

Benchmarking & Recommendations

Ohio University
Benefits Advisory Council
2023 Healthcare Premium Benchmarking

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EXECUTIVE SUMMARY

The Benefits Advisory Council (BAC) provides the following observations related to the healthcare benchmarking analysis performed against the SERB Southeast Ohio and SERB Universities groups. The observations are listed in order of most impact to employees at Ohio University:

- The percentage share of healthcare premiums between the university and employees is significantly higher for Ohio University employees than both benchmark groups. Applying the benchmark percentage share to current Ohio University premiums would make the largest impact in adjusting Ohio University healthcare premiums to be competitive.
- If the percentage cost share was adjusted to match benchmark groups, the bracket structure at Ohio University should be removed as it significantly hinders being competitive with benchmark groups¹.
 - For the SERB Southeast Ohio benchmark: Eliminating all brackets would be needed to place OU's healthcare premiums as competitive with benchmark groups (\$107.59 for single plans and \$374.41 for family plans). Those premiums are below Ohio University's current B1 premiums.
 - For the SERB Universities benchmark: Eliminating all brackets and using the equivalent of B3 for single plans and B2 for family plans would be needed to place OU's healthcare premiums as competitive with benchmark groups (\$137.72 for single plans and \$438.97 for family plans).
- Aligning deductibles and max out of pocket requirements with benchmark groups would increase competitiveness in Ohio Universities healthcare plans. Additional data would be needed to determine the impact on premiums if changes to the deductibles and max out of pocket requirements were changed.

¹ The committee recognizes that eliminating the current bracket structure would be a significant deviation from Ohio University's longstanding practice. Currently, premiums for employees in lower pay bands are subsidized by charging higher pay bands a premium. Adjusting the bracket structure would result in employees in lower pay bands paying a higher percent of annual pay towards healthcare premiums than employees in higher pay bands.

If salary brackets were maintained, the committee recommends a more in-depth review and analysis of the structure of the brackets, including the number of brackets and the formula used to set premiums within each bracket, with implementation of any recommended changes scheduled for no earlier FY2025-26.

This report presents the healthcare benchmarking analysis and recommendations of the Benefits Advisory Council (BAC). The analysis and recommendations are offered as tools for aligning Ohio University's healthcare benefits with the Inter-University Council of Ohio (IUC) and southeast Ohio public employers.

TASK FORCE SUMMARY

Benefits Advisory Council Charges

To achieve its goals, the provost and VPFA asked the BAC to:

- Benchmark Ohio University's healthcare premiums/premium percent and plan design (Deductible, Out of Pocket Limits) to:
 - Inter-University Council of Ohio (IUC) which represents Ohio's 14 public universities
 - SERB Universities represent 13 of the 14 public universities in Ohio.
 - Southeast Ohio Public Employers
- Review bracket structure and make recommendations regarding potentials changes or other approaches.

Benefits Advisory Council Membership

To complete its charge, the BAC met throughout the Fall 2023 semester. The BAC is co-chaired by Mary Elizabeth Miles, Interim Vice President for Human Resources, and Aaron Wilson, Chair of the Faculty Senate Finance & Facilities Committee. Other members of the BAC (*in alphabetical order by last name*) included:

- John Ackison, AFSCME 1699
- Greg Fialko, HR-Benefits
- Brandon King, FOP
- Carly Leatherwood, President's Council
- Marjorie Mora, Administrative Senate
- Lyn Redington, Vice President for Student Affairs
- Tim Ryan, FOP Lieutenants
- Cheri Sheets, AFSCME 3200
- Sarah Wyatt, Faculty Senate (Chair)
- John Day, Associate Provost

