

EMPLOYEES Benefits Council



ANNUAL REPORT SUMMARY 2009

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OUR MISSION

To provide state employees flexible benefits designed for choice and cost effectiveness, superior administration and promotion of healthy lifestyles.

OUR VISION

To be the foremost authority in flexible benefits with results of attaining the highest level of customer satisfaction.

This report, assembled by Oklahoma Interactive, is issued by the Employees Benefits Council as authorized by its Executive Director. The report was prepared at a cost of \$950. Two printed copies and an electronic PDF have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



DEAR STATE EMPLOYEE,

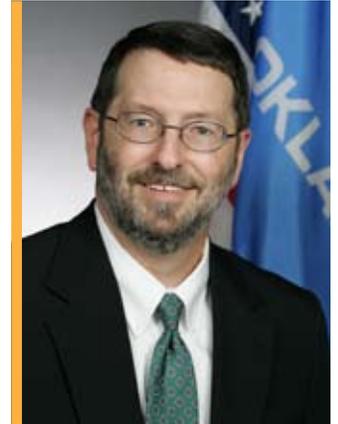
Despite our state's difficult economic situation in 2009, we are pleased to note several positive developments related to the benefits offered to state employees.

- As a result of intensive negotiations and careful adjustments in benefit levels, the increases in overall average health insurance premiums for Health Maintenance Organizations were significantly lower than the national average.
- For the first time, state employees have the option of a pretax benefit that can save lives in medical emergencies. Employees and eligible dependents can select discounted memberships for the new early medical alert known as Invisible Bracelet, which delivers important health information to medical professionals and alerts loved ones in case of an emergency.
- The Oklahoma House of Representatives recognized the lasting benefit of the OKHealth wellness program by unanimously approving House Resolution No. 1050, which promotes participation in OKHealth and encourages state leaders to adopt policies that promote healthy eating and active living.
- A record 75.38 percent of all state employees used the convenient online enrollment system to analyze and select their benefits. This powerful tool helps employees to choose the benefit options that best

fit their individual situation.

The Employees Benefits Council (EBC) is proud of these accomplishments. Looking ahead, we realize that there will always be difficult challenges and decisions in balancing benefit levels, cost and choice. Nevertheless, we remain dedicated to providing state employees with quality and affordable benefit choices.

I encourage you to keep up with EBC news and activities via our web site at www.ebc.ok.gov. If you have questions, concerns, or comments, please contact EBC by phone at (405) 232-1190 or toll free at (800) 219-8115; or e-mail us. E-mail addresses and staff phone numbers are available on the "Contact Us" page of our Web site at www.ebc.ok.gov.



Bryce Fair

*Council Chairman
Appointee of the President
Pro Tempore of the Senate
Served since 1993*

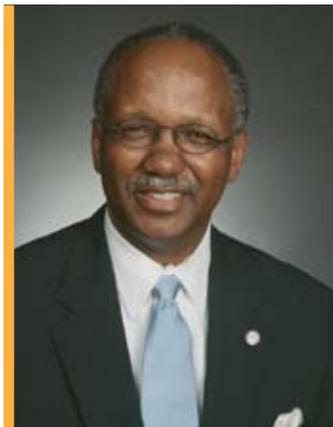
*Sincerely,
Bryce L. Fair
Chairman*

COUNCIL MEMBERS



Weldon Davis

*Council Vice-Chairman
Gubernatorial Appointee
Served since 2007*



Oscar B. Jackson, Jr.

*Administrator and Cabinet Secretary
for Human Resources and
Administration, Office of Personnel
Management; Served since 1992*



Cliff Peden

*Council Secretary, Appointed
by the Speaker of the House
of Representatives
Served since 2007*



Executive Director Phil Kraft shares the benefits of the OKHealth program with state employees at the Texas County Health Department in Guymon on September 29, 2009, during EBC's "Benefits on Tour."

FROM THE EXECUTIVE DIRECTOR

As state employees, the Employees Benefits Council's (EBC) staff understands the importance of an affordable and dependable benefits package. Nothing is more important than the health and well being of our fellow state employees and their families. That's why we are committed to offering a competitive benefits package with multiple options tailored to meet you and your family's needs.

Balancing the cost between the employee and the employer (State of Oklahoma) is also a priority for EBC. More now than ever before, the debate regarding health insurance and health care cost continues to dominate much of the national and local news. For Oklahoma state employees, it's important to understand the difference between "health care premium" and "employer health care cost".

EBC – through its aggressive best and final offer negotiations – has contained state employee health insurance premiums at, or below, the national average.

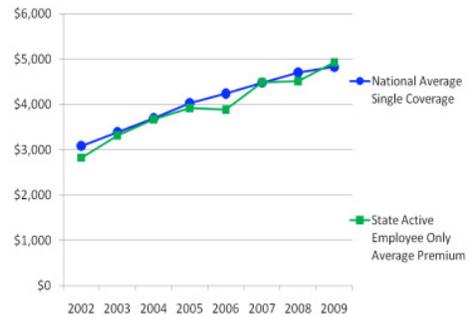
To fully appreciate the challenges of cost balancing, it's important to understand a few of the contributing factors of health care premiums for Oklahoma state employees. Let's begin with our average age. Currently, the average age of Oklahoma's active state employees is 46.34, which is higher than most employer groups. And what about

our overall health status? More than 30 percent of state workers have been diagnosed with heart disease and diabetes, and another 30 percent are at risk. The health plans offered to state employees are considered rich by industry standards and are guaranteed issue, meaning pre-existing conditions are covered immediately upon entry into state service. In addition, dependent children are covered up to age 25, regardless of student status.

