



**Background continued:**

The current fee is below market average for this type of claims administration (TPAs are charging between \$3.50 - \$5.00). The attached amendment modifies the current agreement by increasing the administration fee to \$2.50 PEPM effective January 1, 2004. No change in employee premium payroll deduction is required to accommodate this increase. Additionally, this amendment modifies the services provided by the agreement to include the printing and mailing of a dental Explanation of Benefits (EOB) to members of the Freedom Dental Plan. The EOB is necessary with this indemnity dental plan in order to advise the patient of adjudication of each dental claim. An additional administrative fee of \$0.14 PEPM will be paid to cover the cost of providing this service for members of the Freedom Dental Plan only. Again, no change in employee premium deductions is required.

**INFORMATIONAL FOR EXECUTIVE OFFICE USE ONLY**

Summary of Fee Increase:

Current Fee:

Freedom Dental Plan - 148 employees x 2.00 = 3,552.00  
Local Advantage Plans- 1,043 employees x 2.00 = 25,032.00  
Total: \$25,584.00

Adjusted Fee:

Freedom Dental Plan - 148 employees x 2.64 = 4,689.00  
Local Advantage Plans - 1,043 employees x 2.50 = 31,290.00  
Total: \$35,979.00

FY estimated increase = \$10,395.00 (annual)