

## Benefits Budget Update For BPC

4/15/2024

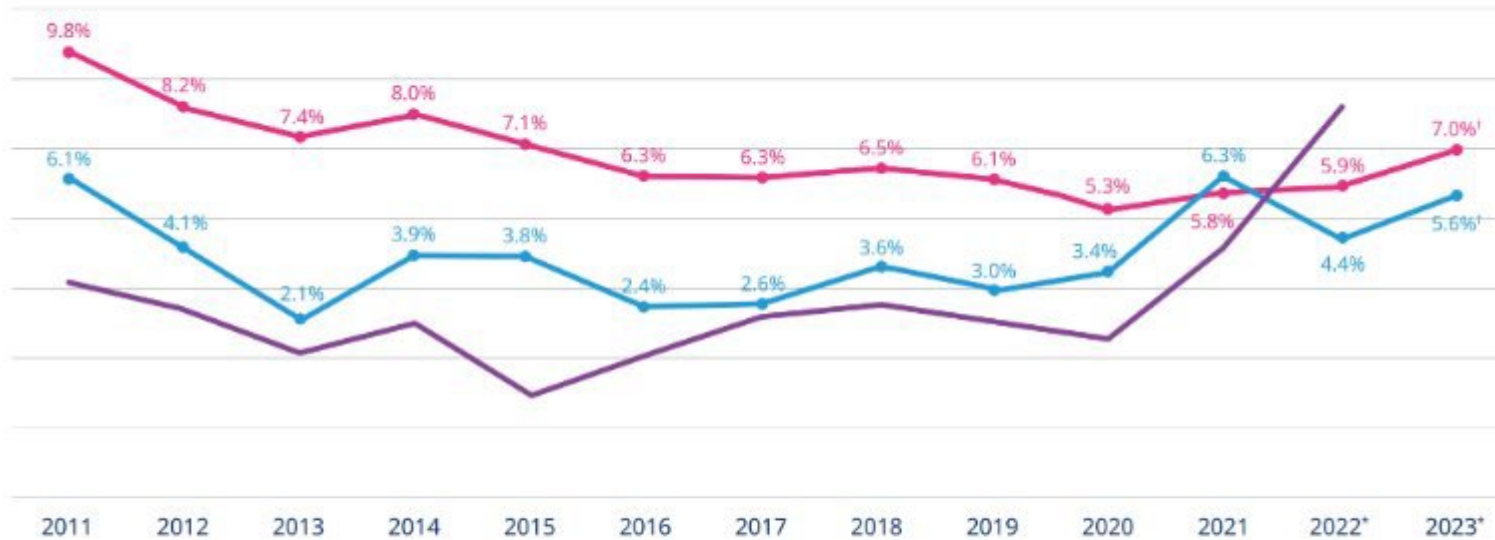
- FY25+ Budget Projections
- FY24 Budget Update
- Benefits Advisory Council (BAC) Benchmarking Report
- FY25 Premiums and Plan Design Update



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## Health Care Costs - CPI

Change in total health benefit cost per employee compared to CPI



Beginning in 2020, results are based on employers with 50 or more employees.

\*Projected. The actual cost increase for 2022 will be available later this year. †Preliminary data

Source: Mercer's National Survey of Employer-Sponsored Health Plans (beginning in 2020 results are based on employers with 50 or more employees); Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1993-2022

- Annual change in health benefit cost per employee — expected trend before plan changes
- Actual trend — after plan changes
- Overall inflation



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## FY25+ Benefits Budget Projections

