

**Benefits Informational Session
For Budget Planning Council**

Benefits Expense Rate and Benefits Budget

October 2022



OHIO
UNIVERSITY

Benefits Budget History and Projections

Summary -- Annual Benefits Budget Outcomes and Projections										
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024*	FY2025*	FY2026*
Claims and Rebates (Med, Rx, Dntl)	55,623,806	57,238,386	60,942,049	63,026,493	59,095,868	64,696,934	69,512,522	74,061,978	78,101,327	81,666,330
All Other Expenses	7,435,296	6,565,959	7,362,264	7,048,025	6,387,679	6,427,399	6,838,688	6,986,936	7,613,118	7,972,148
All Premiums	(12,566,615)	(13,013,815)	(13,547,551)	(14,029,234)	(14,981,411)	(13,824,862)	(16,228,516)	(17,239,792)	(17,992,606)	(18,667,039)
Total	50,492,487	50,790,530	54,756,762	56,045,284	50,502,136	57,299,471	60,122,694	63,809,122	67,721,839	70,971,439
% Change	3.7%	0.6%	7.8%	2.4%	-9.9%	13.5%	4.9%	6.1%	6.1%	4.8%
Avg Benefits Eligible	4,200	4,138	4,058	4,043	3,700	3,504	3,504	3,504	3,505	3,506
Cost Per Avg Ben Eligible	12,022	12,274	13,494	13,862	13,649	16,353	17,158	18,210	19,321	20,243
% Change	1.6%	2.1%	9.9%	2.7%	-1.5%	19.8%	4.9%	6.1%	6.1%	4.8%

- Historically we have had a goal to limit the inflationary cost of benefits to no more than 5% per year.
- To maintain that goal the university has used a mix of savings from RFP (ex. CVS Caremark, Anthem, etc.) and cost shifting to employees via increased premiums, deductibles, and out of pocket maximums.
- The decrease in average benefits eligible and covid have increases volatility and difficulty in projecting costs.
- FY22 was an especially tough year with a large spike in medical costs, including large claims (>=\$50K) overall and especially claims in the \$100K-\$500K range. In FY18-FY21 large claims average 43% of all claims paid. In FY22 large claims were 52% of all claims paid.
- FY24, FY25, FY26 are most recent projections and are such future projections are typically updated in February of each year.



Benefits Expense Rate

- The benefits expense rate funds the benefits budget.
- Departments are charged the benefits expense rate pro rata per benefits eligible employee per pay period.
- VP Finance – Budget posts the benefits expense rates online under Budget Development Tools.
- The benefits expense rate for FY23 is \$15,198. This amount is currently subsidized by benefits reserves.

Ohio University									
Benefit Expense Rates									
Fiscal Year 2022-23									
<i>Effective July 1, 2022</i>									
Group Health Insurance	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr style="background-color: yellow;"> <td style="padding: 2px;">Group Health Insurance per year</td> <td style="text-align: right; padding: 2px;">\$15,198.08</td> </tr> <tr> <td style="padding: 2px;">Per month (July through June)</td> <td style="text-align: right; padding: 2px;">\$1,266.51</td> </tr> <tr> <td style="padding: 2px;">Per bi-weekly pay (July through June)</td> <td style="text-align: right; padding: 2px;">\$584.54</td> </tr> <tr> <td style="padding: 2px;">Per semi-monthly pay (September through May)</td> <td style="text-align: right; padding: 2px;">\$844.34</td> </tr> </table>	Group Health Insurance per year	\$15,198.08	Per month (July through June)	\$1,266.51	Per bi-weekly pay (July through June)	\$584.54	Per semi-monthly pay (September through May)	\$844.34
Group Health Insurance per year	\$15,198.08								
Per month (July through June)	\$1,266.51								
Per bi-weekly pay (July through June)	\$584.54								
Per semi-monthly pay (September through May)	\$844.34								



Benefits Expense Rate

The following benefits are included in the benefits expense rate calculation:

- Health Insurance (medical/rx including COBRA)
- Dental Insurance
- Vision Insurance
- Administrative Fees
- Life Insurance
- Disability Insurance
- Flexible Spending Account Fees
- Employee Assistance Program
- Adoption Benefits
- Wellness Initiatives
- Employee Premiums for all benefits

Benefits not included in the benefits expense rates include retirement benefits, paid time off, fmla, educational benefits, leaves of absence, paid holidays, unemployment compensation, workers compensation, parking, relocation expenses, and etc.



Benefits Budget and Expense Rate

Benefits Projections by Fiscal Year				
8-12-2022 USI Renewal Projections and Premium				
	FY23	FY24	FY25	FY26
Claims				
Medical Claims	55,866,558	58,977,781	62,152,009	64,931,781
Medical Rebate	(600,000)			
Rx Claims (incl PrudentRx)	17,044,376	17,700,675	18,880,117	19,950,643
Rx Rebate	(4,542,326)	(4,717,230)	(5,031,551)	(5,316,846)
Prudent Rx	(356,838)	-		
Dental Claims	2,100,752	2,100,752	2,100,752	2,100,752
Total Claims	69,512,522	74,061,978	78,101,327	81,666,330
		6.54%	5.45%	4.56%
Fees - Other Insurance	6,838,688	6,986,936	7,613,118	7,972,148
Premiums	(16,228,516)	(17,239,792)	(17,992,606)	(18,667,039)
Total	60,122,694	63,809,122	67,721,839	70,971,439
		6.13%	6.13%	4.80%
Avg Benefits Eligible	3,504	3,504	3,504	3,504
Cost Per Benefits Eligible	17,158	18,210	19,327	20,254
		6.13%	6.13%	4.80%

Benefits Budget and Benefits Expense Rate

	FY23
Claims	
Medical Claims	55,866,558
Medical Rebate	(600,000)
Rx Claims (incl PrudentRx)	17,044,376
Rx Rebate	(4,542,326)
Prudent Rx	(356,838)
Dental Claims	2,100,752
Total Claims	69,512,522
Fees - Other Insurance	6,838,688
Premiums	(16,228,516)
Total	60,122,694
Avg Benefits Eligible	3,504
Cost Per Benefits Eligible	17,158

- The benefits expense rate is currently being subsidized by benefits reserves.
- The FY23 Budget is \$17,158 per benefits eligible employee and the benefits expense rate is \$15,198 per employee.
- The current benefit reserve is \$3.8 million

Group Health Insurance per year	\$15,198.08
Per month (July through June)	\$1,266.51
Per bi-weekly pay (July through June)	\$584.54
Per semi-monthly pay (September through May)	\$844.34



Benefits Budget History and Projections

FY22 Budget vs Actual and use of reserve:

	FY22 Budget	FY22 Year End	Over (under) Budget
Claims and Rebates (Med, Rx, Dntl)	59,800,716	64,696,934	4,896,218
All Other Expenses	6,527,495	6,427,399	(100,096)
All Premiums	(14,187,568)	(13,824,862)	362,706
Total	52,140,643	57,299,471	5,158,828
Benefit Expense Rate Collection	(52,140,643)	(50,681,648)	1,458,995
Overall Total			6,617,823
		Benefits Reserve July 1, 2021	10,424,955
		Remaining Benefits Reserve	3,807,132

