



December 10, 2009

Rates & Benefits Committee 2010/11 Employee Dental Plan Renewal

Jim Dell, FSA, MAAA

Rhys Evans FIA, ASA, MAAA

Contents

- Update Page 2
- Recap of funding policy Page 4
- 2010/11 Employee Dental Plan Renewal Page 6
 - Premium Equivalent Rates

Employee Dental Plan

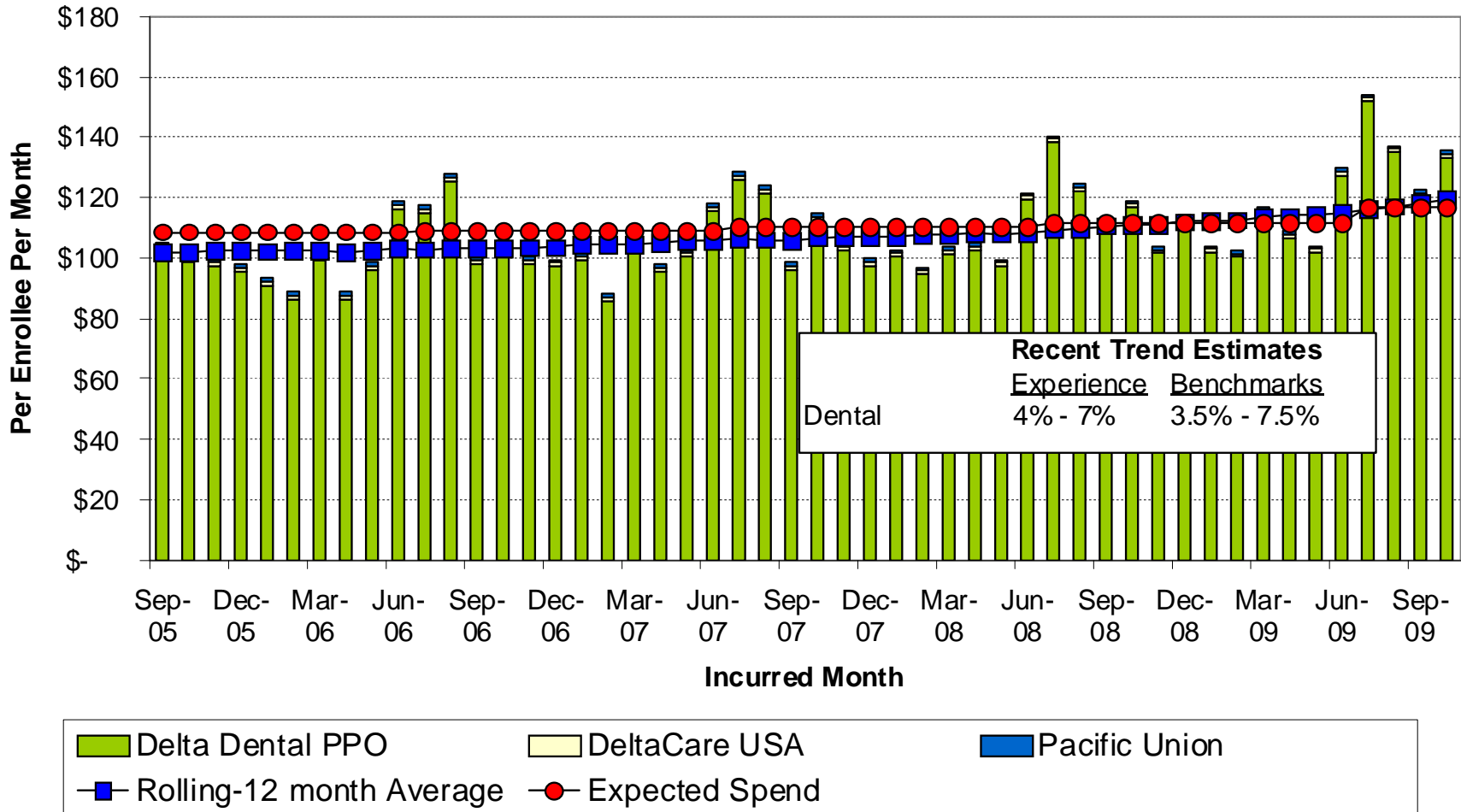
Update

- A review of the experience for the Employee Dental Plan was presented at the October 8, 2009 Rates and Benefits Committee meeting
- The recommended employer contribution for the 2010/11 plan year is \$131.94, representing a 13.2% increase over the 2009/10 contribution level
 - 10.1% of the increase is attributable to trend over the 2008/09 plan year
 - The remaining 3.1% increase is attributable to the claims stabilization policy applied to the plan
- The 2010/11 plan design will remain unchanged from the current plan

Employee Dental Plan Update

Estimated Incurred Spend vs. Expected Spend

Incurred Claims for Delta Dental PPO Self-Funded Plan and Premiums for Delta Care USA/Pacific Union Plans



Employee Dental Plan

Recap on funding policy

- The Employee Dental plan's 2010/11 premium rates consist of the following four components:
 - Estimated incurred claims cost for plan year 2010/11
 - Estimated cost of administering the claims
 - Estimated change in the contingency margin
 - Factor reflecting revenue excess or shortfall experience from prior plan years (“Claims Stabilization Amount”)

Employee Dental Plan

Funding policy – Plan year reconciliation

- HSS and Mercer have reviewed the actual claims and premium experience against that expected for the 2008/09 plan year

2008/09 Plan Year	Expected	Actual
Estimated Incurred Claims/Premium Cost	\$37.7M	
+ Administration Costs	\$1.5M	
Total Cost	\$39.2M	\$40.8M
- Contributions Collected	\$37.6M	\$38.1M
Revenue Shortfall	\$1.6M	\$2.7M
Change in year-end Contingency Margin (from \$3.1M to \$3.3M)		\$0.2M
Total Shortfall		\$1.3M
Net Shortfall to be applied in full to the 2010/11 Premium Equivalent Rates		\$1.3M

Employee Dental Plan

Recommended 2010/11 employer contribution

2009/10 Employer Contribution	\$116.55	PEPM
2010/11 Expected Cost	\$128.30	PEPM
Application of 2008/09 Plan Year Shortfall (termed the “Stabilization Amount”)	\$ 3.64	PEPM
Recommended 2010/11 City Contribution	\$131.94	PEPM
Relative to 2009/10 Rate	+13.2%	

MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN