



Final Rates & Composite Rate Plan Year 2011

July 9, 2010
Wendy Edwards
Director of Operations

Executive Summary

The Board will review and take action on final medical (including vision) and dental rates for PEBB plan year (PY) 2011. The rates are shown separately for Active employees, COBRA participants, Retirees and Self-pay participants. The Board will also review for informational purposes only the PY 2011 composite rate and carrier rate change assumptions used in all modeling. The information provided in the following pages is inclusive of all Board action related to 2011 plan design and rate changes. Premium rates include a 1 percent assessment on PEBB's claims and administration for self-insured plans and a 1 percent premium tax on fully-insured plans, as well as 0.17 percent commission and 0.4 percent PEBB administration fee.

Staff & Consultant Recommendation

Staff and consultants recommend the Board approve the PY 2011 medical (including vision) and dental premium rates for Actives, COBRAs, Retirees and Self-pay participants.

Board Action

Board action is required.

2011 Employee Medical Plan Monthly Premium Rates				
	Employee	Employee & Spouse/Partner	Employee & Children	Employee & Family
PEBB Statewide PPO ¹	\$991.84	\$1,328.92	\$1,140.54	\$1,358.67
Providence Choice ²	860.24	1,152.69	989.29	1,178.50
Kaiser Permanente HMO ³	892.93	1,196.52	1,026.89	1,223.32
PEBB Statewide Part-time PPO ⁴	793.82	1,063.62	912.85	1,087.45
Providence Choice Part-time ⁵	685.25	918.21	788.04	938.77
Kaiser Permanente Part-time HMO ⁶	755.91	1,012.92	869.29	1,035.59

¹ Available to eligible full-time and part-time employees. VSP routine vision services.

² Available to eligible full-time and part-time employees in plan service area. VSP routine vision services.

³ Available to eligible full-time and part-time employees in plan service area. Kaiser Permanente HMO routine vision services.

⁴ Additional option available to eligible part-time employees. No vision benefit.

⁵ Additional option available to eligible part-time employees in plan service area. No vision benefit.

⁶ Additional option available to eligible part-time employees in plan service area. Vision exam only.

2011 Employee Dental Plan Monthly Premium Rates				
	Employee	Employee & Spouse/Partner	Employee & Children	Employee & Family
ODS Preferred ¹	\$74.91	\$100.38	\$86.14	\$102.63
ODS Traditional ²	81.09	108.67	93.26	111.10
Kaiser Permanente ³	73.32	98.26	84.33	100.45
Willamette Dental Group ⁴	75.08	100.61	86.34	102.86
ODS Part-time ⁵	58.35	78.19	67.11	79.95
Kaiser Permanente Part-time ⁶	54.65	73.22	62.85	74.88

¹ Available to eligible full-time and part-time employees.

² Available to eligible full-time and part-time employees.

³ Available to eligible full-time and part-time employees in plan service area.

⁴ Available to eligible full-time and part-time employees; in plan facilities.

⁵ Additional option available to eligible part-time employees.

⁶ Additional option available to eligible part-time employees in plan service area.

2011 COBRA Participant Medical Plan Monthly Premium Rates					
	Self	Self & Spouse/Partner	Self & Children	Self & Family	Child(ren) Only⁷
PEBB Statewide PPO¹	\$1,011.41	\$1,355.13	\$1,163.04	\$1,385.47	\$518.36
Providence Choice²	877.21	1,175.43	1,008.80	1,201.75	454.70
Kaiser Permanente HMO³	910.71	1,220.35	1,047.35	1,247.69	464.45
PEBB Statewide Part-time PPO⁴	809.48	1,084.59	930.86	1,108.90	416.70
Providence Choice Part-time⁵	698.77	936.32	803.58	957.29	356.36
Kaiser Permanente Part-time HMO⁶	770.97	1,033.09	886.61	1,056.22	393.19

¹ Available to eligible individuals. VSP routine vision services.

² Available to eligible individuals in plan service area. VSP routine vision services.

³ Available to eligible individuals in plan service area. Kaiser Permanente HMO routine vision services.

⁴ Additional option available to eligible individuals. No vision benefit.

⁵ Additional option available to eligible individuals in plan service area. No vision benefit.

⁶ Additional option available to eligible individuals in plan service area. Vision exam only.

⁷ Child(ren) Only coverage is available only to COBRA & Retiree participants.

2011 COBRA Participant Dental Plan Monthly Premium Rates					
	Self	Self & Spouse/Partner	Self & Children	Self & Family	Child(ren) Only⁷
ODS Preferred¹	\$76.40	\$102.38	\$87.86	\$104.67	\$39.74
ODS Traditional²	82.71	110.84	95.12	113.32	43.00
Kaiser Permanente³	74.78	100.22	86.01	102.45	38.89
Willamette Dental Group⁴	76.57	102.62	88.06	104.91	39.82
ODS Part-time⁵	59.51	79.75	68.44	81.54	30.95
Kaiser Permanente Part-time⁶	55.74	74.68	64.10	76.37	28.99

¹ Available to eligible individuals.

² Available to eligible individuals.

³ Available to eligible individuals in plan service area.

⁴ Available to eligible individuals; in plan facilities.

⁵ Additional option available to eligible individuals.

⁶ Additional option available to eligible individuals in plan service area.

⁷ Child(ren) Only coverage is available only to COBRA & Retiree participants.

2011 Retiree Medical Plan Monthly Premium Rates					
	Retiree	Retiree & Spouse/Partner	Retiree & Children	Retiree & Family	Child(ren) Only⁷
PEBB Statewide PPO¹	\$997.71	\$1,336.78	\$1,147.29	\$1,366.71	\$511.35
Providence Choice²	865.34	1,159.52	995.14	1,185.48	448.55
Kaiser Permanente HMO³	898.26	1,203.67	1,033.03	1,230.63	458.10
PEBB Statewide Part-time PPO⁴	798.52	1,069.91	918.26	1,093.89	411.06
Providence Choice Part-time⁵	689.31	923.64	792.70	944.33	351.53
Kaiser Permanente Part-time HMO⁶	760.43	1,018.97	874.49	1,041.77	387.81

¹ Available to eligible retirees. VSP routine vision services.

² Available to eligible retirees in plan service area. VSP routine vision services.

³ Available to eligible retirees in plan service area. Kaiser Permanente HMO routine vision services.

⁴ Additional option available to eligible retirees. No vision benefit.

⁵ Additional option available to eligible retirees in plan service area. No vision benefit.

⁶ Additional option available to eligible retirees in plan service area. Vision exam only.

⁷ Child(ren) Only coverage is available only to COBRA & Retiree participants.

2011 Retiree Dental Plan Monthly Premium Rates					
	Retiree	Retiree & Spouse/Partner	Retiree & Children	Retiree & Family	Child(ren) Only⁷
ODS Preferred¹	\$75.36	\$100.98	\$86.66	\$103.24	\$39.20
ODS Traditional²	81.58	109.32	93.82	111.77	42.41
Kaiser Permanente³	73.76	98.85	84.83	101.05	38.36
Willamette Dental Group⁴	75.53	101.21	86.86	103.47	39.28
ODS Part-time⁵	58.70	78.66	67.51	80.43	30.52
Kaiser Permanente Part-time⁶	54.97	73.66	63.23	75.33	28.59

¹ Available to eligible retirees.

² Available to eligible retirees.

³ Available to eligible retirees in plan service area.

⁴ Available to eligible retirees; in plan facilities.

⁵ Additional option available to eligible retirees.

⁶ Additional option available to eligible retirees in plan service area.

⁷ Child(ren) Only coverage is available only to COBRA & Retiree participants.

2011 Self-pay Participant Medical Plan Monthly Premium Rates				
	Self	Self & Spouse/Partner	Self & Children	Self & Family
PEBB Statewide PPO¹	\$1,002.14	\$1,339.22	\$1,150.84	\$1,368.97
Providence Choice²	870.54	1,162.99	999.59	1,188.80
Kaiser Permanente HMO³	903.23	1,206.82	1,037.19	1,233.62

¹ Available to eligible individuals. VSP routine vision services.

² Available to eligible individuals in plan service area. VSP routine vision services.

³ Available to eligible individuals in plan service area. Kaiser Permanente HMO routine vision services.

2011 Self-pay Participant Dental Plan Monthly Premium Rates				
	Self	Self & Spouse/Partner	Self & Children	Self & Family
ODS Preferred¹	\$74.91	\$100.38	\$86.14	\$102.63
ODS Traditional²	81.09	108.67	93.26	111.10
Kaiser Permanente³	73.32	98.26	84.33	100.45
Willamette Dental Group⁴	75.08	100.61	86.34	102.86

¹ Available to eligible individuals.

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³ Available to eligible individuals in plan service area.

⁴ Available to eligible individuals; in plan facilities.

State of Oregon

Budget Projection Model Output

Active & Semi-Independent Employees**Benefit Plan Liabilities**

	2010			2011		
	Annual Cost	PEPM	% Increase	Annual Cost	PEPM	% Increase
Medical/Vision Premium	\$618,069,055	\$1,039.81	7.54%	\$684,801,488	\$1,152.07	10.80%
Dental Premium	\$54,656,070	\$91.95	3.80%	\$56,906,347	\$95.74	4.12%
Life Premium	\$594,408	\$1.00	-9.09%	\$594,408	\$1.00	0.00%
PEBB Administration	\$4,003,835	\$6.74	6.35%	\$2,942,533	\$4.95	-26.51%
Total Premium Cost	\$677,323,368	\$1,139.49	7.21%	\$745,244,777	\$1,253.76	10.03%
Opt-Out Cashback to Employees	\$3,348,305	\$5.63	-18.77%	\$3,270,147	\$5.50	-2.33%
Total Expenses (Premium + Cashback)	\$680,671,674	\$1,145.13	7.04%	\$748,514,924	\$1,259.26	9.97%
Increase in PEBB Reserve (from Opt-Out)	\$3,489,024	\$5.87	-16.81%	\$3,489,024	\$5.87	0.00%
Total Requirements	\$684,160,698	\$1,151.00	6.88%	\$752,003,948	\$1,265.13	9.92%

Benefit Plan Funding

Total from Agencies	\$679,461,033	\$1,143.09	6.81%	\$746,770,354	\$1,256.33	9.91%
PEBB PT Subsidy (Rate Buy-Down)	\$3,539,783	\$5.96	22.78%	\$4,041,655	\$6.80	14.18%
Employee Contribution	\$1,159,882	\$1.95	10.37%	\$1,191,938	\$2.01	2.76%
Total Revenue (All Sources)	\$684,160,698	\$1,151.00	6.88%	\$752,003,948	\$1,265.13	9.92%

Budget PEPM		\$1,149.04	6.88%		\$1,263.13	9.93%
# of Employees		49,534			49,534	
Estimated Provider Tax (included in above)	\$6,025,598	\$10.14		\$6,704,325	\$11.28	11.26%
Budget PEPM without Provider Tax		\$1,138.91			\$1,251.85	
5% Increase over Prior Year PEPM without Provider Tax		\$1,128.86			\$1,195.85	
5% Increase over Prior Year Budget PEPM plus Current Year Prov Tax		\$1,139.00			\$1,207.13	
Buydown PEPM		\$10.05			\$55.99	
Total Buydown Estimate		\$5,972,712			\$33,283,705	

Note: Opt-Out total cash amount and contribution to PEBB Reserves are fixed at \$233 and \$154, respectively, per a 2005 Board decision effective as of 2006 and onward.

Public Employees' Benefit Board

State of Oregon

Assumed Model Rate Changes by Carrier

	<u>Actual %</u> <u>Change</u> <u>2010/2009</u>	<u>Projected %</u> <u>Change</u> <u>2011/2010</u>
<u>Medical</u>		
Kaiser HMO	10.1%	7.1%
Kaiser HMO Part-Time	10.1%	7.1%
PEBB Statewide PPO	5.9%	12.0%
PEBB Statewide PPO Part-Time	5.9%	12.0%
Providence Choice	1.9%	12.4%
Providence Choice Part-Time	1.9%	12.4%
<u>Dental</u>		
ODS Traditional Dental	4.2%	5.2%
ODS Preferred Dental	4.2%	5.2%
ODS Dental Part-Time	4.2%	5.2%
Kaiser Traditional Dental	3.5%	1.5%
Kaiser Traditional Dental Part-Time	3.5%	1.5%
Willamette Managed Dental	0.5%	0.0%
<u>Vision</u>		
VSP	-4.1%	-16.9%