

Supplement B
 Department of Budget and Management
ACTION AGENDA
 September 4, 2019



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1-S. DEPARTMENT OF BUDGET AND MANAGEMENT
Employee Benefits Division

Contract ID: Dental Plan Administration and Insurance Services ADPICS # F10B9400020

Contract Description: Provide Dental Plan Administration and Insurance Services for State of Maryland employees, satellite employees, direct pay employees, retirees, and eligible dependents as part of the State of Maryland Employee and Retiree Health and Welfare Benefits Program. Awards are requested for one Dental Health Maintenance Organization fully-insured (DHMO-FI) plan and one Dental Preferred Provider Organization self-funded (DPPO-SF) plan.

Awards:

Functional Area 1 – DHMO-FI
 Delta Dental of Pennsylvania
 Mechanicsburg, PA

Functional Area 2 – DPPO-SF
 United Concordia Companies, Inc. (United Concordia
 Dental)
 Harrisburg, PA (Local Office in Hunt Valley, MD)

Term: 1/1/2020 - 12/31/2024

Amount: \$445,879,511 (5 Years)

Procurement Method: Competitive Sealed Proposals

Proposals:

OFFERORS (FA 1)	TECHNICAL RANKING	FINANCIAL OFFER (RANKING) [5-YEAR EVALUATED]	OVERALL FINAL RANKING*
Delta Dental of Pennsylvania Mechanicsburg, PA	1	\$23,917,477 (2)	1
Dominion Dental Services, Inc. Alexandria, VA	2	\$20,300,707 (1)	2

*Note: * Technical and financial factors had equal weight in the overall award determination.*

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OFFERORS (FA 2)	TECHNICAL RANKING	FINANCIAL OFFER (RANKING) [5-YEAR EVALUATED]	OVERALL FINAL RANKING*
United Concordia Companies, Inc. Harrisburg, PA (Local office Hunt Valley, MD)	1	\$421,962,034 (1)	1
Delta Dental of Pennsylvania Mechanicsburg, PA	2	\$460,702,972 (3)	2
Metropolitan Life Insurance Company Elkridge, MD	3	\$437,777,898 (2)	3

*Note: * Technical and financial factors had equal weight in the overall award determination.*

MBE/VSBE Participation: FA 1: 1.5% / 0.5% of total premiums paid
 FA 2: 5.0% / 0.5% of total administrative fees

Performance Security: None

Incumbents: Same

Requesting Agency Remarks: A notice of the availability of the Request for Proposals (RFP) was advertised on *eMaryland Marketplace*. Copies of the solicitation notice were sent directly to eight prospective vendors, two of which are Maryland firms, and none are MBEs. A copy was also sent to the Governor’s Office of Small, Minority, and Women Business Affairs.

The Department of Budget and Management (DBM) is responsible for selecting dental plan coverage for active State employees, high risk active employees, satellite account employees, satellite account retirees, direct pay employees, retired employees, and their eligible dependents.

As stated in the RFP, two awards would be made as a result of this solicitation: one for Functional Area (FA) 1, and one for FA 2. Offerors could submit proposals for one or both FAs with the possibility of multiple contract awards to the same offeror or two different offerors.

A total of six proposals from four different offerors were received in response to the RFP, as follows: three proposals for FA 1 (DHMO-FI) and three proposals for FA 2 (DPPO-SF). After an initial review of the technical proposals, it was determined that one proposal submitted in FA 1 was a second (multiple) alternative submission by one of the offerors. That alternative proposal was eliminated from the competition. The remaining five proposals were determined to be reasonably susceptible of being selected for award.

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For FA 1, Delta Dental of Pennsylvania (Delta Dental) ranked overall #1 with the higher ranked technical proposal and the higher price. Delta Dental's proposal displayed a large national network of providers with limited disruption to the members of the State plan. The technical differences between Delta Dental and the other offeror outweighed the \$3.6 million (15%) difference between the financial proposals. Therefore, Delta Dental was determined to have the more advantageous offer for the State and is recommended for award.

For FA 2, the most advantageous proposal was received from United Concordia Companies, Inc. (United Concordia), which was ranked overall #1 with the highest ranked technical proposal and the lowest price. Therefore, United Concordia is recommended for award for the DPPO-SF.

Both recommended awardees are the incumbents, so there will be no disruption to current dental plan participants.

The *Award Amount* includes five years of fixed price administrative fees, plus five years of projected claims for DPPO, and fixed premiums for five years for DHMO. The financial model was based on enrollment assumptions and utilization using current enrollment levels across the various enrollment tiers (employee, employee + 1 child, employee + spouse, family).

Maryland's reciprocal preference law does not apply because Pennsylvania, the state in which the recommended awardees reside, does not have an in-state preference.

Based upon the limited subcontracting opportunities, the following MBE and VSBE participation goals were established for the FAs. FA 1: 0.5% - MBE and 0.5% - VSBE of premiums; and FA 2: 5.0% - MBE and 0.5% - VSBE of administrative fees. However, for FA 1, the offeror has committed to 1.5% MBE participation.

The Contractors will begin offering their plans as of January 1, 2020. However, it is necessary for the selected Contractors to participate in Program Open Enrollment activities beginning in September 2019. No payments will be made for any activities prior to January 1, 2020.

Fund Source:	Various	Appropriation Code:	Various
Resident Business:	No		
MD Tax Clearance:	19-2217-0100 (Delta Dental of Pennsylvania)		
	19-2218-1110 (United Concordia Dental)		

BOARD OF PUBLIC WORKS

THIS ITEM WAS:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION