

## **ATTACHMENT #5**

### **Payment Terms**

Per *Iowa Code § 8A.514* the State of Iowa is allowed sixty (60) days to pay an invoice submitted by a vendor.

What discount will you give for payment in 15 days?

What discount will you give for payment in 30 days?

### **Cost Proposal**

Respondent's Cost Proposal shall include an all-inclusive, itemized, total cost in U.S. Dollars (including all travel, expenses, etc. in prices). All pricing to be FOB Destination, freight cost and all expenses included; and based on Net 60 Days Payment Terms.

### **Cost Proposal Exhibits**

Please complete the questions and exhibits in this section. These exhibits are to be submitted in a separate sealed envelope. The exhibits must be submitted in the prescribed format and have been provided electronically to facilitate your response.

The Minimum Premium Rate exhibit requests premium rates for the dental PPO plan based on a 100% attachment point. This is the required proposal. In addition, The State will also consider alternative attachment points and associated risk charges. Please complete the Cost Proposal Exhibits in full for each option proposed. The State requests rates on a two tier basis.

# ATTACHMENT #5 COST PROPOSAL - EXHIBIT A

## Minimum Premium Rates 100% Attachment Point

2023	Assumed Enrollment	Proposed Rates	Total Annual Premium
Employee	11,577	\$34.84	\$4,840,712
Family	14,538	\$90.19	\$15,733,367
<b>Total</b>	26,115		\$20,574,079

2024 Rate Cap Guarantee: [Not to exceed 3%](#)

2025 Rate Cap Guarantee: [Not to exceed 3%](#)

Note Assumptions:

## Minimum Premium – Rate Development

Please complete the following exhibit to demonstrate how you developed the 2023 proposed rates. Note that the retention costs should be consistent with the overall/total administration cost provided in the **Administration and Retention** table.

		For Illustration Purposes	
	2023	2024	2025
Experience Period	1/1/21 – 12/31/21	6/1/22 – 5/31/23	6/1/23 – 5/31/24
Projection Period	1/1/23 – 12/31/23	1/1/24 – 12/31/24	1/1/25 – 12/31/25
Number of Months of Trend	24	19	19
Beginning Balance	\$0	\$0	\$0
<b>Premium Component</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>
Premium Revenue	\$ 20,574,079	\$ 22,166,386	\$ 23,881,605
Experience Period Paid Claims	\$ 17,780,334	\$ 19,687,940	\$ 21,251,535
IBNR	\$ 586,751	\$ 649,702	\$ 701,301
Incurred Claims	\$ 18,367,085	\$ 20,337,642	\$ 21,952,835
Adjustments (list)	\$ 257,516.10	\$ -	\$ -
Aggregate Trend	5.71%	4.49%	4.49%
Projected Claims	\$ 19,687,940	\$ 21,251,535	\$ 22,939,308
Administration/Retention*	\$ 886,139	\$ 914,852	\$ 942,297
<b>Total Claims and Expenses</b>	<b>\$ 20,574,079</b>	<b>\$ 22,166,386</b>	<b>\$ 23,881,605</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*from Administration and Retention Table

# ATTACHMENT #5 COST PROPOSAL - EXHIBIT B

## MINIMUM PREMIUM – ADMINISTRATION, RETENTION AND TREND TABLES

	2023	2024	2025
Administration Component	% or \$	% or \$	% or \$
Claims Processing	\$ 425,694	\$ 440,594	\$ 453,811
Customer Service	\$ 217,191	\$ 223,707	\$ 230,418
Communication	\$ -	\$ -	\$ -
Account Servicing	\$ 69,501	\$ 71,586	\$ 73,734
Profit Margin	\$ 78,189	\$ 80,534	\$ 82,950
Interest (float)	\$ -	\$ -	\$ -
Risk/Contingency (100% attachment point)	\$ 95,564	\$ 98,431	\$ 101,384
Network Access Fees			
All Others (please list individually)			
<b>TOTAL</b>	<b>\$ 886,139</b>	<b>\$ 914,852</b>	<b>\$ 942,297</b>

