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**CORRESPONDENCE MEMORANDUM**

**DATE:** August 8, 2005  
**TO:** Group Insurance Board  
**FROM:** Steve Grob, Manager, Optional Plans  
**SUBJECT:** DentalBlue Rate Proposal and Open Enrollment

**Recommendation:** Staff recommends approval of the rate changes and open enrollment 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., 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.

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. DentalBlue requested further rate increases combined with a restructure of the plan to be effective April 1, 2004, which the Board also approved.

**Discussion**

The University of Wisconsin is requesting approval from the Board to accept the Dental Blue proposal that increases premium rates by about 10% on average over the three plans offered to employees. The University cites the loss ratios, which are currently above the minimum level as justification. The proposed rate increase is consistent with the Board's guidelines, as the projected loss ratio does not fall below the minimum. The University also indicates that the plan provides an important benefit to the University employees. An open enrollment is scheduled during the State Group Health Insurance Dual Choice period, effective date of coverage and effective date of new premium rates would be January 1, 2006.

Deloitte Consulting reviewed the DentalBlue proposal. A copy of their full analysis is attached. In its review Deloitte Consulting finds that, on average, the rate increases appear reasonable. In conclusion, the actuary remarks that some subsidization by the larger plan of the smaller plans is acceptable at this time and may facilitate the growth of the smaller plans.

Based on the review by staff and Board's actuary, we recommend accepting the DentalBlue proposal.

Reviewed and approved by Tom Korpady, Division of Insurance Services.  
Signature \_\_\_\_\_ Date \_\_\_\_\_

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