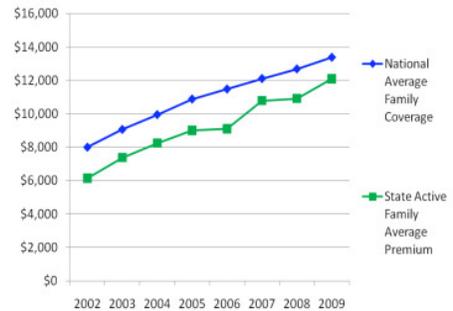
Despite the significant challenges outlined above, EBC – through its aggressive best and final offer negotiations – has contained state employee health insurance premiums at, or below, the national average (see charts at right). The concern by some, however, is the "employer cost" to fund the benefits known as the benefit allowance, or commonly referred to as employer contribution. By law, EBC is required to calculate your benefit allowance dollars using the average of the highest cost plans being offered.

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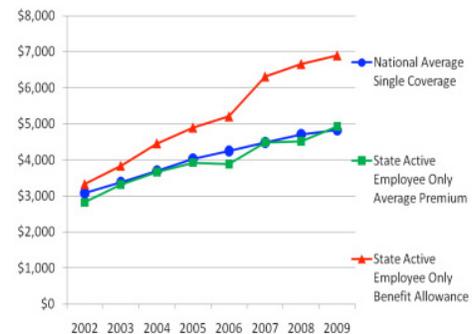
EMPLOYEE-ONLY PREMIUMS



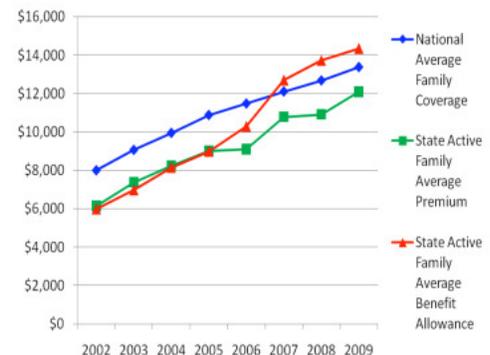
FAMILY PREMIUMS



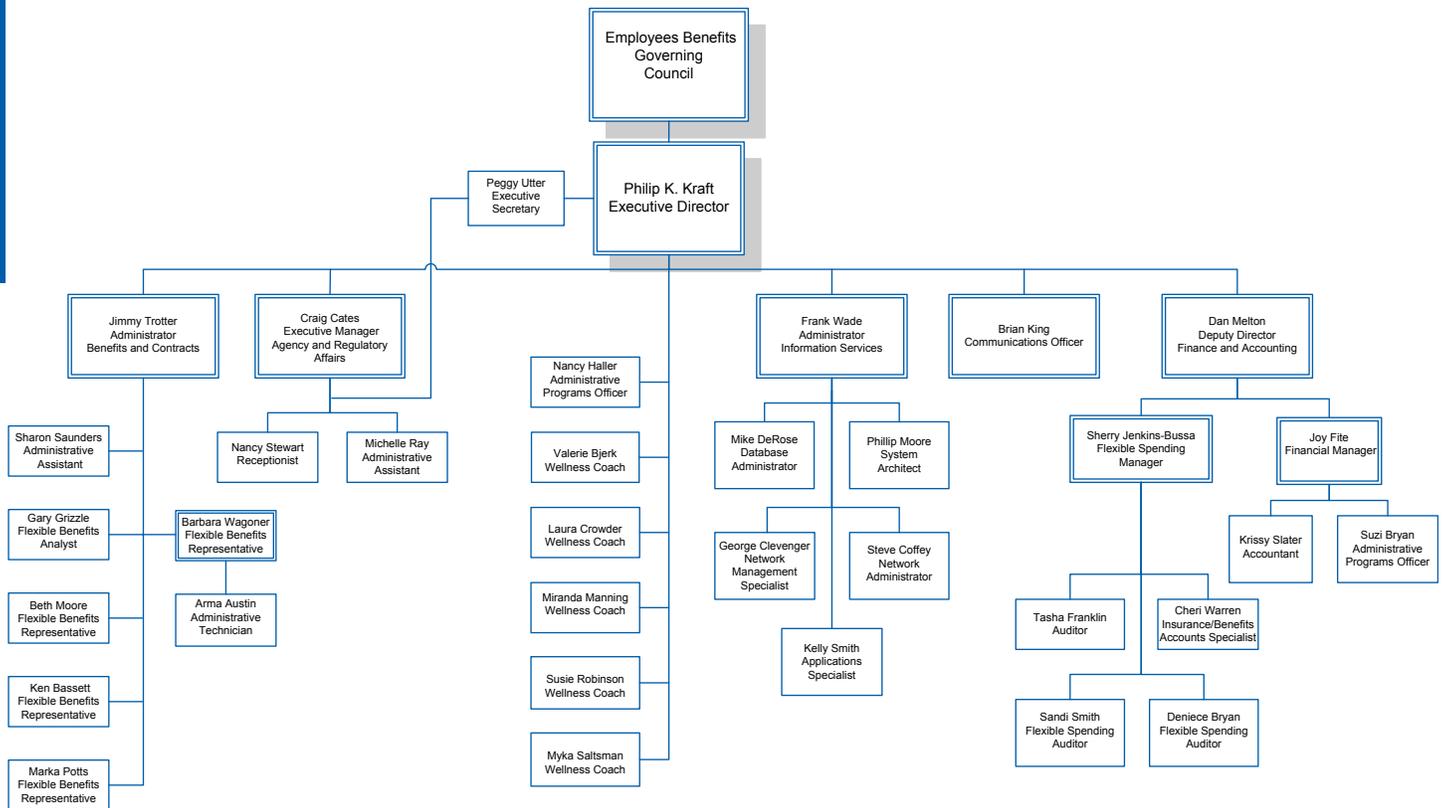
EMPLOYEE-ONLY PREMIUMS COMPARED WITH BENEFIT ALLOWANCE



FAMILY PREMIUMS COMPARED WITH BENEFIT ALLOWANCE



ORGANIZATIONAL CHART - CALENDAR YEAR 2009



FROM THE EXECUTIVE DIRECTOR

(continued from page 4)

As such, the “cost” is going to be high when it’s calculated off the highest cost plans. For Plan Year 2009, 93 percent of all active state employees and their families had 100 percent of their benefits paid in full, with an average of \$154 per month remaining from the benefit allowance to purchase other benefits offered through EBC, and/or added to net pay.

One way to combat the rising cost of health care is by reducing utilization in our employer group. In late 2009, EBC began taking the OKHealth wellness program directly to many state employees at their work sites (see photo on Page 11). Free health screenings were offered in more than a dozen state office buildings over a period of fourteen business days, resulting in a very positive response. Thirty-five percent of the 2009 total enrollment in the OKHealth wellness program was derived solely from the fourteen days of free health screenings. The on-site screenings revealed significantly higher body fat percentages, glucose levels, cholesterol and rates of high blood pressure when compared to other Oklahoma employer groups. Making employees aware of their unhealthy factors and helping them overcome the problems through the one-on-one coaching OKHealth offers will help bend the cost curve in the long run.

It is also vitally important for state employees and their families to have a good understanding of the benefits package available to them.

Employees in rural parts of our state are no exception. That’s why the EBC management team made a week-long outreach effort last fall called “Benefits On Tour.” The project involved 29 informational visits to state agencies in 17 cities and towns across Oklahoma, from Guymon to McAlester and Altus to Vinita. More than 800 employees attended our first series of meetings and we hope to involve even more employees in the future.

As your benefits office, it’s our belief state employees deserve the very best benefits package money can buy. We will continue offering you and your family affordable benefits choices and health care coverage you can count on.

Philip K. Kraft
Executive Director
Oklahoma Employees Benefits Council



WHO WE ARE

The Employees Benefits Council (EBC) is your employee benefits office. We design, select, and administer benefits for you and your family. You know us for our commitment to service, choice, and innovation. The State of Oklahoma realizes that employee benefits attract and help retain qualified employees. This is why the state is committed to providing benefits tailored to fit the needs of you and your family.

EBC is a non-appropriated state agency created in 1992. Currently, EBC provides services to nearly 37,000 active state employees and their families with only 36 employees and a budget of approximately \$5.3 million annually. EBC is governed by a five-member Council of professionals. The Council consists of the following: Chairman Bryce Fair, appointed by the President Pro Tempore of the Senate; Vice Chairman Weldon Davis, a gubernatorial appointee; Secretary Cliff Peden, appointed by the Speaker of the House of Representatives; Ex-Officio member Oscar B. Jackson, Jr., Administrator and Cabinet Secretary for Human Resources and Administration, Office of Personnel Management; and a gubernatorial-appointee position that was vacant during 2009.

EBC operates under the leadership of Executive Director Philip K. Kraft and is organized into six divisions.

- **The Agency and Regulatory Affairs** division is responsible for legislative matters, interagency relations, open records and open meetings compliance, administrative rules, strategic planning, special projects, payroll coordination, developing and implementing agency policies, providing recruitment and selection services, and administering staff

training and development programs.

- **Finance and Accounting** manages areas of accounting, payroll and flexible spending accounts.

- **The Benefits and Contracts Administration** division handles plan eligibility, contracting and enrollment.

- **Information Services** is responsible for network and applications architecture, information infrastructure, email systems, the online Benefits Administration and flexible spending account systems.

- **The Wellness division** coordinates and develops wellness activities in state government through the State Wellness Program to encourage participation by employees in health promotion programs. The centerpiece of these efforts is the OKHealth Wellness Program, a scientifically proven, web-based, one-on-one health coaching program.

- **Marketing and Communications** manages publications such as the annual option period enrollment guide and video, public information and media relations.

Individual agency benefits representatives, known as **Benefits Coordinators**, are also very important parts of who we are. Benefits Coordinators are a vital link to the Council because they integrate benefits functions at the agency level.

The State of Oklahoma realizes that employee benefits attract and help retain qualified employees.



HEALTH, DENTAL AND VISION

As a state employee you have choices. Each year, you select among plans that fit your insurance needs. Required “core” benefits plan choices (health, dental, disability, and basic life insurance coverage) are provided within the guidelines set by law. Optional benefits choices include vision, supplemental life insurance, coverage for dependents, flexible spending accounts and wellness programs participation. Life insurance and disability coverage are administered by HealthChoice. The state provides you with a benefit allowance to purchase these benefits.

For 2009, the number of HMO carriers available to state employees remained at four. Each HMO offered a standard (higher premium,

lower co-pay) as well as an alternative (lower premium, higher co-pay) plan. Through aggressive contract renewal negotiations, EBC was able to offer affordable medical plans to employees and their families while minimizing increases in the state’s benefit allowance. We continually evaluate the marketplace, identifying additional benefit choices.

For Plan Year 2009, HMO coverage was offered in the Oklahoma City and Tulsa metropolitan areas as well as eastern parts of the state. Approximately 80 percent of active state employees had a choice of at least one HMO. Of those, 43 percent enrolled in an HMO for Plan Year 2009. For Plan Year 2009, EBC provided coverage through the following carriers:

HEALTH PLANS

- Aetna (HMO)
- CommunityCare (HMO)
- GlobalHealth (HMO)
- HealthChoice (PPO)
- PacificCare (HMO)

DENTAL PLANS

- Assurant Dental
- CIGNA Dental
- Delta Dental
- HealthChoice Dental

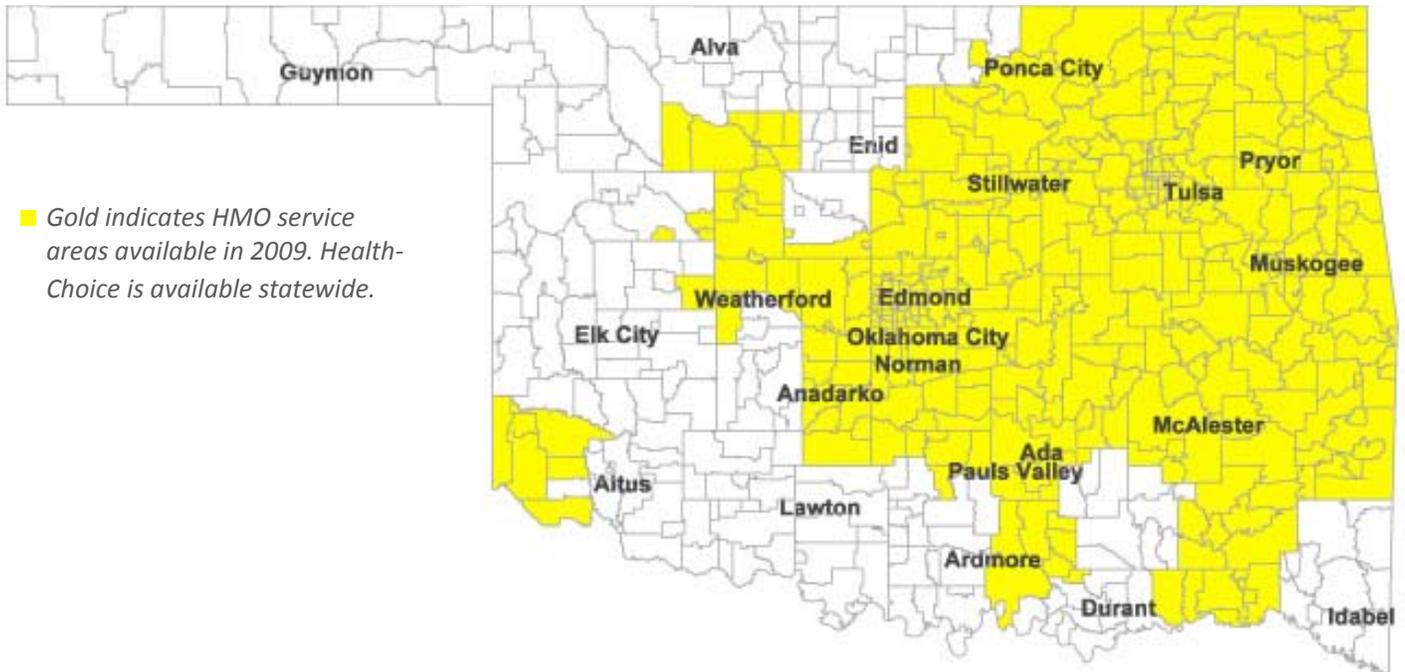
VISION PLANS

- CompBenefits (*now Humana*)
- Primary Vision Care Services
- Spectera (*now UHC Vision*)
- Superior Vision Services
- Vision Service Plan



HMO COVERAGE AREAS

The map below reflects the HMO service areas available for Plan Year 2009. The state's self-insured PPO plan, HealthChoice, was available statewide.



■ Gold indicates HMO service areas available in 2009. HealthChoice is available statewide.



NEW BENEFIT CREATED IN 2009!

Once again, the Employees Benefits Council showed its commitment to protecting the health and well being of Oklahoma's state employees and their families by offering a new benefit. For the first time during the Option Period for Plan Year 2010, active state employees and eligible dependents had the opportunity to choose an Early Medical Alert known as Invisible Bracelet.

Like a virtual medical ID bracelet, the Invisible Bracelet can help save lives during emergencies. It involves an eight-digit code that appears on a keychain fob and/or a sticker to be placed on the back of a driver's license. The fob can also be attached to a child's backpack.

If a participant is unconscious or otherwise unable to be understood, emergency medical service providers can enter the person's code on a secure, HIPAA-compliant web site and get valuable information in seconds, including emergency contacts, medications, allergies, chronic conditions and insurance. The information first responders find is entered by the participant and "Auto Reminders" are in place to make sure health information and emergency contacts are up to date.

The Invisible Bracelet optional benefit is a pre-tax deduction for employees who choose premium conversion. During the initial offering, 14,547 Invisible Bracelets were requested (6,654 employees and 7,893 dependents). Invisible Bracelet is a product of Docvia, LLC, which is headquartered in Tulsa.

OKHealth

SOLVING HEALTH PROBLEMS

Successfully managing health benefits today involves more than plan design and cost management. It involves building a "culture of health" by providing a resource for state employees to better manage their health, in turn lowering health care utilization and reducing health insurance premiums. In January 2006, EBC implemented the OKHealth wellness program as a benefit for employees to address unhealthy behaviors and learn to live healthier lifestyles. Now in its fifth year, the OKHealth program continues to promote healthy lifestyle choices and encourage healthy behaviors and attitudes. The OKHealth program has helped over 4,000 employees lower their risks for cardiovascular disease and/or diabetes. EBC's wellness program is an award-winning, nationally recognized program that received the "Best in Class" award in May 2007 from the SouthWest Benefits Association. The OKHealth

(continued on page 11)

The OKHealth Program is part of Governor Brad Henry's state health initiative for a Strong and Healthy Oklahoma.

okhealth wellness program



“I am very proud of the Employees Benefits Council that has led the development of an innovative, successful initiative that will offer every state employee the opportunity to learn how to take control of their health,, The idea is to get people excited about health, to actually encourage healthy habits in state government, throughout the largest employment system in the State of Oklahoma.”

— Governor Brad Henry



House Speaker Chris Benge gets his height measured by Karl Nigg, CEO and Managing Partner of LifeCheck Laboratory, during an EBC free health screenings event at the State Capitol. The screenings are for new enrollments in the OKHealth wellness program.

(continued from page 9) program offers employees a unique and effective solution for better health by incorporating lifestyle, disease management, and health mentoring into a single, comprehensive mentoring program. Employees are required to complete an online detailed health risk assessment, which stratifies participants into one of five risk tiers, based on potential health problems.

Each risk tier determines the frequency of mentoring as well as goals and action plans for the employee. Since 2006, more than 7,000 employees expressed an interest in the program with 60 percent of those employees completing the health risk assessment.

With direction from a dedicated staff of professional health coaches, employees participating in the program at twelve months have already been successful in lowering elevated blood pressure, LDL cholesterol, triglycerides, weight, blood glucose, and quitting tobacco use.

To encourage participation in the program, employees are eligible to receive wellness incentives. The first incentive includes an initial visit to a primary care physician and lab work at no out-of-pocket cost to the participants. The second wellness incentive is a discount at a

participating fitness center. A third possible incentive offered by some agencies is the OKHealth pay incentive. More than 64 state agencies have elected to offer pay incentives and are authorized to pay participants \$100 (Bronze), \$300 (Silver), or \$500 (Gold) for successfully completing the program. There are many other ancillary benefits from having healthy employees including less absenteeism and increased productivity.

HEALTHY VISION

Oklahoma is first in cardiovascular deaths, fifth in tobacco use, 13th in obesity, and 12th in cancer deaths. The State Wellness Program's Healthy Vision Committee, consisting of wellness coordinators from key state agencies, came together in 2008 to discuss what can be done in state agencies that represent 37,000 state employees to turn this trend around in Oklahoma.

The HVC vision is to "Provide the foundation for state entities to modify work environments and develop policies and activities to support the health and well-being of state employees." Our overall goal is for state employees to be the healthiest in the nation by 2013.



BENEFITS ADMINISTRATION SYSTEM (BAS)

The Employees Benefits Council is very proud of its Benefits Administration System (BAS). This unique, customized system is unlike any other in the country and has received numerous awards. By using it, employees are able to have more personal control and access to their benefits. The previous benefits system had limitations inherent with a mainframe environment. This system was replaced by BAS in 2002. EBC now houses and maintains the Internet-based benefits system. The system uses state of the art technology to provide a user-friendly environment, a convenient method to access benefits-related information, faster online data entry, more effective interface with other agencies and carriers, and far superior accounting and reporting capabilities. BAS interfaces with the state's PeopleSoft computer network known as CORE.

All state agency Benefits Coordinators have been trained on the new system and currently use it to process new employee benefit enrollment and mid-year change information for existing employees. In addition, all employees can use the online enrollment each year to enter their benefit elections, verify their flexible spending accounts and peruse the state's online benefits enrollment system.

This is the seventh year EBC has made the online system available to 37,000 active state employees. As the benefits office for state employees, EBC completed the option period for Plan Year 2010 with a record-breaking 75.38 percent (28,066) of statewide employees

choosing their benefits online. In surveys, of which 10 percent of employees participated, the online enrollment was given high marks with 99 percent of employees recommending online enrollment to other employees.

“SHOW ME THE MONEY!”

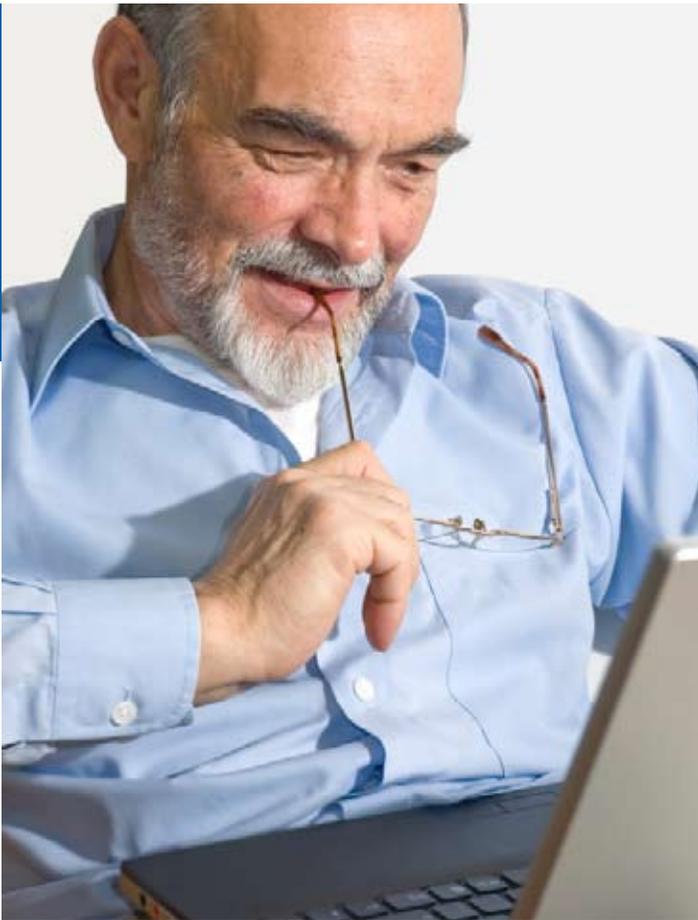
PRETAX BENEFIT PURCHASES

EBC provides state employees a valuable benefit through taking advantage of a federal law that permits employers to make benefits choices available to employees without subjecting those employees to taxation on the amount contributed toward the purchase of benefits. For Plan Year 2009, state employees used this tax strategy to purchase more than \$334 million in benefits.

FEDERAL INSURANCE CONTRIBUTIONS ACT (FICA) SAVINGS*

The State of Oklahoma and its employees have saved an average of \$3.06 million per year in Social Security and Medicare FICA taxes through the benefit plans offered by EBC. Employees participate in their benefit plans on a pretax basis, thereby reducing FICA taxes.

* Under the Federal Insurance Contributions Act (FICA), 12.4 percent of an employee's earned income, up to an annual limit, must be paid into Social Security, and an additional 2.9 percent must be paid into Medicare. For 2009, that limit was \$106,800. State employees pay only half the FICA bill (6.2 percent for Social Security + 1.45 percent for Medicare). The state contributes the other half. So, that means 7.65 percent of an employee's paycheck is withheld and the state pays another 7.65 percent on the employee's behalf. If an employee chooses to pay for out of pocket premiums on a pre-tax basis through premium conversion, the state's and employee's FICA obligation decreases.



FLEXIBLE SPENDING ACCOUNTS

You can take advantage of additional tax savings through participation in EBC's flexible spending health and dependent care accounts. The amount placed in these accounts lowers your income subject to taxation. These accounts allow you to contribute to an account before taxes to fund certain qualifying medical and dependent care expenses. For Plan Year 2009, combined contributions to these accounts were approximately \$15.9 million. Participation in these accounts amounts to significant tax savings for state employees. These funds can be distributed automatically through our direct deposit services. In all, 11,969 employees utilized a flexible spending health care account during Plan Year 2009 for health-related expenses and over 700 state employees utilized a dependent care account. Employees are able to review their flexible spending account activity through the Benefits Administration System at www.ebc.ok.gov. 2009 marked the fourth year EBC has offered a flexible spending account debit card that makes participation in these tax saving accounts easier. Enrollment in the debit card program increased 15 percent during 2009.

CONSULTANT REPORT

The national average increase in 2010 HMO premiums, according to various sources, was projected to range from 10.6 to 11.8 percent. That said, actual rates will likely be much less than that, as plan sponsors continue to mitigate increases in premiums through plan design changes.

The proposed increases in HMO Standard premiums averaged 15.4% for 2010. However, through aggressive negotiations and incremental

plan design changes, the final increase equated to an average increase of 4.8 percent. Based on final rates and enrollment as of the award of the contracts for 2010, it is estimated that these negotiations and incremental plan design changes reduced the annual benefit allowance that otherwise would have been observed by some \$35.3 million.

Continuing cost shifting from Medicare/Medicaid and the uninsured, increased utilization of expensive (but often effective) technology, the aging of the workforce, costly new drugs and declining health of the general population all continue to contribute to the continuing escalation in healthcare costs. Employee benefit plans continue to remain susceptible to the financial pressures from these external forces. In order to keep their health plans affordable, many employers continue to modify benefits. Co-pays, deductibles and coinsurance levels continue to rise. The trends are likely to continue for the foreseeable future as employers attempt to balance affordability, provider choice and adequate levels of insurance protection.

Beyond plan design changes, there are two other key factors that are contributing to the easing of premium increases. The first is a moderation of general prescription drug costs, largely attributable to an increased availability and use of generics. The second factor, while difficult to quantify, is the general effects of employers' efforts around population health management – that is, wellness, prevention and disease management initiatives.

There continues to be significant movement among employers to implement comprehensive population health management programs, such as the OKHealth Wellness Program. The more progressive employers, including the State of Oklahoma, are integrating incentives for certain behaviors, and in more limited cases, achieved improvements in health status indicators.

At a federal level, the Mental Health Parity Act of 2008 was passed by Congress. The Act will require plan sponsors that cover mental health and substance disorder treatment to cover these services identically to other medical services. The requirements will go into effect for participating HMO plans effective January 1, 2010. While there was negligible impact on rates for 2010, it will be important to monitor utilization, and corresponding impact into 2011 and beyond.

Expanded COBRA coverage and federal subsidy provisions were adopted by the Federal government, generally impacting both administrative efforts and plan/insurance costs. The continuing impact of these provisions will depend on whether these provisions are extended.

Health care reform efforts are being monitored closely, and will most likely have an impact on health care providers, plan design, financing and administration. It will be important to adapt to whatever changes evolve from this process.

In conclusion, Gallagher Benefit Services, Inc., the Employees Benefits Council's benefit consultant and actuary, is proud to be associated with an organization the caliber of the EBC. Based on our experience of working with many governmental plans, we found that in 2009 the EBC continued to be a progressive and responsive state health plan organization. We continue to support EBC's mission of providing State employees with "flexible benefits designed for choice and cost effectiveness, superior administration and promotion of healthy lifestyles."

*Gallagher Benefit Services
Greenwood Village, Colorado*



Gallagher Benefit Services, Inc.



ONLINE ENROLLMENT

Efficiency got a big boost from Oklahoma's state employees in the fall of 2009. More than three out of every four active state employees made their benefits choices online during the Option Period that was open from October 5 to October 30. In 44 agencies, including the Employees Benefits Council, 100 percent of employees took advantage of online enrollment.

In all, 28,066 employees used the online Benefits Administration System to make their selections for 2010. That was a record 75.38 percent of active state employees and a 4-percent increase over the Option Period in 2008. In previous years, online enrollment brought participation rates of 14, 40, 54, 60, 65.8 and 72.7 percent.

During the Option Period, state employees were able to change or maintain coverage choices in health, dental and vision plans, as well as life insurance for themselves and their families. Employees also had opportunities to participate in the new Invisible Bracelet early medical alert program, health care and dependent care flexible spend-

In all, 28,066 employees used the online Benefits Administration System to make their selections for 2010. That was a record 75.38 percent of active state employees. In 44 agencies, including the Employees Benefits Council, 100 percent of employees took advantage of online enrollment.

ing accounts, a mass transportation account, the OKHealth Wellness Program and SoonerSave retirement plans.

One online feature that receives consistent praise is the Enrollment Calculator (see Page 15). The tool in the Benefits section of the EBC Web site allows users to compare costs and see how their benefit allowances would be used.



SEARCH

EBC Enrollment Calculator

EASY BENEFIT ELECTIONS CALCULATOR !

To compute benefit designations that appear on your payroll advice statement, follow the boxes below. Indicate your choices then select the "calculate" button. Remember that this amount is deducted from the generous **Benefit Allowance** provided by the state of Oklahoma. Any excess will be added to your salary (pre-tax) and any overage will be deducted from your salary.

STEP ONE:

Indicate the Plan Year and the Pay Frequency that affects you.

STEP TWO:

Select your other options in the other available Selection areas. The calculator will automatically display and adjust to your various selections.

* Please refrain from hitting your *ENTER* key while using the calculator. Doing so will cause the page to submit and may result in calculation errors.

Plan Period Pay Frequency

Option	Carrier	Coverage	Rate
Health	<input type="text" value="Pacificare Alternative HMO"/>	<input type="text" value="Employee, spouse and children"/>	\$1,351.20
Dental	<input type="text" value="Delta Dental PPO - POS"/>	<input type="text" value="Employee, spouse and children"/>	\$129.20
Vision	<input type="text" value="VSP"/>	<input type="text" value="Employee only"/>	\$8.96
Supplemental Life	<input type="text" value="Supplemental Life"/> <input type="text" value="40-44"/>	<input type="text" value="60000.00"/>	\$9.36
Dependent Life	<input type="text" value="Dependent Life Standard"/>		\$4.32
Invisible Bracelet	<input type="text" value="Invisible Bracelet"/>	<input type="text" value="4"/> members	\$12.00
Basic Life			\$4.56
Disability			\$9.10
Health Care Account		\$ <input type="text" value="60.00"/>	\$60.00
Dependent Care Account		\$ <input type="text" value="0.00"/>	\$0.00
Mass Trans Account		\$ <input type="text" value="0.00"/>	\$0.00
Total Benefits Cost			\$1,588.70
Benefits Allowance			\$1,596.95
Remaining Benefits Allowance *			\$8.25

* This amount may vary from actual because of possible tax implications.

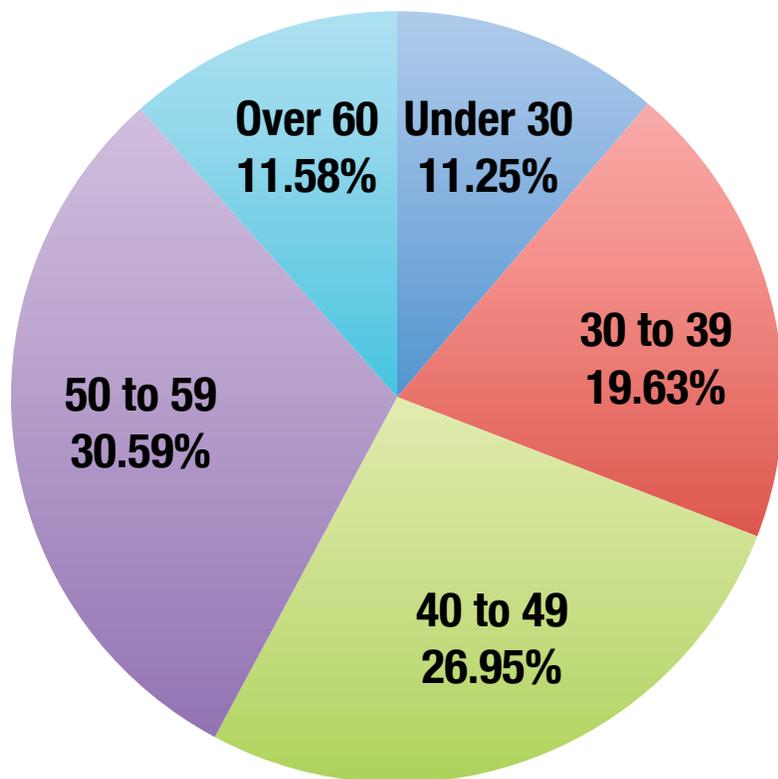


STATISTICAL DATA

AGE AND GENDER INFORMATION

For Plan Year 2009, the average age of active state employees was 46.34 years, which increased slightly from 46.17 during Plan Year 2008.

PERCENTAGE OF POPULATION



Average Age of Active State Employees
46.34 years

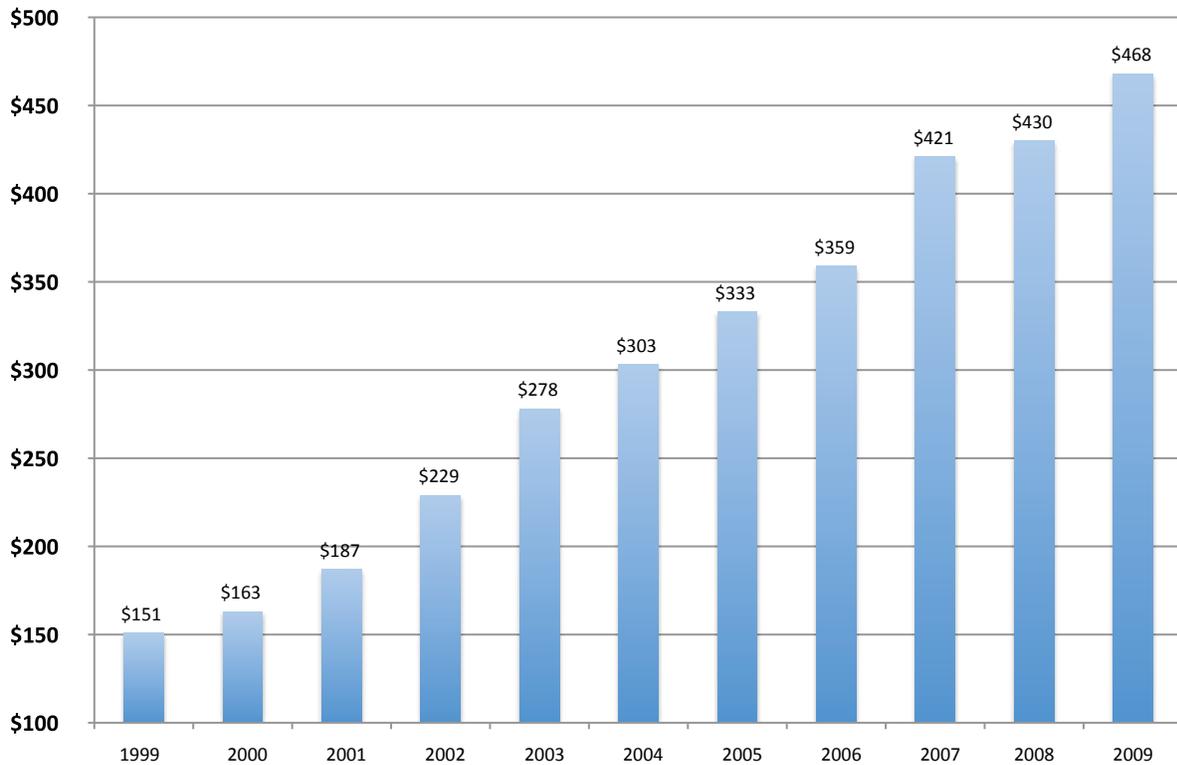
Age Category Percentage of Population

Under 30 years: 11.2 percent
 30 to 39 years: 19.6 percent
 40 to 49 years: 26.9 percent
 50 to 59 years: 30.6 percent
 Over 60 years: 11.6 percent

