



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 24

**Agenda Date:** August 11, 2022

**In Control:** City Council A Session

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**DEPARTMENT:** Department of Human Resources

**DEPARTMENT HEAD:** Renee Frieda

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Voluntary Dental Insurance

**SUMMARY:**

This Ordinance authorizes the City Manager or his designee to execute a contract with Humana Insurance and DentiCare, Inc., to provide voluntary dental insurance for the City's civilian, full-time, active employees, City Council Aides Local Government Corporation employees, and retired employees and their eligible dependents for an estimated amount of \$2,887,104 per calendar year. The term of this contract is three years, beginning January 1, 2023, and ending December 31, 2025, with the option to renew for two additional one year periods, subject to and contingent upon funding by City Council. Retirees will pay the vendor directly. The City makes no contributions on behalf of employees or retirees.

**BACKGROUND INFORMATION:**

Voluntary dental benefits are offered to the City's civilian, full-time active employees, City Council Aides Local Government Corporation employees and their eligible dependents as a flexible option within their benefits program. Full-time active civilian employees have the choice

between two options; fully-funded dental PPO and fully-funded dental HMO. There are approximately 7,100 eligible civilian employees. Currently, retired employees of the City may choose to enroll in the dental PPO and DHMO plans at time of retirement. There are approximately 2,900 retired employees eligible to participate in the voluntary dental program.

The participating active and retired employees pay the full cost of the premium. Premium is set by negotiation with the vendor during the RFP process.

The current contract for dental services will end on December 31, 2022. The Human Resources Department conducted a search for a vendor with broad knowledge and experience as a dental carrier that offers sophisticated and innovative tools and resources for the administration of the City's dental program. The City requested options to provide a fully insured PPO for active full-time civilian and retired employees alongside a DHMO plan on a fully insured basis.

The Finance Department, Purchasing Division on behalf of the Human Resources Department released a Request for Proposal (RFP) on January 7, 2022 seeking proposals for qualified respondents interested in providing Voluntary Dental Insurance. The RFP was advertised in the San Antonio Express-News on January 7, 2022. A pre-submittal conference was held on January 18, 2022, to allow for Respondent questions and clarification to the RFP. Five (5) proposals were received by the February 22, 2022 deadline. One (1) proposal was deemed non-responsive as the firm excluded retirees and failed to provide a DHMO offering as required by the RFP. The Evaluation Committee included representatives from Human Resources and the Retired Employees of the City of San Antonio. The Evaluation Committee evaluated the responses of four (4) remaining respondents.

The evaluation of each proposal response was based on a total of 100 points; 20 points allotted for experience, background, qualifications; 40 points allotted for proposed plan and 25 points allotted for Respondent's price schedule. Local Preference Program was allotted 10 points and 5 points were allotted for the Veteran-Owned Small Business Preference Program.

The Evaluation Committee conducted Interviews of two (2) firms on May 13, 2022, with evaluation and scoring immediately after. The Evaluation Committee recommended Humana Insurance and DentiCare for award as the firms receiving the highest collective score from the evaluation categories.

The Small Business Economic Development Advocacy (SBEDA) Program was not applied to this evaluation process.

The Local Preference Program was applied in the evaluation of responses received for this contract. One (1) firm was awarded five (5) points.

The Veteran-Owned Small Business Preference Program was applied in the evaluation of responses received for this contract; however, neither firm met the Veteran Owned Small Business Preference Program requirement.

**ISSUE:**

Award of this contract will allow the City to provide voluntary dental insurance for the City's full-time active Civilian employees, City Council Aides Local Government Corporation (LGC) employees and retirees and their eligible dependents.

**ALTERNATIVES:**

Due to the fact that the current contract, including extension options expires on December 31, 2022, the alternative to execution of this contract would result in delay in dental benefits for impacted employees and retirees and jeopardize continuation of care.

**FISCAL IMPACT:**

Annual cost of this contract is approximately \$2,887,104 of which \$2,100,000 will be expensed in FY2023 Employee Benefits Insurance Fund as a direct pass through of employee payroll deductions. Retirees will pay the vendor directly for the cost of coverage. The City makes no contributions on behalf of employees or retirees. Funding for this contract is contingent on the approval of the FY 2023 Adopted Employee Benefits Fund Budget.

**RECOMMENDATION:**

Staff recommends approval of this Ordinance to execute a contract with Humana Insurance and DentiCare, Inc., to provide voluntary fully funded PPO and DHMO dental insurance plans for current active full-time civilian and retired employees beginning January 1, 2023, and ending December 31, 2025, with the option to renew for two (2) additional one (1) year periods, subject to and contingent upon funding by City Council.

This contract is procured by means of Request for Proposals and a Contract Disclosure Form is attached.