Benefits Projections by Fiscal Year				
2/2/2024 USI Renewal Projections and Premiums				
Mid-Year Projection for FY24 From December 2024				
	February 2024 Updated USI Projections			
	FY24 (Current Budget)	FY25	FY26	FY27
	Total	Total	Total	Total
<b>Claims</b>				
Medical Claims	57,050,875	59,954,936	62,970,465	65,669,998
Medical Rebate				
Rx Claims (incl PrudentRx)	18,412,157	22,572,085	24,018,720	25,319,226
Rx Rebate	(4,906,840)	(6,771,626)	(7,205,616)	(7,595,767)
Dental Claims	2,210,177	2,369,501	2,463,365	2,560,955
<b>Total Claims</b>	<b>72,766,369</b>	<b>78,124,896</b>	<b>82,246,934</b>	<b>85,954,412</b>
<b>Fees - Other Insurance</b>	<b>7,484,482</b>	<b>10,046,028</b>	<b>10,625,460</b>	<b>11,268,516</b>
<b>Premiums</b>	<b>(16,800,440)</b>	<b>(17,537,700)</b>	<b>(18,426,779)</b>	<b>(16,466,187)</b>
<b>Total</b>	<b>63,450,411</b>	<b>70,633,224</b>	<b>74,445,615</b>	<b>80,756,741</b>
% Increase From Budget		11.32%	5.40%	8.48%
\$ Increase From Budget		7,182,813	3,812,391	6,311,126
		<b>FY25</b>	<b>FY26</b>	<b>FY27</b>
Benefits Eligible	3,504	3,769	3,769	3,769
Cost Per Benefits Eligible	\$18,108	\$18,741	\$19,752	\$21,427
Percent Increase		3.5%	5.4%	8.5%

## FY24 Budget Notes

- Employee growth will be a factor in FY24 Budget outcome.
  - Benefits Eligible Growth: Jun22: 3,473 - Jun23: 3,626 - Feb24: 3,769
  - Health Plan Enrolled Growth: Jun22: 2,993 - Jun23: 3,052 - Feb24: 3,166
- Current 12 Month Trends:
  - Medical Claims +7.3% per employee; +11.6% aggregate
    - Includes a \$3 million claim paid during this plan year
  - Rx Claims: +20.3% per employee; +25.0% aggregate
  - Combined: +10.5% per employee; +14.9% aggregate
- Initial Rx Cost Review
  - Specialty Medication costs increased by \$2.7 million (34%)
    - Several new claimants with \$200K in annual spend each
    - Rx Cost Increase Top Categories: Oncology +\$240K; Atopic Dermatitis+292K; Psoriasis+284K; Rhum. Arthritis +160K; Wegovy moved from #33 ranked Rx to #2 (\$700K spend)
  - Additional review of cost and cost mitigation strategies is underway and will be reported back to university leadership and BAC.



## Benefits Advisory Council Benchmarking

- For FY24 The Benefits Advisory Council (BAC) was asked to benchmark premiums and plan design (deductibles, out of pocket maximums) against IUC peers and public employers in the region.
- The Benchmarking & Recommendations report is available online:  
<https://www.ohio.edu/hr/benefits/benefits-advisory-council>
- Benchmarking revealed the university's premiums and plan design are above benchmarks.
- The report included the following recommendations:
  - Adjust the percent of premiums paid by employees to either the Southeast Ohio Public or Ohio IUC benchmark levels
  - Adjust the deductible and out of pocket maximums paid by employees to either the Southeast Ohio Public or Ohio IUC benchmark levels.
  - Consider eliminating the current salary bracket structure to better align university premiums with the Southeast Ohio Public or Ohio IUC employee premiums.
    - Premiums would need to be at salary bracket 1 levels to align with Southeast Ohio Public benchmarks
    - Premiums would need to be set at salary bracket 2 (family plans) and 3 (single plans) to align with IUC Universities benchmarks.