Gender Distribution: Unchanged

Male: 42 percent
 Female: 58 percent

AVERAGE PREMIUM-EMPLOYEE



(All Carriers/Employee Only – Rounded Monthly Premium)

HEALTH PREMIUM COMPARISON

Health insurance premiums have sustained a continuing increase since the late 1990s. The chart above shows employee-only health insurance premium costs for all carriers (HMO and HealthChoice’s Medical) over a 10-year period.

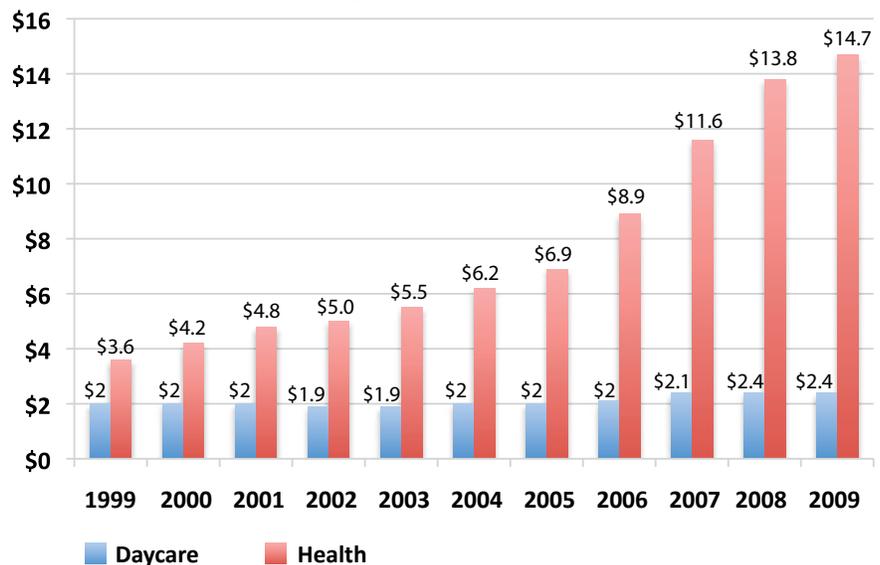
FUND UTILIZATION

For Plan Year 2009, 11,969 active state employees utilized a flexible spending health care account for health-related expenses. Participation increased 6 percent from Plan Year 2008. The average contribution was \$1,228 per year, a 6.5-percent increase from the previous year. There were 701 dependent care accounts with an average contribution of \$3,407 per year.

The table at right outlines the total contributions made to flexible spending health care and dependent care accounts by active state employees for the past 10 years, in millions.

FLEXIBLE SPENDING ACCOUNT FUNDS

Amounts in millions





HONORS AND AWARDS

The Employees Benefits Council's Benefits Enrollment Guide for Plan Year 2009 received the Communicator Award of Excellence from the International Academy of the Visual Arts. The competition received approximately 9,000 entries from companies and agencies of all sizes, making it one of the largest awards of its kind in the world. The Award of Excellence, which was also presented to EBC in 2008, is the competition's highest honor. Earlier EBC enrollment guides earned Communicator Awards of Distinction in 2006 and 2007.

The Benefits Enrollment Guide for Plan Year 2010 is already an award winner, honored with a Gold MarCom Award from the Association of Marketing and Communication Professionals.

State lawmakers chose to honor EBC's OKHealth wellness program during the First Session of the 52nd Oklahoma Legislature. Representatives unanimously approved House Resolution 1050 by Rep. Richard Morrisette. The resolution pointed out some of the most negative aspects of Oklahoma's overall health and highlighted how OKHealth is working to reverse those trends. The legislation also promoted participation in the program and encouraged policies in state government that promote healthy eating and active living.

VISION FOR THE FUTURE

As 2009 ends and 2010 begins, the Employees Benefits Council faces a number of challenges. Each year, the top challenge is negotiating fair prices for high quality benefits. This is especially true when our Great State is not in good financial shape, as was the case in 2009.

"The Council has a difficult balance to achieve, especially with the current economic situation," Council Chairman Bryce Fair said in August. "We're determined to protect the needs of state employees and their families, while at the same time weighing the financial challenges of state agencies."

"Our contract negotiations with the HMOs are an exhaustive effort that requires many hours from the Council members and staff," Executive Director Philip K. Kraft said. "Without this effort, the costs would be significantly higher. We work hard to minimize the impact of rising health care costs on the employees, state agencies and taxpayers."

The tireless, meticulous work, which resulted in a benefit allowance total that was \$30 million less than expected, will be demanded again because health care costs are expected to climb faster than inflation again in 2010. The status quo won't be good enough, however, because we are constantly looking for new, better and more efficient ways to serve state employees and their families. Recent examples include the new early medical alert benefit (Invisible Bracelet) in 2009 and the mass transit reimbursement account that was created by EBC in 2008. We continue to explore new health insurance concepts, products and incentives for employees to be cost conscious when utilizing health care.

The agency's consistent goal is to make everything done by EBC work better and cost less while maintaining the high quality of service state employees and their families expect and deserve.

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