



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: January 19, 2004
TO: Group Insurance Board
FROM: Steve Grob, Manager, Optional Plans
SUBJECT: Optional Plan Proposal DentalBlue – Plan Enhancement & Rate Changes

Recommendation: Staff recommends approval of the plan changes requested by the University of Wisconsin in support of the attached DentalBlue proposal.

Background

Under authority granted to the Group Insurance Board (Board) by Wis. Stats. § 40.03 (6) (b) and pursuant to § 20.921 (1)(a) 3. and ETF10.20, the Board is responsible for approving optional group insurance plans to be offered via payroll deduction. Proposals for new plans, and for plans that have been approved but are changing benefits and/or premiums, are reviewed under the Board's Guidelines for Optional Group Insurance Plans Seeking Group Insurance Board Approval for Payroll Deduction Authorization. While the Board has asked for a moratorium on new proposals brought by insurers pending revision of the Optional Plan Guidelines, staff felt this request by an employer for review of an existing plan could be considered.

DentalBlue currently provides a dental insurance policy under contract to the University of Wisconsin. The Board approved premium increases in June of 2001, and premium increases combined with a reduction of benefits in November 2002, following the cancellation of the contract by DentalBlue. The current program will not be offered after March 31, 2004.

Discussion

The University of Wisconsin is requesting approval from the Board to accept a Dental Blue proposal that expands the network and revises premium rate structure of the current program effective April 1, 2004. In addition to the existing dental network, the new plan design offers a preferred provider network to allow freedom of choice of provider and a new supplemental level of coverage designed for employees who have routine dental coverage from their health maintenance organization. Under the new proposal, the state is divided into two premium level regions.

In its review Deloitte & Touche finds that, on average, the rate increases appear reasonable (see attached). However, in some categories, notably family rates for those with three or more people covered, the rate increase is dramatic. We asked the Board's actuary to review this and their comments are attached.

The contract provides for annual determination of premium, which will be subject to Board approval. Based on the review by the actuary, staff believes that this proposal meets the Board's requirements and recommends approval.

Reviewed and approved by Tom Korpady, Division of Insurance Services.

Signature _____

Date _____

Bd	Mtg Date	Item #
GIB	2/17/2004	5