




Michigan Public School Employees Retirement System

2010 Health Care Rating

December 10, 2009

GRS

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Health Care Rating – Calendar Year 2010

- ◆ The purpose of these rating calculations is to determine what retiree and dependent rates and premiums will be in calendar year 2010 for medical/prescription drug, dental and vision coverages.
- ◆ This is accomplished by projecting the total expected benefit costs and administrative expenses for calendar year 2010.



Medical Rating

Annual Experience Trend Rates

<u>Historical Trends</u>	<u>Hospital</u>	<u>Surgical/Medical</u>	<u>Prescription Drug</u>	<u>Overall Average</u>
2003	8.2%	14.1%	10.3%	10.5%
2004	11.1%	6.2%	6.9%	8.0%
2005	9.0%	9.5%	3.4%	6.3%
2006	6.4%	10.4%	1.1%	4.8%
2007	7.3%	5.5%	2.1%	5.8%
2008	3.1%	2.4%	0.3%	2.4%
Average Trend 2003 – 2008	7.5%	8.0%	4.0%	6.3%
2009 BCBSM Corporate Trend	11.0%	10%	8%	10.2%
2010 Trend Assumption	11.0%	10.0%	8.0%	10.2%



Medical Rating

BCBSM Administrative Fees Per Contract Per Month*

<u>Calendar Year</u>	<u>Administrative Fee</u>
2008	\$43.90
2009	\$43.90
2010	\$31.19
% Increase	-29.0%

* Contract is defined as the pension recipient plus the pension recipient's dependents, if any. Amounts are expressed as the composite of Non-Medicare and Medicare rates.



Medical Rating

Annual Premium Rate Adjustments

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Historical Average</u>	<u>2010</u>
Hospital	8.8%	11.3%	4.1%	3.6%	-2.5%	5.8%	7.9%
Surgical/Medical	17.9%	-1.5%	11.5%	8.3%	1.1%	6.5%	1.2%
Prescription Drug	6.0%	5.1%	-3.3%	-18.9%	-5.6%	-2.9%	-1.0%
Total	9.5%	5.4%	2.4%	-4.9%	-2.6%	2.2%	2.7%



Medical Rating

Contributing Factors for 2010 Rate Adjustments

- ◆ Overall rates are up 2.7% due to:
 - ▶ Impact of recontracting.
 - ▶ Historical trends have been lower than national health care trends.
 - ▶ Strategic planning initiatives approved by the Board.



Medical Rating

2009 vs. 2010 Monthly Rate & Premium Comparison

	2009			2010		
	Total Premium	Subsidy	Amount Deducted From Pension	Total Premium	Subsidy	Amount Deducted From Pension
Without Medicare						
Self	\$ 634.31	\$ 537.91	\$ 96.40	\$ 664.39	\$ 543.89	\$ 120.50
Self and Spouse	1,170.01	1,020.04	149.97	1,225.30	1,048.71	176.59
Self and Child(ren)	870.03	750.05	119.97	911.04	765.87	145.17
Self, Spouse & Child(ren)	1,405.73	1,232.18	173.54	1,471.96	1,270.70	201.26
With Medicare						
Self	\$ 269.63	\$ 269.63	\$ 0.00	\$ 276.17	\$ 266.17	\$ 10.00
Self and Spouse	516.22	491.55	24.66	528.28	493.07	35.21
Self and Child(ren)	505.35	481.75	23.57	522.83	488.16	34.67
Self, Spouse & Child(ren)	751.94	703.69	48.23	774.93	715.05	59.88
One With and One Without Medicare						
Self Without & Spouse With	\$ 880.90	\$ 759.85	\$ 121.06	\$ 916.50	\$ 770.79	\$ 145.71
Self With & Spouse Without	805.33	751.74	53.57	837.09	771.00	66.09
Self Without, Spouse With & Child(ren)	1,116.62	971.99	144.63	1,163.15	992.77	170.38
Self With, Spouse Without & Child(ren)	1,041.05	963.88	77.14	1,083.74	992.98	90.76



Dental and Vision Rating

Dental Experience

July 2004 - June 2005	\$40.09	3.6%
July 2005 - June 2006	\$41.65	3.9%
July 2006 - June 2007	\$42.96	3.1%
July 2007 - June 2008	\$43.75	1.8%
July 2008 - June 2009	\$44.77	2.3%
Average Trend 2004-2009		2.9%
2010 Trend		4.5%



Dental Rating

Administrative Fees Per Contract Per Month

Calendar Year	Dental
2008	\$2.98
2009	\$2.75
2010	\$2.75
% Increase	0.0%



Vision Rating

Average Cost Per Member Per Month*

Calendar Year	Vision
2009	\$2.79
2010	\$2.79

* 2009 was the first year for fully insured vision coverage.



Dental and Vision Rating

Retiree Premium Requirements

- ◆ Pension recipients and dependents – monthly premium equals 10% of the projected per member cost.



Dental and Vision Rating

Monthly Per Member Rates*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>09 vs. 10 % Change</u>
Dental	\$28.91	\$30.26	\$30.83	\$30.16	\$31.88	5.7%
Vision	\$3.61	\$4.26	\$4.12	\$2.79	\$2.79	0.0%
Total	\$32.52	\$34.52	\$34.94	\$32.95	\$34.67	5.2%
Per Member Premium	\$3.25	\$3.45	\$3.49	\$3.30	\$3.47	5.2%

* Member is defined as either the pension recipient or the pension recipient's dependents.