

Legislative Employee Benefits Committee Meeting

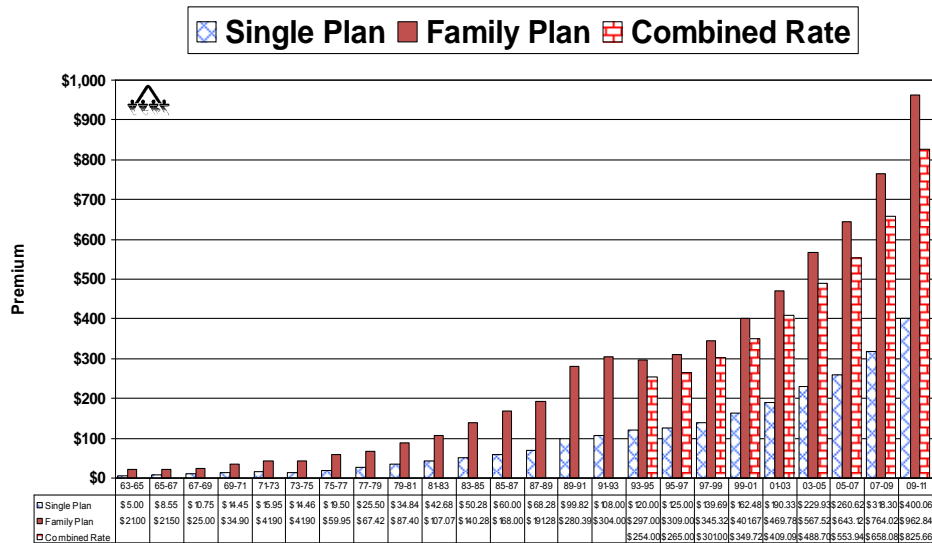
Sept 21th

HEALTH PLAN UPDATE

PERS Goals

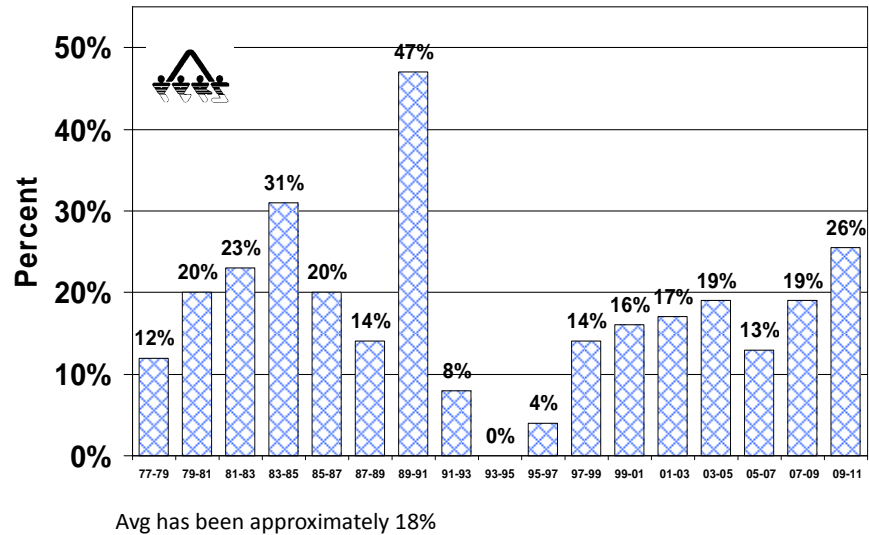
- To bend the health care trend (given the challenges faced in retirement)
 - To increase wellness activities in plan
 - To support efforts of BCBS
 - To conserve funds where appropriate

Active State Billed Health Insurance Premium



State Health Premium Percentage Increase From Previous Biennium

(Excludes Plan Design Changes)



2011-13 Bid

Exiting State Premium

2011-13 Premium

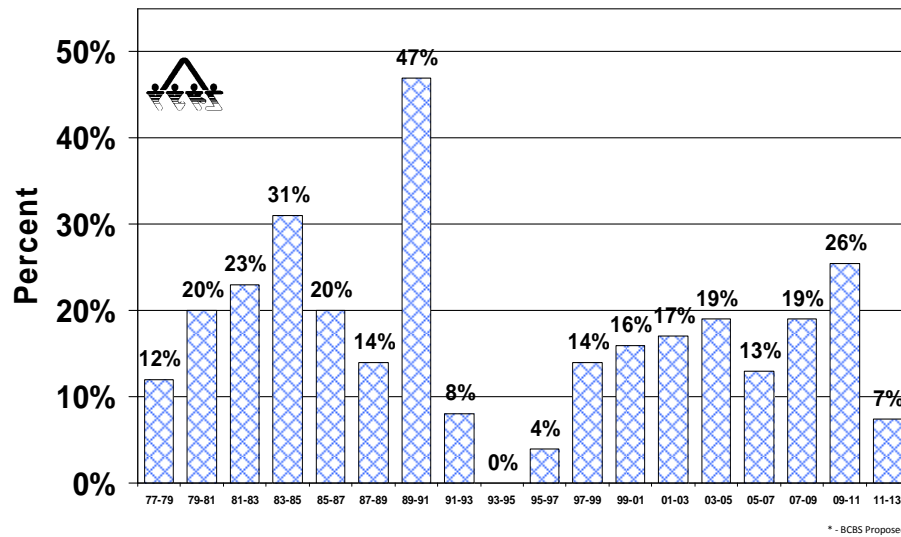
\$825.66

\$886.62

- Two year increase is 7.38% or about 3.7% per year
- This cost includes extending coverage to dependents and changing the lifetime max
- The cost assumes we maintain our grandfathered status

State Health Premium Percentage Increase From Previous Biennium

(Excludes Plan Design Changes)



How do we compare?

Table 1: Projected Medical, Prescription Drug, Dental & Vision Trends: 2010 & 2011

Medical (Actives & Retirees < Age 65)	2010 Projected		2011 Projected	
	(without Rx)	(with Rx)*	(without Rx)	(with Rx)*
Fee-for-Service (FFS)/Indemnity Plans	13.3%	12.5%	12.7%	12.0%
High-Deductible Health Plans (HDHPs)**	11.9%	11.3%	11.7%	11.2%
Open-Access Preferred Provider Organizations (PPOs)/Point-of-Service (POS) Plans***	10.8%	10.5%	11.0%	10.6%
PPOs/POS Plans (with PCP Gatekeepers)	10.6%	10.3%	11.2%	10.8%
Health Maintenance Organizations (HMOs)	10.2%	10.0%	10.2%	10.0%

2011 Segal Health Plan Cost trend Survey




NDPERS 2009-11 Performance

- Plan trends have been less than expected
- Plan is developing a gain for the biennium
- At this point the gain could be slightly over \$40 million
- Gain would be available to further reduce rates

What is making the difference?

- Hard to know but we have but we have put an emphasis on wellness in the plan:
 - Individual wellness
 - On line support
 - Health clubs
 - Employer based wellness programs
 - Programs now going in most employer groups
 - Programming in work sites
 - Wellness coordinators in work sites

PERS Goals

- To bend the health care trend (given the challenges faced in retirement)
 -  – To increase wellness activities in plan
 -  – To support efforts of BCBS
 -  – To conserve funds where appropriate

Will be the second or third lowest premium increase since 1977 – including the addition of new federal benefits (assuming we stay grandfathered)