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**Correspondence Memorandum**

**Date:** April 5, 2023

**To:** Group Insurance Board

**From:** Tom Rasmussen, Life Insurance and Dental Program Manager  
 Office of Strategic Health Policy

**Subject:** Supplemental Dental Plan Recommendations

**The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) contract with Delta Dental of Wisconsin (Delta) to administer the three Supplemental Dental plans beginning January 1, 2024, through December 31, 2026.**

**Background**

Under current law<sup>1</sup>, the Board is responsible for approving employee/retiree-pay-all Supplemental Insurance Program offerings that are eligible for active employee payroll deductions.

Supplemental dental is an employee-pay-all program. It is offered to all active state employees as well as all retirees, including local retirees. Local employers may opt into the program and offer the program to their employees.

Current plan benefits include major/restorative services, with the Select Plan covering 50% of the cost of the procedures, up to \$1,000 per person; the Select Plus Plan offers coverage from 60%-80%, with an annual benefit maximum of \$2,500. The Select Plus plan also offers up to \$1,500 for orthodontics coverage. The Preventive Plan offers all basic dental services currently covered by the Uniform Dental Benefit (UDB) as an employee-pay-all supplemental option. This option is only available to those members who do not receive their health insurance through ETF.

Table 1 illustrates the supplemental dental benefits.

<sup>1</sup> Wis. Stat. §§ [40.03\(6\)\(b\)](#) and [20.921\(1\)\(a\)3](#) and Wis. Admin. Code § ETF [10.20](#) and [ETF 40](#).

*Eileen K Mallow*

Reviewed and approved by Eileen Mallow, Director, Office of Strategic Health Policy  
 Electronically Signed 04/25/2023

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**Table 1. Supplemental Dental Benefits**

<b>Benefit</b>	<b>Preventive Plan</b>	<b>Select Plan</b>	<b>Select Plus Plan</b>
Annual deductible	None	\$100/person	\$25/person
Annual benefit maximum	\$1,000/person	\$1,000/person	\$2,500/person
Waiting period	None	None	None
Routine evaluations, dental cleanings, sealants, bitewings and panoramic X-rays, fluoride treatments, and pulp vitality tests	100%	No coverage	No coverage
Fillings	100%	No coverage	No coverage
Anesthesia (general and IV sedation)	80%	50%	80%
Emergency pain relief	80%	No coverage	No coverage
Periodontal maintenance	100%	No coverage	No coverage
Crowns, bridges, dentures, implants	No coverage	50%	60%
Surgical extraction, root canal (endodontics), periodontics (except maintenance), oral surgery	No coverage	50%	80%
Non-surgical extractions (above gumline)	90%	No coverage	No coverage
Orthodontic coverage	50% (Under age 19)	No coverage	50% (Any age)
Orthodontics lifetime maximum	\$1,500	No coverage	\$1,500

Enrollment in supplemental dental plans continued to increase last year. The average monthly enrollment in 2022 was 48,620 compared to 45,637 in 2021.

### **Supplemental Dental Proposal Process**

Insurers that want to participate in the Supplemental Dental Insurance Program submit proposals in response to an Invitation to Negotiate, which includes the Board-approved Supplemental Insurance Plan Guidelines ([ET-7422](#)). An evaluation committee reviews the proposals to ensure they meet the requirements outlined in the ET-7422 and recommends a vendor to the Board for approval.

The ET-7422 also provides instructions on how proposals should be structured and submitted. Proposers were required to sign an Insurer Acknowledgement agreeing to the Department Terms and Conditions and submit \$5,000 as payment for the third-party actuarial review fee if they elected to submit a proposal.

On November 16, 2022, ([Ref. GIB I 11.16.22 I 3](#)) the Board approved the current version of the ET-7422. The ET-7422 increased the supplemental dental contract term from two to three years so that the supplemental dental contract term mirrors the length of the supplemental vision and accident contract terms.

