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Food Employers Labor Relations Association and United Food & Commercial Workers' VEBA Fund

Analysis of Dental Proposals

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Segal

Agenda

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Introduction

- The Food Employers Labor Relations Association and United Food & Commercial Workers' VEBA Fund (the Fund) currently provides a fully-insured DHMO dental benefit through Group Dental Service (GDS) to its eligible participants and retirees.
- The Fund is looking to assess the competitiveness of a fully-insured arrangement, where one organization would provide dental provider networks and claim services.
- At the Trustees directions, Segal solicited a proposal from Dentegra, on a DHMO basis, to determine if they were able to provide fully-insured arrangements of the current dental plans for the Fund's active, non-Medicare retirees, and COBRA participants and their eligible dependents, along with dental provider networks.
- Segal has reviewed and analyzed Dentegra's proposal based on the following major criteria:
  - Premiums, including allowances and multiple-year guarantees
  - Provider Network Depth
  - Network Access
  - Network Discounts
  - Network Penetration
  - Plan Design Comparison (to be determined)
- After a discussion with the Trustees on October 22nd, Segal requested that Dentegra provide any best and final financial proposals as well as rates for a 4th and 5th year.

Executive Summary

	1st Year Premium - Dental		
Current GDS Annual Premium	$5,976,500	**% Difference From Current**	**$ Difference From Current**
Dentegra	$5,765,100	-3.5%	-$211,400

- Based on the summary of the total first-year fully-insured premiums, representing 13,951 covered participants.

Executive Summary *(continued)*

- Total Premium - First Year
  - Dentegra has provided a competitive first-year proposal with premiums of $5,765,100, a 3.5% reduction in fully insured premiums over current.
  - Dentegra revised their offer to include a 3 year rate guarantee with a 6% rate cap in year four and a 3% rate cap in year 5.
- Provider Network Depth
  - Dentegra reported general dentists (1,775 unique providers), specialist dentists (442 unique providers), and orthodontists (176 unique providers).
- Network Access
  - Dentegra's network match for General Dentists is 79.2% for 2 general dentists within 8 miles.
  - Dentegra's network match for Specialist Dentists is 84.4% for 1 specialist dentist within 8 miles.
  - Dentegra's network match for Orthodontists is 79.3% for 1 orthodontist within 8 miles.
- Network Discounts
  - Dentegra's network reported a general dentist discount of 41.5%.
- Network Penetration
  - Dentegra had a provider match of 72.7%.
- Please note that only provider network depth information was requested from the incumbent, GDS.

Financial Summary
Fully-insured Premiums

	1st Year Premiums	2-Year Premiums	3-Year Premiums
GDS (incumbent)	$5,976,500	$11,953,000	$17,929,500
Dentegra	$5,765,100	$11,530,200	$17,295,300
$ Difference from GDS	($211,400)	($422,800)	($634,200)
% Difference from GDS	-3.5%	-3.5%	-3.5%

Premiums are based on 13,951 participants and rounded to the nearest hundred.

	1st Year Premiums	2-Year Premiums	3-Year Premiums	4-Year Premiums	5-Year Premiums
GDS (incumbent)	$5,976,500	$11,953,000	$17,929,500	$23,906,000	$29,882,500
Dentegra	$5,765,100	$11,530,200	$17,295,300	$23,406,400	$29,700,600
$ Difference from GDS	($211,400)	($422,800)	($634,200)	($499,600)	($181,900)
% Difference from GDS	-3.5%	-3.5%	-3.5%	-2.1%	-0.6%

Premiums are based on 13,951 participants and rounded to the nearest hundred.

- Dentegra
  - Dentegra's fully-insured premium is the lowest on a first year basis and over three years.
  - Dentegra's premium rates are flat over the three-year guarantee period. Year 4 has a 6% rate cap and a 3% rate cap in year 5.

Premium Guarantees and Allowances

	Dentegra
Premium Guarantee	Guaranteed for 3 years; 6% rate cap in year 4 and 3% rate cap in year 5
Implementation Allowance	$20,000
Wellness Allowance	
Communication Allowance	
Open Enrollment Allowance	
Other Fees / Credits	Network Recruitment Guarantee - $10,000
Performance Guarantees Maximum at Risk	20% of administration portion of fully insured premium

Provider Network Depth

	General Dentist	
	GDS	Dentegra
Unique Locations	218	698
Unique Providers	**304**	**1,775**
Access Points	296	2,518

	Specialist Dentist	
	GDS	Dentegra
Unique Locations	128	324
Unique Providers	**258**	**442**
Access Points	310	587

	Orthodontist	
	GDS	Dentegra
Unique Locations	71	122
Unique Providers	**63**	**176**
Access Points	80	224

A green highlight indicates the higher number of providers.

- The geographic area for provider network depth was based on the three-digit zip code data from the Fund census, representing 100% of the participants in the Fund's population. All counts are reported by the bidders.
- Unique Locations – Offices, regardless of who is in office.
- Unique Providers – Distinctive number of dental licenses in an office.
- Access points – Every provider at every location—the most common way to display a network. For example, if one provider practices at five different office locations, this results in five access points.

Network Access

Percentage of Participants with Access to:	Within:	Dentegra
2 General Dentists	8 miles	79.20%
1 Specialist Dentists	8 miles	84.40%
1 Orthodontists	8 miles	79.30%

- Network Access summary provides the percentage of participants with access to each provider type within the defined mileage distance from the participant's home zip code.
- Network Access based on 14,844 eligible members for dental coverage.

Network Discounts

	Average Dental Discount by 3-Digit Zip Code
	General Dentists
Dentegra	41.5%

- Network Discount information is based on bidder-reported discounts by three-digit zip code.
- The three-digit zip code data represents 100% of participants in the Fund's population.
- The reported discounts were weighted by population to provide a weighted average discount.

Network Penetration

	Dental Network Penetration
	DHMO
Dentegra	72.7%

- Segal provided a list of the Fund's utilized providers for the September 2019 – August 2020 period and requested Dentegra to indicate whether that provider is in their network.
- The above results are weighted based on the total number of claims processed for each provider.
- Appendix B contains a listing of the Fund's Top 25 utilized providers.

Current Dental Plan Summary

	DHMO	
	In Network	**Out of Network**
Calendar Year Maximum	None	N/A
Calendar Year Deductible	None	N/A
Orthodontia Lifetime Maximum	Subject to Copay	N/A
Preventive Care	Copay Schedule	N/A
Basic Services	Copay Schedule	N/A
Major Services	Copay Schedule	N/A
Orthodontics – Adult and Child	Copay Schedule	N/A

- The current DHMO plan covers services based upon the applicable service category and reimburses according to a copay schedule.
- A summary of excluded services is located in Appendix C.

Next Steps

- Technical and legal review of agreement(s) including contract negotiations, as applicable
- Award Contracts
- Implementation (at least 90 days in advance of effective date), as applicable
- Member communications, as applicable

Appendices

- Appendix A - Financial Ratings
- Appendix B - Dental Provider Listing – Top 25
- Appendix C – Current Dental Plan Exclusions and Limitations

Appendix A – Financial Ratings

	Dentegra
A.M. Best	Dentegra is not rated by any agency at this time.
Standard & Poor's	Dentegra is not rated by any agency at this time.
Moody's	Dentegra is not rated by any agency at this time.

Segal believes it is important to consider the financial strength of insurance companies and managed care organizations, which are candidates for initial selection or renewal as insurers or service providers to employee benefit plans. Therefore, we are providing the financial strength rating that was available to us on the date this document was prepared for the insurance company or managed care organization under consideration.

When available, we select A.M. Best or Standard & Poor's ratings because of their depth of coverage of insurance companies and overall reputation as a rating service. Several other rating services (e.g., Fitch and Moody's) also provide ratings of insurance companies and managed care organizations, which we provide when a rating from A.M. Best and Standards & Poor's is not available. You may wish to consult these other services before making a decision regarding the initial selection or renewal of an insurance company or managed care organization. A.M. Best and Standard and Poor's regard "vulnerable" companies to be at relatively serious risk in terms of meeting both claims and creditor obligations. Insurance companies in this category should be researched carefully before being selected.

Finally, Segal does not itself perform insurance company or managed care organization credit quality evaluations and does not offer any warranty as to the scope or reliability (e.g., with respect to an organization's ability to meet future obligations) of the insurance company or managed care organization evaluations performed by any rating service. Segal is not responsible for providing monitoring of these ratings on an ongoing basis.