## TREND ASSUMPTIONS

Weighted Trend	Trends			
Category	A. Cost	B. Utilization	Combined (A*B)	Weighted Trend
Diagnostic	-1.04%	1.99%	0.93%	0.27%
Preventive	10.67%	-7.63%	2.22%	0.50%
Restorative	12.60%	0.00%	12.60%	1.75%
Crowns	-1.12%	0.00%	-1.12%	-0.13%
Endodontics	-2.90%	0.00%	-2.90%	-0.09%
Periodontics	-4.49%	9.09%	4.19%	0.09%
Prosthodontics	4.92%	0.00%	4.92%	0.23%
Oral Surgery	-3.86%	0.00%	-3.86%	-0.31%
Outpatient Surgery				0.00%
Orthodontia	-2.77%	13.33%	10.20%	0.51%
Other				
			<b>Total</b>	<b>2.82%</b>

# ATTACHMENT #5 COST PROPOSAL - EXHIBIT C

## SELF FUNDED RATES

2023	Assumed Enrollment	2023 Proposed Rates	Total 2023 Annual Premium
Employee	11,577	\$ 34.70	\$ 4,820,765
Family	14,538	\$ 89.89	\$ 15,681,467
<b>Total</b>	<b>\$26,115</b>		<b>\$ 20,502,233</b>

Note Assumptions:

## SELF FUNDED – RATE DEVELOPMENT

Please complete the following exhibit to demonstrate how you developed the 2023 proposed rates. Note that the retention costs should be consistent with the overall/total administration cost provided in the **Administration and Retention** table.

		For Illustration Purposes	
	2023	2024	2025
Experience Period	1/1/21 – 12/31/21	6/1/22 – 5/31/23	6/1/22 – 5/31/23
Projection Period	1/1/23 – 12/31/23	1/1/24 – 12/31/24	1/1/24 – 12/31/24
Number of Months of Trend	24	19	19
Beginning Balance	\$0	\$0	\$0
<b>Premium Component</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>
Premium Revenue	N/A	N/A	N/A
Experience Period Paid Claims	\$ 17,780,334	\$ 19,687,940	\$ 21,251,535
IBNR	\$ 586,751	\$ 649,702	\$ 701,301
Incurred Claims	\$ 18,367,085	\$ 20,337,642	\$ 21,952,835
Adjustments (list)	\$ 257,516	\$ -	\$ -
Aggregate Trend	5.71%	4.49%	4.49%
Projected Claims	\$ 19,687,940	\$ 21,251,535	\$ 22,939,308
Administration/Retention*	\$ 814,292	\$ 814,292	\$ 866,141
<b>Total Claims and Expenses</b>	<b>\$ 20,502,233</b>	<b>\$ 22,065,827</b>	<b>\$ 23,805,449</b>

\*from Administration and Retention Table

## ATTACHMENT #5 COST PROPOSAL - EXHIBIT D

### SELF FUNDED – ADMINISTRATION, RETENTION, AND TREND TABLES

#### Administration and Retention

	2023*	2024*	2025*
Administration Component	% or \$	% or \$	% or \$
Claims Processing	\$ 1.36	\$ 1.41	\$ 1.45
Customer Service	\$ 0.69	\$ 0.71	\$ 0.74
Communication	\$ -	\$ -	\$ -
Account Servicing	\$ 0.22	\$ 0.23	\$ 0.24
Profit Margin	\$ 0.25	\$ 0.26	\$ 0.26
Interest (float)	\$ -	\$ -	\$ -
Network Access Fees			
All Others (please list individually)			
	3.00%	3.00%	3.00%
<b>TOTAL</b>	\$ 2.60	\$ 2.68	\$ 2.76
	PEPM	PEPM	PEPM

\* Note: 2023, 2024 and 2025 guaranteed

#### TREND ASSUMPTIONS

Weighted Trend	Trends			
Category	A. Cost	B. Utilization	Combined (A*B)	Weighted Trend
Diagnostic	-1.04%	1.99%	0.93%	0.27%
Preventive	10.67%	-7.63%	2.22%	0.50%
Restorative	12.60%	0.00%	12.60%	1.75%
Crowns	-1.12%	0.00%	-1.12%	-0.13%
Endodontics	-2.90%	0.00%	-2.90%	-0.09%
Periodontics	-4.49%	9.09%	4.19%	0.09%
Prosthodontics	4.92%	0.00%	4.92%	0.23%
Oral Surgery	-3.86%	0.00%	-3.86%	-0.31%
Outpatient Surgery	0.00%	0.00%	0.00%	0.00%
Orthodontia	-2.77%	13.33%	10.20%	0.51%
Other	0.00%	0.00%	0.00%	0.00%
			<b>Total</b>	<b>2.82%</b>

# ATTACHMENT #5 COST PROPOSAL - EXHIBIT E

## STATE OF IOWA PPO – NETWORK FEE SCHEDULE ANALYSIS

### Location: Des Moines

ADA/CDT Code	Description	In-Network Cost	UCR 80 <sup>th</sup> %
0120	Adult Exam	\$31.98	\$63.00
1110	Adult Cleaning	\$60.47	\$108.00
2140	Amalgam Restoration – one surface	\$73.55	\$158.00
7140	Simple Extraction	\$86.93	\$221.00
3310	Anterior Root Canal	\$435.71	\$1,013.00
2790	Gold Crown	\$776.70	\$1,450.00
2750	Porcelain/Gold Crown	\$753.60	\$1,378.00
5110	Complete Upper Denture	\$991.23	\$2,260.00
6240	Porcelain/Gold Bridge Pontic	\$680.99	\$1,332.00
6750	Porcelain/Gold Partial Crown	\$715.04	\$1,378.00

### Location: Iowa City

ADA/CDT Code	Description	In-Network Cost	UCR 80 <sup>th</sup> %
0120	Adult Exam	\$31.98	\$95.00
1110	Adult Cleaning	\$60.47	\$95.00
2140	Amalgam Restoration – one surface	\$73.55	\$135.00
7140	Simple Extraction	\$86.93	\$175.00
3310	Anterior Root Canal	\$435.71	\$830.00
2790	Gold Crown	\$776.70	\$1,124.00
2750	Porcelain/Gold Crown	\$753.60	\$1,275.00
5110	Complete Upper Denture	\$991.23	\$1,529.00
6240	Porcelain/Gold Bridge Pontic	\$680.99	\$1,310.00
6750	Porcelain/Gold Partial Crown	\$715.04	\$1,310.00

### Location: Sioux City

ADA/CDT Code	Description	In-Network Cost	UCR 80 <sup>th</sup> %
0120	Adult Exam	\$31.98	\$65.00
1110	Adult Cleaning	\$60.47	\$110.00
2140	Amalgam Restoration – one surface	\$73.55	\$163.00
7140	Simple Extraction	\$86.93	\$180.00
3310	Anterior Root Canal	\$435.71	\$897.00
2790	Gold Crown	\$776.70	\$1,118.00
2750	Porcelain/Gold Crown	\$753.60	n/a
5110	Complete Upper Denture	\$991.23	\$1,429.00
6240	Porcelain/Gold Bridge Pontic	\$680.99	\$1,322.00
6750	Porcelain/Gold Partial Crown	\$715.04	\$1,322.00

## ATTACHMENT #5 COST PROPOSAL – QUESTIONNAIRE

### 1. Provide detailed information regarding the initial and ongoing premium rate calculation.

As illustrated in attachments A-D, the current premium calculation for the State of Iowa is based on the State's enrollment, plan design and claim experience and the administrative costs to support State's requirements. The projected claim costs use the State's current enrollment and claims to establish an experience period cost. The claim costs are projected forward to the midpoint of the rating period. In this case, July 1, 2023. The trend factor uses claim utilizations and PMPM cost estimates for each benefit category. The midpoint of the experience period is 2 years earlier than the midpoint of the rating period requiring us to use two years of trend to forecast the 2023 claims.

Our administrative costs are divided into each component needed to support the state. The Costs are illustrated in the dollar estimates and are divided by the enrollment to arrive at the PMPM charge. The sum of the admin charge and the claims estimate is the basis to derive the employee and the family maximum liability rates.

