June 6, 2003

TO: Personnel, Payroll and Insurance Offices of All State Agencies

FROM: Susanne Ames, Budget and Rates Manager
Finance, Legal & Policy, Budget Office

SUBJECT: Fiscal Year 2004 PEBB Program Rates

The total employer-funding rate per active employee per month for the 2004 fiscal year is $504.89 per section 709, ESSB 5404, the 2003 - 2005 operating budget. The new fiscal year (FY) 2004 employer funding rates for the Public Employees Benefits Board program will be effective July 1, 2003.

The funding rate includes $4.13 to increase life insurance coverage due to the settlement of Burbage et al. v. State of Washington. There are no other changes to the optional life or long term disability insurance rates at this time.

For payroll purposes, we have attached a chart for Calendar Year 2003, which may be used to distribute costs between subscriber family tiers as required by the settlement of Dianne L. Cockle vs. Department of Labor and Industries.

COBRA and self-pay rates will remain the same until January 1, 2004, the beginning of the new “plan” year. You will receive revised rate sheets for self-pay and COBRA subscribers prior to open enrollment. If you have any questions regarding this letter, please contact Sandra Lakey at the Health Care Authority, (360) 412-4201. Sandra Lakey can also be contacted by email at slak107@hca.wa.gov.

Enclosures

cc: Jayne Wallace
Katie Rogers
Pete Cutler
Sandra Lakey
Debbie Haeger
Lisa Laux
Maximum State Will Pay For Employee Benefits in CY 03
State and Higher Education Active Employees
PEBB Benefits Program

CY 2003 Weighted Average

Based Upon
Max State Pays

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Subscriber</th>
<th>Subscriber &amp; Spouse</th>
<th>Subscriber &amp; Child(ren)</th>
<th>Full Family</th>
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</thead>
<tbody>
<tr>
<td>Medical</td>
<td>$262.00</td>
<td>$514.00</td>
<td>$458.50</td>
<td>$710.50</td>
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<tr>
<td>Dental*</td>
<td>$32.92</td>
<td>$65.84</td>
<td>$65.84</td>
<td>$98.76</td>
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<tr>
<td>Life</td>
<td>$5.38</td>
<td>$5.38</td>
<td>$5.38</td>
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<tr>
<td>LTD</td>
<td>$2.70</td>
<td>$2.70</td>
<td>$2.70</td>
<td>$2.70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$303.00</strong></td>
<td><strong>$587.92</strong></td>
<td><strong>$532.42</strong></td>
<td><strong>$817.34</strong></td>
</tr>
</tbody>
</table>

* 2003 UDP rate by tier used as an estimate