METHODOLOGY APPROACH

Data Source Selection

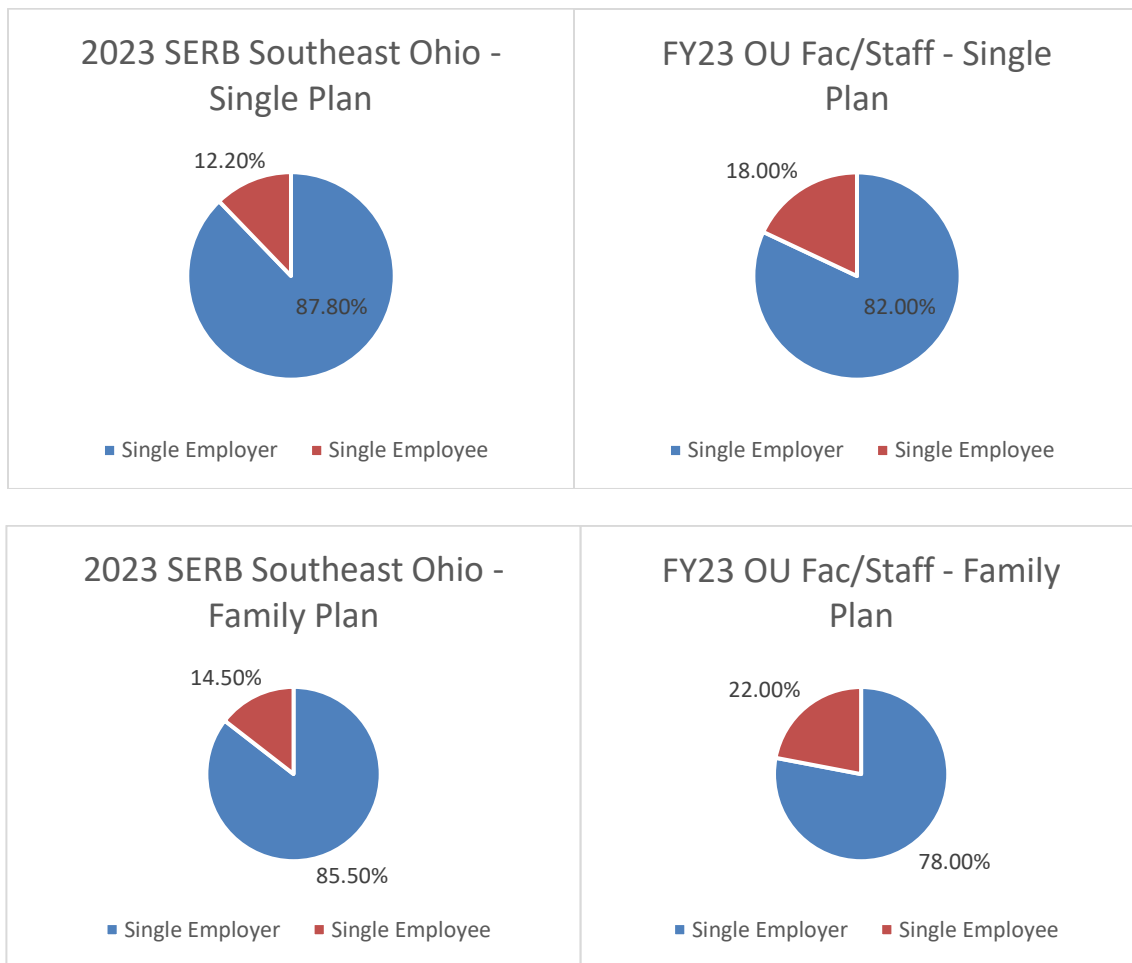
Data was obtained from the 2023 edition of the State Employee Relations Board’s (SERB) Cost of Health Insurance in Ohio’s Public Sector report. The SERB report provides a detailed look at trends in employer-sponsored health coverage, including premiums, employee contributions, cost-sharing provisions, wellness programs, and other aspects of health insurance for public entities in the State of Ohio.

