

Benefits Advisory Committee Recommendations for Budget Planning Council

February 19, 2009

Benefits Advisory Committee Charge

- Provide Budget Planning Council with recommendations to decrease University benefits expenditures by:
 - \$1 million
 - \$3 million
 - \$5 million

Benefits FY09 Budget

- Overall Budget \$36.5 Million
- Faculty; Admin; Class. \$31.5 Million
- Employee Premiums \$3.1 Million
- Premium Percent 9.85%

Comparative Data - Premium

- **National Higher Education Survey: 18% Single; 30% Family**
- Ohio 9.85%
- Akron 15%
- BG 9%-12%
- Cincinnati: Union 5%-8% --- Non Union 8%-15%
- Kent State 9%
- Miami 2% - 13% (salary based. \$60K+ 9%-13%)
- Ohio State 15%
- Toledo 22% for most popular plan (3% - 22% range)
- Wright State 7% - 10%

IUC Data from 2007. National Higher Education Survey from Mercer Consulting 2005

Comparative Data – Cost Sharing

	<u>Ohio</u>	<u>National*</u>	<u>IUC**</u>
Copay	\$15	\$17	\$15
Deductible	\$0	\$417 / \$888	\$173 / \$435
Co-Insurance Limit	\$750 / \$1,500	\$1,862 / \$4,105	\$1,295 / \$2,923
Drug Copays:			
Retail	\$10-\$20-\$30	\$9-\$20- \$38	\$8-\$18-\$30
Mail Order	\$15-\$30-\$45	\$17-\$35- \$66	\$16-\$29-\$49

*National Higher Education Survey (Mercer Consulting 2005)

** PPO or equivalent plans

Plan Change Options

• Premiums	1% Increase	\$300K
• Deductible	Every \$100/\$200	\$400K
• Co-Insurance Limit	Every \$100/\$200	\$55K
• Copay – Office Visits	Every \$5	\$220K
• Mandatory Generic		\$400K
• Mandatory Mail Order		\$400K
• Spouse Surcharge	\$50 /month	\$100K
• Smoking Surcharge		\$180K
• OU Spouse Enrollment/Premium		\$60K
• Eliminate Benefits (Vision, Dental)		\$900K
• Etc.		

\$1 Million Recommendation

	Current Benefit	Plan Change	Plan Change Impact
Mandatory Generic	not in place	Implement	\$400,000
Mandatory Mail Order	not in place	Implement	\$400,000
Spouse Surcharge (\$50 Month)	not in place	Implement	\$100,000
Premium based on Highest Paid OU Spouse	not in place	Implement	\$60,000
		Total	\$960,000

\$3 Million Recommendation

	Current Benefit	Plan Change	Plan Change Impact
Premiums	9.85%	12.15%	\$900,000
Deductible	None	\$200 / \$400	\$800,000
Co-Insurance Limit	\$750 / \$1,500	\$1,000/\$2,000	\$137,500
Office Visit Copay	\$15	\$20	\$220,000
Mandatory Generic	not in place	implement	\$400,000
Mandatory Mail Order	not in place	implement	\$400,000
Spouse Surcharge (\$50 Month)	not in place	implement	\$100,000
Premium based on Highest Paid OU Spouse	not in place	implement	\$60,000
		Changes Total	\$3,017,500

\$5 Million Recommendation

	Current Benefit	Plan Change	Plan Change Impact
Premiums	9.85%	16%	\$2,131,000
Deductible	None	\$300 / \$600	\$1,200,000
Co-Insurance Limit	\$750 / \$1,500	\$1,500 / \$3,000	\$495,000
Office Visit Copay	\$15	\$20	\$220,000
Mandatory Generic	not in place	implement	\$400,000
Mandatory Mail Order	not in place	implement	\$400,000
Spouse Surcharge (\$50 Month)	not in place	implement	\$100,000
Premium based on Highest Paid OU Spouse	not in place	implement	\$60,000
		Total Impact	\$5,006,987

All Recommendations

	Current	\$1 Million	\$3 Million	\$5 Million
Premiums	9.85%	No change	12.15%	16%
Deductible	None	No change	\$200 / \$400	\$300 / \$600
Co-Insurance Limit	\$750 / \$1,500	No change	\$1,000/\$2,000	\$1,500 / \$3,000
Office Visit Copay	\$15	No change	\$20	\$20
Mandatory Generic	not in place	implement	implement	implement
Mandatory Mail Order	not in place	implement	implement	implement
Spouse Surcharge (\$50 Month)	not in place	implement	implement	implement
Premium based on Highest Paid OU Spouse	not in place	implement	implement	implement

