



District School Board of Pasco County

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Heather Fiorentino, Superintendent

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Department of Purchasing
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August 15, 2006

MEMORANDUM

TO: Honorable Board Members

FROM: Kendra Goodman, CPPB, Purchasing Agent

RE: Permission to Extend Negotiated Contract for Dental Insurance
CompBenefits Corporation

On August 19, 2003, official action (attached) was taken to award the above-referenced contract to CompBenefits Corporation. The agreement is a three-year, negotiated contract, renewable annually based upon the mutual consent of both parties. The third year of the agreement will expire on December 31, 2006. Given the fact that this has been a transition year for the Employee Benefits department, they are requesting permission for a one-year extension to the existing contract. Purchasing has verified that this extension falls within the scope of DOE Rule 6A-1.012(11).

Comp Benefits provides a managed dental plan for all enrolled employees as part of the core benefits package, and offers employee-paid coverage to those who opt out of the Board medical plan. The Employers Health Coalition, of which the District is a member, has assisted the Insurance Committee in its negotiations with Comp Benefits. Comp Benefits is proposing a DHMO rate increase of 15.09% from 2006, and a rate increase of 8.63% for the PPO. It is proposed that the Board pay \$13.88 for each employee on the DHMO plan (2006 rate is \$12.06) and \$22.66 for each employee on the PPO plan (2006 rate is \$20.86). Please see the attached memo from Dr. Frank Brocato, President of EHC, documenting his opinion that based on current market conditions these renewal rates are fair and reasonable. The increased cost to the Board in 2007 is projected at approximately \$160,728.

Employees who wish to provide dental coverage for their dependents on the HMO plan in 2007 would pay \$7.24 per pay period for one dependent and \$12.05 per pay period for 2 or more dependents. Employees who wish to provide dental coverage for their dependents on the PPO plan in 2007 will pay \$17.15 per pay period for one dependent and \$28.03 per pay period for 2 or more dependents.

(continued)

Comp Benefits has agreed to lower these rates further if, after review in November 2006, the District's claims and utilization experiences are better than projected. If they are at, or worse, than projected, the rates outlined above will remain the same.

On July 25, 2006, the District's Insurance Committee unanimously voted to accept these negotiated renewal rates with Comp Benefits, with the understanding that early in 2007 the Insurance Committee will begin the solicitation process for dental plan providers for a January 1, 2008 implementation. Therefore, at this time it is my recommendation to enter into a one-year extension of the agreement with CompBenefits Corporation. The term will be January 1, 2007 – December 31, 2007. Should you have any questions or wish to discuss this matter further, please feel free to contact Ms. Mary Tillman, Director of Employee Benefits, or me at your earliest convenience.

KDG/az
Attachments