

Public Agenda Item #15c

Review, Discussion and Consideration of the
Texas Employees Group Benefits Program for Fiscal Year 2017:
State of Texas Dental Discount PlanSM, State of Texas Dental Choice PlanSM
and Dental Health Maintenance Organization Proposed Rates

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Dental Care Plans

Background and Options



- Beginning in Fiscal Year 2015, dental options were expanded to include a non-insurance discount plan. Dental Choice Options are summarized below:

State of Texas Dental Choice PlanSM (Dental Choice)	Self-funded dental preferred provider organization (PPO) plan	HumanaDental Insurance Company (HumanaDental) serves as the Third Party Administrator (TPA) for the Dental Choice plan
Dental Health Maintenance Organization (DHMO) plan	Fully-insured DHMO plan	DentiCare, Inc., a wholly owned subsidiary of Humana, Inc., underwrites the DHMO plan
State of Texas Dental Discount PlanSM	Non-insurance discount plan	Careington International (Careington) is the administrator for the dental discount plan

State of Texas Dental Choice PlanSM

Enrollment



State of Texas Dental Choice Member Enrollment As of March 31, 2016

	Employees	Retirees	Survivors	COBRA	Total	Year Over Year Change FY2015 – FY2016
Member Only	65,108	23,094	1,781	816	90,799	6.52%
Member & Spouse	15,318	14,808	0	245	30,371	6.03%
Member & Children	21,339	1,259	37	87	22,722	6.78%
Member & Family	18,788	1,597	0	105	20,490	5.10%
Total	120,553	40,758	1,818	1,253	164,382	6.28%

State of Texas Dental Choice Plan

Fiscal Year 2016 Rate Analysis



- Dental Choice Plan proposed rates are based on:
 - Claims experience through March 31, 2016
 - Estimated trends in per capita benefit costs
 - Projected provider reimbursement
 - Historical enrollment patterns
 - Contractually guaranteed administrative fees

State of Texas Dental Choice Plan

Financial Projections



State of Texas Dental Choice Plan Financial Projections

	FY13	FY14	FY15	FY16
Average Number of Members	139,657	147,478	154,306	163,565
Contributions	\$ 67,542,041	\$ 70,954,403	\$ 73,463,515	\$ 79,977,213
Estimated Incurred Claims	62,080,445	65,984,045	75,434,427	83,158,913
Administrative Cost - Vendor	2,597,625	2,743,092	2,870,096	3,042,302
Administrative Cost - ERS	321,232	347,255	386,613	386,613
Net Gain/Loss	2,542,739	1,880,011	(5,227,622)	(6,610,614)

State of Texas Dental Choice PlanSM



Staff Recommendation

- Based on the analysis, the current member contribution rates represent a 9.6% increase for Fiscal Year 2017

State of Texas Dental Choice PlanSM

Coverage Category	Proposed Member Contribution Rates		
	Current FY16	Proposed FY 17	Change from current
Member Only	\$24.28	\$ 26.61	\$ 2.33
Member and Spouse	48.56	53.22	4.66
Member and Children	58.28	63.86	5.58
Member and Family	82.56	90.47	7.91
Spouse Only	24.28	26.61	2.33
Spouse and Child(ren)	58.28	63.86	5.58
Child(ren)	34.00	37.25	3.25

Dental Health Maintenance Organization

Enrollment



Dental Health Maintenance Organization Member Enrollment As of March 31, 2016

	Employees	Retirees	Survivors	COBRA	Total	Year Over Year Change FY2015 – FY2016
Member Only	34,432	10,302	607	296	45,637	1.72%
Member & Spouse	5,939	6,161	0	84	12,184	-1.19%
Member & Children	9,065	762	14	26	9,867	-4.75%
Member & Family	7,636	963	0	39	8,638	-6.07%
Total	57,072	18,188	621	445	76,326	-0.55%

Dental Health Maintenance Organization

Fiscal Year 2016 Rate Analysis



- The staff negotiated a 3.8% reduction in the DHMO rates effective September 1, 2015. The revised rates are guaranteed through the end of the contract period, August 31, 2018.
- The DHMO premiums are paid in full by member contributions. Therefore the member contribution rates for FY17 should be set equal to the contractual premium rates.

Dental Health Maintenance Organization



Staff Recommendation

- Staff and Rudd and Wisdom recommend that DHMO member contribution rates for FY 2017 remain the same as rates in FY2016

Dental Health Maintenance Organization

Coverage Category	Proposed Member Contribution Rates		
	Current FY16	Proposed FY17	Change from current
Member Only	\$ 9.59	\$ 9.59	No Change
Member and Spouse	19.17	19.17	No Change
Member and Children	23.01	23.01	No Change
Member and Family	32.59	32.59	No Change
Spouse Only	9.59	9.59	No Change
Spouse and Child(ren)	23.01	23.01	No Change
Child(ren)	13.42	13.42	No Change

State of Texas Dental Discount Plan

Funding



- Not an insurance program
- Participating dentists agree to accept a discounted rate for payment-in-full
- No dental claims to file
- Participants do not receive an Explanation of Benefits
- Administrative fees are paid entirely by the participants
- The rate is dependent upon the number of participants enrolled at the close of Annual Enrollment

State of Texas Dental Discount Plan

Enrollment



State of Texas Dental Discount PlanSM Member Enrollment As of March 31, 2016

	Employees	Retirees	Survivors	COBRA	Total	Year Over Year Change FY2015 – FY2016
Member Only	2,904	422	11	22	3,359	45.92%
Member & Spouse	576	377	0	13	966	16.95%
Member & Children	673	23	0	2	698	11.15%
Member & Family	723	48	0	6	777	11.16%
Total	4,876	870	11	43	5,800	30.19%

State of Texas Dental Discount Plan

Staff Recommendation



- The program is not expected to exceed the necessary 25,000 enrolled participant size to allow a decrease in rates, therefore the rates for FY 2017 are expected to remain the same as FY 2016.

State of Texas Dental Discount PlanSM

Coverage Category	Proposed Member Contribution Rates		
	Current FY16	Proposed FY17	Change from current
Member Only	\$ 2.25	\$ 2.25	No Change
Member and Spouse	4.50	4.50	No Change
Member and Children	5.40	5.40	No Change
Member and Family	7.65	7.65	No Change
Spouse Only	2.25	2.25	No Change
Spouse and Child(ren)	5.40	5.40	No Change
Child(ren)	3.15	3.15	No Change

Questions?