Premium Comparison

	Current 9.85%	12.15%	16%
Single Monthly	\$30 - \$54	\$38 - \$68	\$49 - \$88
Annual	\$360 - \$648	\$456 - \$816	\$588 - \$1,056
Single + 1 Monthly	\$61 - \$108	\$76 - \$135	\$99 - \$177
Annual	\$732 - \$1,296	\$912 - \$1,620	\$1,188 - \$2,124
Family Monthly	\$91 - \$162	\$113 - \$202	\$149 - \$265
Annual	\$1,092 - \$1,944	\$1,356 - \$2,424	\$1,788 - \$3,180

Deductible and Co-Insurance

- **Deductible:** Amount the employee must pay before the health plan begins paying claims.
- **Exempted from Deductible and Co-Insurance:**
 - Office Visits (currently \$15 copay)
 - Prescription Drugs (various copays)
 - Preventive Care exams, vaccinations, procedures, etc. (\$15 copays; 100% coverage)
 - Physical Therapy Visits (currently \$15 copay)
 - Osteopathic Manipulation (currently \$15 copay)
 - Speech Therapy (currently \$15 copay)
 - Occupational Therapy (currently \$15 copay)
 - Chiropractic Therapy (currently \$15 copay)
 - Maternity (currently \$15 copay)
 - Mental health – outpatient therapy visits
 - Hearing benefits (specific benefit and limits)
 - TMJ benefits (specific benefit and limits)
- **Subject to Deductible and Co-Insurance**
 - Everything not listed above
 - Surgery; Inpatient Care; Outpatient Care; Labs; X-Ray; Diagnostic testing; etc.

Recommended Improvements

	Current Benefit	Plan Change	Impact or Note
Healthy Ohio	NA	Implement	Approved by Vision Ohio
Dental Annual Maximum	\$750 per person	\$1,500 per person	+\$300,000
Dental Employee Premium	No premium for employee	\$5 monthly premium for employee	Can offset cost of annual max increase by \$75,000
Vision – Improve Fac. And Admin Benefit	\$25 per exam. \$55 to \$75 for glasses and frames	Provide same benefit as Classified Staff	+\$225,000
Domestic Partner Eligibility	Same Sex Only	Include Opposite Sex	Minimal – Equity Impact
Increase Child Eligibility with \$50 Monthly Surcharge	To age 19 or 23 if a full time student	To age 25 if a full time student	Increase risk (max exposure \$250,000)
Medical Lifetime Maximum	\$2,000,000	\$3,000,000	University increased risk

Additional Recommended Changes

	Current Benefit	Plan Change	Impact or Note
Mental Health Benefits	First 5 visits paid 100%; remaining visits paid 70%	First 5 visits paid 100%; \$15 copay thereafter	Equity / Enhancement Minimal impact
Emergency Room Visits	no deductible; 90%	\$50 Copay Per Visit	Minimal – Encourage use of family physician
Survivor Health Care Benefit	6 months at university expense	Up to 5 years at university expense	\$9,600 or applicable standard rate
Flexible Spending Account Annual Limit	\$3,000 limit	\$5,000 limit	Increased University Risk
Adoption Benefits	None	\$5,000 provided for associated fees	\$30,000
Extend Legal Guardians Health Care Coverage	Not covered	Provide coverage	Increased University Risk
Bid Vision, Dental, Life		Bid all by end of FY10	Cost reduction

Additional Recommendations: Healthy Ohio

- Healthy Ohio
 - Health Risk Appraisal (HRA) \$162,000
 - Assumes 30% participation
 - Wellworks Membership Incentive \$27,000
 - For members who utilize Wellworks 100 times per year
 - Disease Management Programs \$110,000
 - Preventive Care Updates \$100,000
 - Follow Anthem standards, which are more flexible and cover more vaccines and procedures.
- Annual Total \$399,000
- February 13 Deadline to offer HRA in FY2009

Employee Paid Benefits Enhancements and/or Additions

- Pursue the following
 - Supplemental Life Insurance
 - Increase benefit allowed to \$500,000
 - Dependent Life Insurance
 - Increase benefit allowed to \$50,000
 - Short Term Disability
 - Long Term Care
 - Legal Services