## Benefits Advisory Council Benchmarking

2023 State Employee Relations Board (SERB) Annual Survey				
Data reported as of January 2023				
Employee Percent Share of Full Premium*	Single	Family		
OU Faculty/Staff PPO	18%	22%		
Ohio IUC PPO Plans (SERB Survey)	16%	17%		
Southeast Ohio Publics PPO Plans (SERB Survey)	12.2%	15.5%		
Monthly Premiums*	Single	Family		
OU Faculty/Staff PPO	\$155	\$568		
Ohio IUC PPO Plans (SERB Survey)	\$128	\$400		
Southeast Ohio Publics PPO Plans (SERB Survey)	\$122	\$374		
Deductibles and Out-of-Pocket Maximums*	Deductible		Out-of-Pocket Max	
	Single	Family	Single	Family
OU Faculty/Staff PPO	\$800	\$1,600	\$3,500	\$7,000
Ohio IUC PPO Plans (SERB Survey)	\$600	\$1,200	\$3,300	\$6,600
Southeast Ohio Publics PPO Plans (SERB Survey)	\$500	\$1,000	\$2,700	\$5,400

## FY25 Health Plan Premiums and Plan Design

- **For FY25 Health Plan Premiums will be frozen at current dollar levels for the Faculty and Staff PPO Plan.**
  - Premiums were scheduled to rise by 9%. The university will absorb this cost increase.
  - As a result of employee premiums not increasing the percent of total premium paid by employees will decrease from
    - Single 18% - Single+1 20% - Family 22% to
    - Single 16.4% - Single+1 18.3% - Family 20.1%.
  - Faculty and Staff PPO Plan covers Faculty, Administrators, AFSCME 3200 Union, FOP Unions
  - (AFSCME 1699 premiums will increase slightly per union contract language)
- **Faculty and Staff PPO Plan premiums will continue to be based on salary level using current 9 salary bracket structure.**
- **Deductible and out-of-pocket limits for the Faculty and Staff PPO Plan will remain frozen for FY25 as well.**



# Impact of Freezing Premiums

## OU Current Projected Premiums for FY25, FY26, and FY27 with Current Bracket Structure

	FY24 Total Premium	FY24 Bracket 5 \$ (Avg)	FY24 %	FY25 Total Premium	FY25 Employee Premium	FY25 %	FY26 Total Premium	FY26 Employee Premium	FY26 %	FY27 Total Premium	FY27 Employee Premium	FY27 %
<b>Fac/Staff</b>												
Single	\$942.62	\$169.67	18%	\$1,022.93	\$184.13	18.0%	\$1,079.96	\$194.39	18.0%	\$1,149.71	\$206.95	18.0%
Single+1	\$1,885.25	\$377.05	20%	\$2,045.86	\$409.17	20.0%	\$2,159.92	\$431.98	20.0%	\$2,299.42	\$459.88	20.0%
Family	\$2,827.87	\$622.13	22%	\$3,068.80	\$675.14	22.0%	\$3,239.89	\$712.78	22.0%	\$3,449.13	\$758.81	22.0%
<b>Total Annual Premium</b>		\$13,076,213			\$14,090,482			\$14,810,748			\$15,691,638	

## OU Keep FY24 Premiums for FY25, FY26, and FY27 with Current Bracket Structure

	FY24 Total Premium	FY24 Bracket 5 \$ (Avg)	FY24 %	FY25 Total Premium	FY25 Employee Frozen	FY25 %	FY26 Total Premium	FY26 Employee Frozen	FY26 %	FY27 Total Premium	FY27 Employee Frozen	FY27 %
<b>Fac/Staff</b>												
Single	\$942.62	\$169.67	18%	\$1,022.93	\$169.67	16.6%	\$1,079.96	\$169.67	15.7%	\$1,149.71	\$169.67	14.8%
Single+1	\$1,885.25	\$377.05	20%	\$2,045.86	\$377.05	18.4%	\$2,159.92	\$377.05	17.5%	\$2,299.42	\$377.05	16.4%
Family	\$2,827.87	\$622.13	22%	\$3,068.80	\$622.13	20.3%	\$3,239.89	\$622.13	19.2%	\$3,449.13	\$622.13	18.0%
<b>Total Annual Premium</b>		\$13,076,213			\$13,076,213			\$13,076,213			\$13,076,213	

				FY25			FY26			FY27
<b>Difference</b>				(\$1,014,269)			(\$1,734,535)			(\$2,615,425)
<b>Cumulative Total</b>				(\$1,014,269)			(\$2,748,804)			(\$5,364,229)





Questions?

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