



**Rudd and Wisdom, Inc.**  
Consulting Actuaries

Mitchell L. Bilbe, F.S.A.  
Evan L. Dial, F.S.A.  
Philip S. Dial, F.S.A.  
Charles V. Faerber, F.S.A., A.C.A.S.  
Mark R. Fenlaw, F.S.A.  
Brandon L. Fuller, F.S.A.

Christopher S. Johnson, F.S.A.  
Oliver B. Kiel, F.S.A.  
Dustin J. Kim, F.S.A.  
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Rebecca B. Morris, A.S.A.  
Amanda L. Murphy, F.S.A.  
Michael J. Muth, F.S.A.

Khiem Ngo, F.S.A., A.C.A.S.  
Timothy B. Seifert, F.S.A.  
Chelsea E. Stewart, F.S.A.  
Raymond W. Tilotta  
Ronald W. Tobleman, F.S.A.  
David G. Wilkes, F.S.A.

April 28, 2023

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

Re: Recommended Member Contribution Rates for the  
Texas Employees Group Benefits Program Self-  
Funded State of Texas Dental Choice Plan for Fiscal  
Year 2024

Dear Mr. Wilson:

The purpose of this correspondence is to present recommendations for member contribution rates for the Texas Employees Group Benefits Program (GBP) self-funded dental preferred provider organization (PPO) plan, the State of Texas Dental Choice Plan<sup>SM</sup> (Dental Choice), for Fiscal Year 2024 (FY24). Our analysis and recommendations are presented below.

## Background

At its meeting on March 6, 2019, the Board of Trustees accepted the proposal of DeltaDental to administer Dental Choice on a self-funded basis in return for an administrative fee guaranteed for the six-year period beginning September 1, 2019.

Anticipated savings from more cost-effective provider reimbursement rates were an important consideration in the Board's decision to accept the DeltaDental proposal. In 2019, we and the staff projected that the FY20 per capita plan cost (claims and administrative expenses) would be approximately 5% less than the projected per capita contribution assuming no change in contribution rates or benefits.

Based on the anticipated savings, we recommended and the Board adopted a 5% reduction in member contribution rates for FY20. Member contribution rates were maintained at the FY20 levels for FY21 and were subsequently increased 3% for FY22 and 2.5% for FY23.

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### **Analysis**

We have projected costs for Dental Choice for FY23 and FY24 based on an analysis of historical experience through March, 2023, estimated trends in per capita benefit costs, anticipated enrollment patterns, projected provider reimbursement and contractual administrative fees.

Based on this analysis, we believe that the member contribution rates currently in effect for FY23 are sufficient to provide for claims and administrative expenses expected to be incurred in FY24.

### **Recommendation**

Based on the analysis described above and in consultation with the staff, we recommend that member contribution rates be maintained at the FY23 levels for FY24. The current and recommended rates are shown on the attachment to this letter.

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

Sincerely,

A handwritten signature in black ink, appearing to read "P. S. Dial". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Philip S. Dial

PSD:nlg

Enclosure

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**GROUP BENEFITS PROGRAM**

**Dental Choice**

**Recommended Monthly Member Contribution Rates for FY 2024**

Coverage Category	Monthly Member Contribution Rates		
	Current FY23	Recommended FY24	Change
Member Only	\$28.73	\$28.73	\$0.00
Member and Spouse	57.46	57.46	0.00
Member and Children	68.95	68.95	0.00
Member and Family	97.68	97.68	0.00
Spouse Only	28.73	28.73	0.00
Child(ren)	40.22	40.22	0.00
Spouse and Child(ren)	68.95	68.95	0.00