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April 19, 2022

Mr. Porter Wilson
Executive Director
Employees Retirement System
of Texas
Post Office Box 13207
Austin, Texas 78711-3207

Re: Recommended Member Contribution Rates for the
Texas Employees Group Benefits Program Fully
Insured Dental Health Maintenance Organization
Plan for Fiscal Year 2023

Dear Mr. Wilson:

The purpose of this correspondence is to present recommendations for member contribution rates for the Texas Employees Group Benefits Program (GBP) Fully Insured Dental Health Maintenance Organization plan (DHMO) for Fiscal Year 2023 (FY23). Our analysis and recommendations are presented below.

Background

At its meeting on March 6, 2019, the Board of Trustees approved a contract with Delta Dental Insurance Company (DeltaDental) to provide all services for the fully-insured DHMO offered to all participants under the GBP for a six-year period beginning September 1, 2019. Under the terms of the contract, the premium rates are guaranteed for the term of the contract.

Analysis

Earlier this year, ERS received from DeltaDental a premium refund of about \$980,000. DeltaDental attributed the refund to the company's policy of not profiting from COVID-19 pandemic-induced reduction in plan utilization.

The DHMO premiums are paid in full by member contributions. Therefore, it is appropriate to pass the refund to the members through a reduction in member contribution rates for FY23. Since the

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refund is expected to be equal to about 10% of the FY23 premium, the refund will be sufficient to support a 10% reduction in member contribution rates for FY23.

Recommendation

We recommend that DHMO member contribution rates for FY23 be established at a level that is 10% below the contractual premium rates. Under this recommendation, the DHMO member contribution rates for FY23 will be set at a level that is 10% below the FY22 rates. The current and recommended member contribution rates are shown on the attachment to this letter.

Please let us know if you have any questions or need additional information.

Sincerely,



Philip S. Dial

PSD:nlg

Enclosure

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GROUP BENEFITS PROGRAM

Dental Health Maintenance Organization Plan

Recommended Monthly Member Contribution Rates for FY 2023

Coverage Category	Monthly Member Contribution Rates		
	Current FY22	Recommended FY23	Change
Member Only	\$9.59	\$8.63	(\$0.96)
Member and Spouse	19.18	17.26	(1.92)
Member and Children	23.02	20.72	(2.30)
Member and Family	32.59	29.33	(3.26)
Spouse Only	9.59	8.63	(0.96)
Child(ren)	13.43	12.09	(1.34)
Spouse and Child(ren)	23.02	20.72	(2.30)