

# State of Utah 2016 / 2017 Renewal

(As of 9/15/2015)

**Medical/Rx Renewal Increase (State) 7.7% (\$18.4 Million)**

**Dental Renewal Increase 0.0% (\$0.0 Million)**

## Medical/Rx Comments:

- Medical renewal assumes 7.3% (7% medical, 8.75% Rx) projected trend. Rx is slightly lower than last year due to an improvement in generic rates. Medical reflects industry and historical expectations.
- The State Risk Pool has been in a surplus reserve position in recent years. The surplus has been reduced through lower than necessary renewals and a refund earlier this year of \$21 million. With the reserve now within the expected range, it will be necessary to build in an extra 1.8% above trend to bring the rate to a self-sustaining level.
- Beginning in July, the State Risk Pool will offer new, higher Autism benefit under SB 57. We anticipate an increased cost of about .1% over the current value of the state's autism benefit.
- State LTD recipients are eligible for health insurance benefits. To date this has been provided through participation in the State Risk Pool. Beginning in January, PEHP will provide a cash equivalent stipend for LTD recipients to purchase insurance on the federal Marketplace and potentially qualify for a federal subsidy. Moving to a stipend model will save the State Risk Pool 1.5% a year.
- Taken together the renewal is:  $7.3\% + 1.8\% + .1\% - 1.5\% = 7.7\%$ . For the STAR and Utah Basic Plus plans, the total increase (premium + HSA) is priced to equal the 7.7%.
- The Budget increase of \$18.4 million is for State Proper (excluding Quasi-state agencies, Higher Education, etc).

## Dental Comment:

- For 2014/2015 plan year we increased the benefits on the Traditional plan. Experience is running well and we are projecting a rate hold for the 10<sup>th</sup> time in the last 11 years.