Going forward, our claims costs and admin charges will use similar calculations. The one exception is that the claim costs will not increase by more than 3% in one year. The admin charges will not increase by more than 3% or the CPI-U Midwest Region, whichever is lower.

For any future projected claim costs lower by no more than 2% of the current claim costs, no adjustments will be made to the claims only portion of the Maximum Liability Unit Rates. For any future claim costs that are projected to be between 2% and 3% lower than the current claim costs, the future claims only portion of the Maximum Liability Unit Rates will be lowered by 50% of the amount exceeding 2%. If future projected claims costs are more than 3% lower than the current claim costs, the claims only portion of the Maximum Liability Unit Rates will be lowered by 50% of the amount between 2% and 3% and 100% of the amounts that exceed 3%.

For the Self-Funded rate development, the claim cost estimates have risk margin removed from the calculation, but all other factors and methods are the same. This includes the limitation of 3% or CPI-U Midwest Region cap on increases for admin fees.

### 2. How long are premium rates and administration fees guaranteed? How far in advance will notice be given of any rate changes?

Maximum Liability Rates (Premium Rates) and terminal rates will follow a cap of 3% increase for claim costs and administrative fees are guaranteed for 2023 and 2024, and is capped by the lessor of 3% or CPI-U Midwest Region for the following 3 years. Renewals offers will be provided 6 months prior to the renewal date.

3. What are your minimum enrollment requirements? Does the total number of enrollees affect the rating methodology or pricing? Please provide your enrollment assumptions used for the fee quotations provided in this proposal.

There is no minimum enrollment; however, if enrollment moves by more than 10% in one year, we reserve the right to re-rate the Plan. The size of the Plan does allow us to distribute fixed costs across more enrollees, thereby lowering all plan member's monthly cost.

4. Please confirm that coverage will be provided on a no-loss, no-gain basis and that all actively at work requirements and pre-existing condition limitations will be waived for the initial transition.

Yes, this is correct.

5. Please provide your book of business dental PPO trend for the last three calendar years.

Book of Business trends:

2021 – 3.0%

2020 – 2.0%

2019 – 4.0%

6. For your minimum premium quote, please describe any alternative attachment point proposals and associated risk charges. Please complete Exhibits A and B for each attachment point proposal (in addition to the 100% proposal required).

We provided a self-funded directed 2 Tier PPO Option to improve the experience for the members that utilize dentists within our PPO network at a reduced administrative fee. Additional proposal for alternate 2 Tier PPO Option has been provided.

7. For your proposed State of Iowa PPO network, please complete the following table with the average provider discount off UCR for Des Moines, Iowa and all other Iowa locations.

	Primary	Specialists (excluding Ortho)	Ortho
Des Moines			
Iowa			
All Other			

8. Please provide your actual book of business trend for the following years:

	Trend
2022 Expected	3.5%
2021	3.0%
2020	2.0%



9. Confirm rates and fees are on a mature basis – rates and fees include a 12-month run-out period for claims incurred during the contract period and paid after termination (i.e., there should not be an additional charge for run-out administration).

This is correct.

10. Are there any surcharges, adjustments, mark-ups or other fees that would be included in claims or applied to the State in connection with use of a secondary (wrap) network for providers not in your primary provider network, a network provider located outside your geographic area, etc.? If so, please indicate amount(s) and describe.

None.

11. Are there any financial incentives (bonuses) or disincentives (withholds) in network provider contracts that are tied to utilization goals, specialty referrals, member survey results, readmission rates, quality of care outcomes, pay for performance, or other performance results that would be included in claims or applied to the State? If so, please indicate amount(s) and describe.

None.

12. Does your organization make any charges of any kind for services or supplies which are not included in the quoted fees or described above (e.g., start up or implementation costs)? If so, please describe such services and/or supplies and the charges that will be made for them. Otherwise, the State will assume that the fees that you quote include all services and supplies that could reasonably be expected to be provided to the State during the course of your administration of the plan.

If the state would like to have hard copies of benefit booklets along with the online link, an additional printing charge will be incurred based on the number of booklets requested.

13. Is an advance deposit required? If so, indicate the amount and the basis for determining the amount. In addition, please indicate the amount of interest paid on the deposit.

No advance deposit is required.