



STATE OF WISCONSIN
Department of Employee Trust Funds
 A. John Voelker
 SECRETARY

Wisconsin Department
 of Employee Trust Funds
 PO Box 7931
 Madison WI 53707-7931
 1-877-533-5020 (toll free)
 Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: October 16, 2024

To: Group Insurance Board

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

Subject: Uniform Dental Benefit (UDB) Contract Extension

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve the extension of the third-party administration of the UDB contract with Delta Dental of Wisconsin (Delta) for two years, beginning January 1, 2027, through December 31, 2028.

Background

On July 16, 2021, the Board entered into a [contract](#) with Delta for administration of the statewide UDB plan for the State of Wisconsin and the Wisconsin Public Employers (WPE) Group Health Insurance Program. The contract period was from January 1, 2022, through December 31, 2026, with the option for renewal for two additional two-year terms.

Delta has disclosed to ETF that the administrative fee charged for the administration of the UDB program would increase from \$1.10 per employee per month (PEPM) to \$1.15. The increase results from inflation and additional costs related to information technology projects to support some of the custom Insurance Administration System (IAS) related functions. Delta has experienced increases in costs in areas such as mailing ID cards and Explanation of Benefits. The \$1.15 PEPM is \$.01 higher than the PEPM fee cost from plan years 2018-2021. Additionally, Delta has agreed to hold the \$1.15 PEPM fee for the 2029 – 2030 contract years if the Board chooses to exercise the one remaining contract extension fees available. For plan year 2023, ETF paid \$1,261,951 to Delta for UDB administrative fees.

Rationale

During the current contract period, UDB membership has continued to grow. Delta has demonstrated a strong commitment to maintaining the satisfaction of over 96,000 enrollees. Delta has proven to be reliable, proactive, and responsive, and has been a valuable partner in sharing analytics with ETF.

Reviewed and approved by Renee Walk, Director, Office of Strategic Health Policy
 Electronically Signed 10/30/2024

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Delta has worked with ETF to ensure the UDB plan includes an evidence-based integrated care plan (EBICP). The EBICP provides additional cleanings and/or fluoride treatments to members with conditions such as cancer, suppressed immune systems, high-risk cardiac, kidney failure/dialysis, diabetes, and pregnancy.

The contract with Delta includes 24 performance standards, which are reported quarterly. These standards cover areas such as enrollment and termination accuracy, claims quality and timeliness, customer service, data transfers, network utilization, and member satisfaction. Financial penalties are assessed for any missed standards.

Since the start of the current contract, Delta has missed one standard. In the second quarter of 2024, Delta failed to meet the threshold for responding to formal complaints. This standard requires Delta to respond within one business day and provide resolution proposals within three business days. In these instances, Delta took six business days to respond and seven days to provide resolution proposals for two grievances.

Upon review, Delta identified the root cause of the longer turnarounds and determined if any process steps need to be adjusted to help prevent this in the future. Both missed grievances were found to be isolated incidents resulting from issues with training. A process is now in place to ensure timely identification and resolution of grievances, and Delta does not anticipate future issues.

Attachment A provides Delta's 2024 third-quarter performance report, showing that Delta has exceeded all ETF performance standards. Attachment B includes tables detailing the number of claims processed in 2023, the total UDB membership as of December 31, 2023, and Delta's customer service statistics for the State of Wisconsin.

Delta has worked closely with ETF in the configuration and implementation planning of the IAS, scheduled to go live in July 2025.

Provider Network Concerns

ETF has received feedback from members regarding providers leaving Delta's networks. This has been determined to be a larger issue within the dental industry, not an issue that is unique to Delta. According to the American Dental Association Health Policy Institute's [February 2023](#) report, 16% of dental providers dropped out of any network in the past two months, with 21% expected to do so in the next three months. Delta's annual network retention rates are 98% for state providers and 95% nationally. Table 1 shows a comparison of the number of contract providers as of September 1, 2020, and September 1, 2024.

Table 1: Number of Delta's Contracted Providers

Date	PPO Network	PPO Plus Premier
September 1, 2020	1,800	2,987
September 1, 2024	1,848	2,873

The PPO Plus Premier Network provides 88% of all unique access points in the state.

ETF staff contacted multiple Delta-contracted providers for feedback. Providers, including those from both urban and rural areas, unanimously praised Delta as the easiest, or one of the easiest, carriers they work with. They noted Delta's responsiveness and efficient issue resolution. However, two providers mentioned that Delta's reimbursement rates are low and have not increased in several years.

The most common complaint that ETF receives about Delta is when a member's provider chooses to no longer contract with Delta. In February 2023, Delta strategically increased reimbursement rates for frequently performed dental procedures, benefiting over 75% of Wisconsin general dentists. Delta continues to evaluate and negotiate with providers and is planning further adjustments to reimbursement rates, effective January 1, 2025.

Recommendation

ETF is recommending that the Board approve the extension of the UDB contract with Delta for an additional two years, beginning January 1, 2027, through December 31, 2029.

If the Board approves the two-year extension, it will retain the option for an additional two-year extension as part of the original UDB contract approved by the Board in 2021.

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

Attachment A: [ETF Service Guarantees for Uniform Dental Benefit Plans July 1, 2024 – September 30, 2024](#)

Attachment B: [2023 Uniform Dental Benefit Claims](#)