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On November 18, 2022, ETF posted the “Invitation to Negotiate” ([ETC0048](#)) on the ETF website. This opened the process for potential vendors to submit questions to ETF and submit proposals. Proposals were due January 31, 2023.

ETF received a single proposal from one vendor.

### Evaluation

A six-member evaluation committee was created: four ETF staff members, a representative from the University of Wisconsin System (UWS), and a Payroll and Benefits Specialist from another state agency. Three of the six members were new to the supplemental dental proposal evaluation process. Assisting the evaluation committee was a representative from ETF’s Bureau of Budget, Contract Administration, and Procurement (BCAP).

Only one proposal was submitted; the evaluation committee evaluated it objectively on the following requirements:

- Network adequacy
- Premiums
- Ability to meet all plan requirements as described in the ET-7422
- References, including internal references.

There are two provider network options available through Delta. The Select Plan utilizes the Select Plan Preferred Provider Organization (PPO). The Select Plus and Preventive plans utilize the PPO Plus Premier network. The Select Plan PPO has fewer in-network dentists than the PPO Select Plus Premier network.

Delta’s PPO Select Plus Premier network includes 90% of Wisconsin’s 3,214 unique dentists; the PPO Select network includes 50%. The Select Plus Premier network includes 76% unique dentists nationwide; the PPO Select includes 57%.

The Invitation to Negotiate required vendors to submit a rate proposal which included a two-year rate guarantee as well as a proposed maximum increase for year three. Delta’s proposal included a 4% increase for the Preventive, a 3% increase on the Select Plus, and a 7% decrease for the Select Plan. The proposed year three cap was 3% on the Preventive and Select Plus Plan and no increase on the Select Plan.

Table 2 illustrates the proposed rates from Delta compared to current rates.

**Table 2. Delta’s Proposed Rates and Change**

Group	Preventative			Select			Select Plus		
	Current	Proposed	Change	Current	Proposed	Change	Current	Proposed	Change
EE	\$34.72	\$36.10	3.97%	\$9.76	\$9.08	-6.96%	\$20.98	\$21.60	2.95%
EE+SP	N/A	N/A	N/A	\$19.52	\$18.16	-6.96%	\$41.96	\$43.22	3.00%
EE+CH	N/A	N/A	N/A	\$13.16	\$12.24	-6.99%	\$38.96	\$40.12	2.97%
Family	\$86.80	\$90.28	4.01%	\$23.40	\$21.76	-7.00%	\$64.28	\$66.20	2.98%

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	Current	Proposed	Change	Current	Proposed	Change	Current	Proposed	Change
EE	\$34.72	\$36.10	3.97%	\$16.22	\$15.08	-7.02%	\$31.12	\$32.06	3.02%
EE+SP	N/A	N/A	N/A	\$32.96	\$30.66	-6.97%	\$62.24	\$64.10	2.98%
EE+CH	N/A	N/A	N/A	\$22.26	\$20.70	-7.00%	\$57.58	\$59.30	2.98%
Family	\$86.80	\$90.28	4.01%	\$39.56	\$36.80	-6.97%	\$94.94	\$97.78	2.99%

Delta has demonstrated its ability to administer the plans as outlined in ET-7422 over the past four years. They have not missed a performance standard service guarantee since becoming the sole administrator of the supplemental dental plans in 2020.

The committee received feedback from three external references. All were positive and stated they were “very satisfied” with Delta as their dental administrator. Milliman’s actuarial review of Delta’s proposal concluded each plan design and rates were “reasonable” based on historical experience.

The evaluation committee met virtually on three separate occasions to discuss the proposal. Based on the review of Delta’s proposal and reference feedback, the evaluation committee unanimously agreed to recommend Delta to the Board for the Supplemental Dental plan administrator.

### **Contract Negotiations**

A supplemental dental contract will be completed as soon as possible following the Board’s approval.

Staff will be available at the Board meeting to answer any questions.