Appendix A

Financial Rating Categories Explained

A.M. Best's Rating Descriptions*

INVESTMENT GRADE OR SECURE:

RATING	CATEGORY
A++ and A+	Superior - "very strong ability to meet their ongoing obligations to policyholders"
A and A-	Excellent - "strong ability to meet their ongoing obligations to policyholders"
B++ and B+	Very Good - "good ability to meet their ongoing obligations to policyholders"

BELOW INVESTMENT GRADE OR VULNERABLE

RATING	CATEGORY
B and B-	Fair - "ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C++ and C+	Marginal - "ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C and C-	Weak - "ability to meet their current obligations to policyholders, but their financial strength is very vulnerable to adverse changes in underwriting and economic conditions"
D	Poor - "ability to meet their current obligations to policyholders and their financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions"
E	Under Regulatory Supervision – "placed by an insurance regulatory authority under a significant form of control or restraint, such as conservatorship or rehabilitation, but does not include liquidation"
F	In Liquidation - "under an order of liquidation by a court of law or whose owners have voluntarily agreed to liquidate the company"
S	Rating Suspended - "experienced sudden and significant events affecting their financial position or operating performance whose rating implications cannot be evaluated due to a lack of timely or adequate information"

*Ratings may be modified as follows: Under Review (u); Group (g); Pooling (p) or Reinsurance (r).

Appendix A

Financial Rating Categories Explained *continued*

Standard & Poor's Rating Description

INVESTMENT GRADE OR SECURE

RATING	CATEGORY
AAA	Companies rated AAA have the highest rating assigned. Capacity to pay interest and repay principal is extremely strong.
AA	Companies rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated insurers only to a small degree.
A	Companies rated A have a strong capacity to pay interest and repay principal, although they are somewhat more susceptible to adverse changes in economic conditions than those in higher rated categories.
BBB	Companies rated BBB are regarded as having an adequate capacity to pay interest and repay principal, however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal.

BELOW INVESTMENT GRADE OR VULNERABLE

RATING	CATEGORY
BB; B; CCC; CC	Companies rated BB, B, CCC and CC are regarded, on balance, as speculative with respect to their credit worthiness. While such companies may have some protective characteristics, uncertainties and major risk exposure or adverse conditions outweigh them.
R; NR	The rating R is reserved for companies who "have experienced a REGULATORY ACTION regarding solvency." The rating NR indicates that the insurer's financial solvency is not rated.

Plus (+) or Minus (-): The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to refine relative standing within each category.

* S&P uses a suffix 'pi' "based on an analysis of published financial information and additional information in the public domain. They do not reflect in-depth meetings with an insurer's management and are therefore based on less comprehensive information than ratings without a 'pi' subscript"

Appendix B – Dental Provider Listing – Top 25

Location Name	Provider Name	City	State	Zip	Dentegra
SHAHRAM MODARRES P.C. - GP	MODARRES SHAHRAM	ROCKVILLE	MD	20852	◆
GAINESVILLE DENTAL ASSOCIATES	APONTE CARLOS	GAINESVILLE	VA	20155	◆
AESTHETIC FAMILY DENTISTRY OF BEL AIR	LINARDUCCI GERARDO	BEL AIR	MD	21015	◆
OMNI DENTAL GROUP INC GP	AALEMANSOUR SIAMAK	BOWIE	MD	20716	◆
ELLAHE AMINI NEJAD ELLICOTT CITY GP	AMINI NEJAD ELLAHE	ELLICOTT CITY	MD	21042	◆
HEALTH SMILES FAMILY DENTISTRY LLC GP	ILYAS FARAH	WESTMINSTER	MD	21157	◆
PRINCE FREDERICK DENTAL CENTER SP	AALEMANSOUR SIAMAK	PRINCE FREDERICK	MD	20678	◆
TUAN D PHAM D M D AND JOSEPH A MALONEY D S LLC	PHAM TUAN	WALDORF	MD	20602	
GENTLE TOUCH FAMILY AND COSMETIC DENTISTRY GP	GOLLAPALLI NAGALATHA	FREDERICKSBURG	VA	22407	◆
KEECHUN HONG DMD	HONG KEECHUN	LAUREL	MD	20707	◆
CENTRAL VIRGINIA ORAL FAC SURG	DICKERSON SONDRA	CULPEPER	VA	22701	
JOHNNY K NAM D D S P C GP	NAM JOHNNY	FAIRFAX	VA	22032	◆
FAMILY DENTISTRY P C GP	ASGARI NAVID	SPRINGFIELD	VA	22150	◆
LEONARD L MARANTO DDS	MARANTO MARIA	TOWSON	MD	21286	◆
SMILE ARTS GENERAL & COSMETIC DENTISTRY - GP	SHAKOORI BEHNAZ	GREENBELT	MD	20770	◆
RAILROAD DENTAL ASSOCIATES GP	BATISTAS THEOFANIY	MANASSAS PARK	VA	20111	◆
JORGE RUBEN WAY RODRIGUEZ DDS	WAY RODRIGUEZ JORGE	FAIRFAX	VA	22030	◆
THI A. NGUYEN DMD P.C.	NGUYEN THI	STERLING	VA	20165	◆
ALLAN T. BACON II D.D.S. P.A. - GP	AULAKH PREETINDER	HAGERSTOWN	MD	21742	
SAMEER KWATRA DDS PC	KWATRA SAMEER	WOODBRIDGE	VA	22192	◆
ELEGANT SMILES DENTAL CARE	KUMRA BOB	ALEXANDRIA	VA	22312	◆
CHARLES HOWARD COOPER DDS	COOPER CHARLES	ROCKVILLE	MD	20852	
MICHELLE YIP YOUNG DDS GP	TOLBERT MICHELLE	LA PLATA	MD	20646	◆
BEECROFT ORTHODONTICS - SP	COTTRELL RICHARD	KING GEORGE	VA	22485	◆
KEVIN MENDES DDS & ASSOC PLLC - GP	BISCOMBE TERRENCE	MANASSAS	VA	20110	◆
Total					21

City, state and zip code are not necessarily indicative of the location of the provider. They are derived from information associated with the Taxpayer Identification Number of the provider and may correspond to a billing location.

Appendix C - Current Dental Plan Exclusions and Limitations

- Exclusions and Limitations
- Any service that is not specifically listed above as a covered dental service is excluded. In addition, the following exclusions and limitations apply to the Dental Benefit:
  - Prophylaxis, including scaling and polishing, is limited to once every six months.
  - Dentures are limited to one partial or complete denture per arch within a five year period.
  - Orthodontia coverage, when provided, is limited to:
    - Diagnosis, including models, photographs, x-rays, and tracings.
    - Active fully banded treatment, including necessary appliances and progress x-rays.
    - Retention treatment following active treatment (not to exceed ten visits in any 18-month period).
    - Phase I (interceptive orthodontic treatment) is not covered.
    - Benefits will neither be provided beyond a period of 24 consecutive months of active treatment, nor beyond a period of 18 consecutive months of retention treatment.
    - The Dental Plan will not be liable for the replacement and/or repair of any appliance which was not initially furnished by GDS.
    - Benefits will be provided to a participant or eligible dependent(s) not more than once within a five year period.
    - Patients must be age 11 or older.
  - Cosmetic services are excluded. Cosmetic services are those that are elective and that are not necessary for good dental health. Cosmetic services include, but are not limited to:
    - alteration or extraction and replacement of sound teeth;
    - any treatment of the teeth to remove or lessen discoloration.
  - Examination, evaluation, and treatment of temporomandibular joint (TMJ) pain dysfunction are excluded. For information on coverage of TMJ through the Fund under the Medical benefit.
  - Replacement of dentures, bridgework, or any other dental appliances previously supplied by the Plan through GDS due to loss or theft is excluded unless the participant or eligible dependent(s) received such appliance prior to the immediately preceding five-year period.

Appendix C - Current Dental Plan Exclusions and Limitations

- Any service or treatment begun while the participant or eligible dependent was not covered by the Plan through GDS will not be covered.
- Hospitalization for any dental procedure is excluded.
- Drugs, whether prescribed or over-the-counter, are excluded.
- Dental implants, and any prosthesis, crown, bridge or denture associated with a dental implant are excluded.
- Services rendered by prosthodontic specialists are excluded.
- Procedures requiring fixed prosthodontic restorations that are necessary for complete oral rehabilitation or reconstruction are excluded.
- Procedures relating to the change and maintenance of vertical dimension or the restoration of occlusion are excluded.
- General anesthesia is covered only when administered in an oral surgeon’s office for extractions.
- Treatment of malignancies, cysts, neoplasms or congenital malformations is excluded.
- Services for injuries or conditions which are covered under Workers‘ Compensation or employer's liability laws are excluded; services which are provided by any municipality, county, or other political subdivision without cost to the participant or eligible dependent(s) are excluded.
- Any service that the appropriate regulatory board determines was provided as a result of a prohibited referral.