$265,000, for a total estimated contract amount not to exceed \$475,000; and DELTA DENTAL INSURANCE CO., Alpharetta, GA, for an indemnity/PPO dental plan for City of Austin retirees in an estimated amount not to exceed \$1,100,000, with one 12-month extension option in an estimated amount not to exceed \$1,425,000, for a total estimated contract amount not to exceed \$2,525,000.

**Amount and Source of Funding:** Funding in the amounts of \$982,500 (\$157,500-Assurant; \$825,000-Delta Dental) is contingent upon approval of the Fiscal Year 2009-2010 Proposed Operating Budget of the Employees Benefits Fund. Funding for the remaining three months of the original contract periods and extension options is contingent upon available funding in future budgets.

**Fiscal Note:** Is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Malinda Horitski, Buyer II, 512-974-2651

**Purchasing Language:** Best evaluated proposal of two proposals received.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

The Retiree Dental Program provides City retirees an opportunity to purchase dental coverage for themselves and their dependents. This coverage is paid for solely by the retiree. The term of these contracts is from January 1, 2010 through December 31, 2010 for the initial period. The extension option, if exercised, will extend the term through December 31, 2011.

This solicitation gave vendors the opportunity to submit proposals for a Dental Maintenance Organization (DMO) and a Preferred Provider Organization (PPO) dental plan. The evaluation committee recommends continuing the current dental plan arrangement by offering retirees the Assurant DMO and Delta Dental's PPO dental plan. Both Assurant and Delta Dental offer its plans at no increases from the current rates. Additionally, there will be no increases in dental rates for the extension option of these new contracts. The term of these contracts is from January 1, 2010 through December 31, 2010 for the initial period. The extension option, if exercised, will extend the term through December 31, 2011.

The evaluation panel consisted of professional and managerial staff from the Human Resources Department, Employee Benefits and Employee Services Divisions. They are experts in the industry and recommend these two plans as the best proposed plans offering reasonable rates and good benefit design. In addition, the recommended awardees have many years experience in providing these plans, and very positive responses were received when references were contacted.

MBE/WBE solicited: 1/3

MBE/WBE bid: 0/0

## PRICE ANALYSIS

- a. Adequate competition
- b. Fifty-one notices were sent, including one MBE and three WBEs. Two proposals were received, with no response from the MBE/WBEs.
- c. The pricing offered reflects no increase since the last contract awards in January 2007.

## APPROVAL JUSTIFICATION

- a. Best evaluated proposals received. These vendors are the current providers of these services.
- b. The Purchasing Office concurs with the Human Resources Department's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.