ANALYSIS and RECOMMENDATIONS

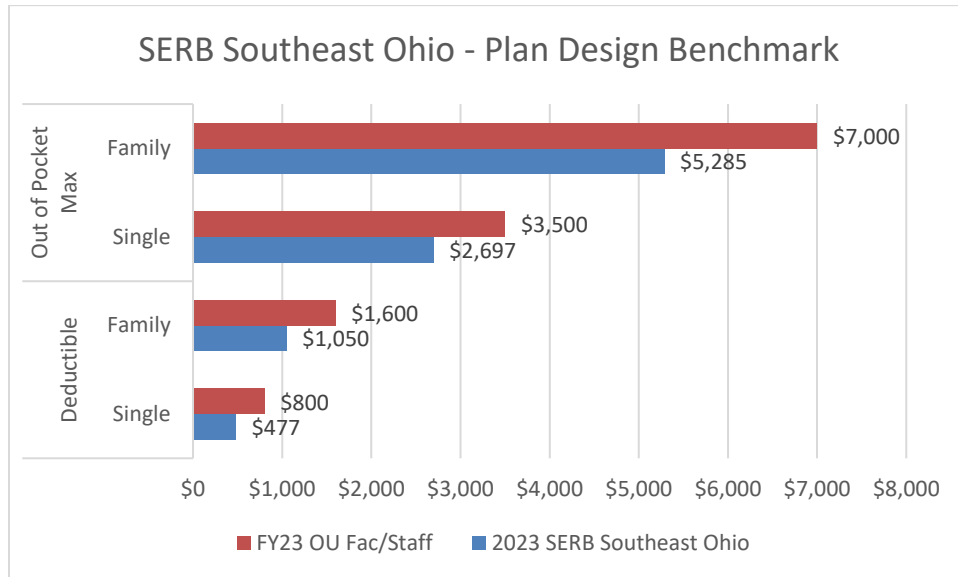
SERB Southeast Ohio Benchmarking

We offer the following recommendations based on the SERB Southeast Ohio benchmarking:

- Premium percentage share: For single plans, the university should adjust the premium percentage share from 18% to 12.5%. For family plans, the university should adjust the premium percentage share from 22% to 14.5%.



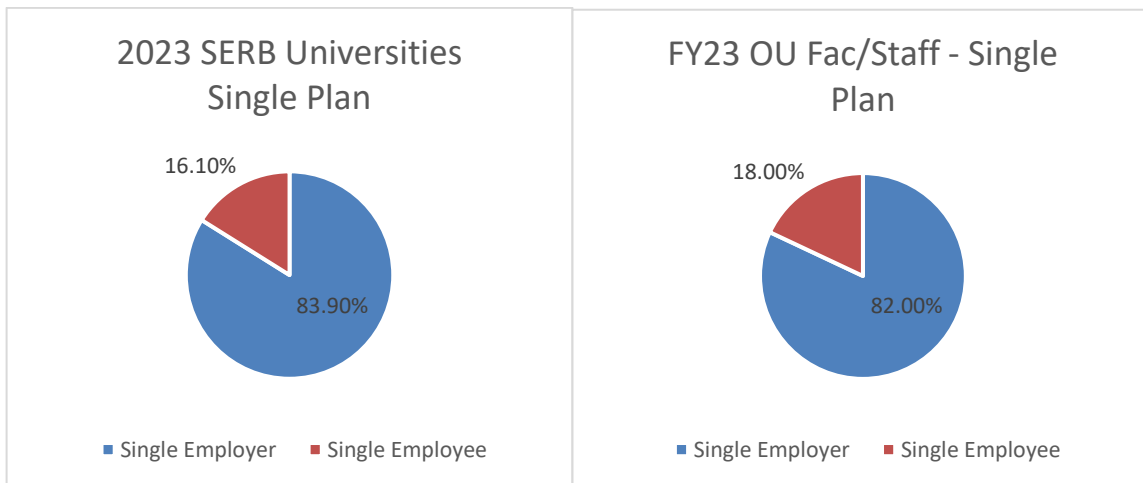
- **Deductible:** The deductible should be adjusted from \$800 (single coverage) and \$1,600 (family coverage) to the SERB Southeast Ohio average of \$500 (single coverage) and \$1,000 (family coverage).
- **Out-of-pocket max:** The out-of-pocket max should be adjusted from \$3,500 (single coverage) and \$7,000 (family coverage) to the SERB Southeast Ohio average of \$2,700 (single coverage) and \$5,400 (family coverage).

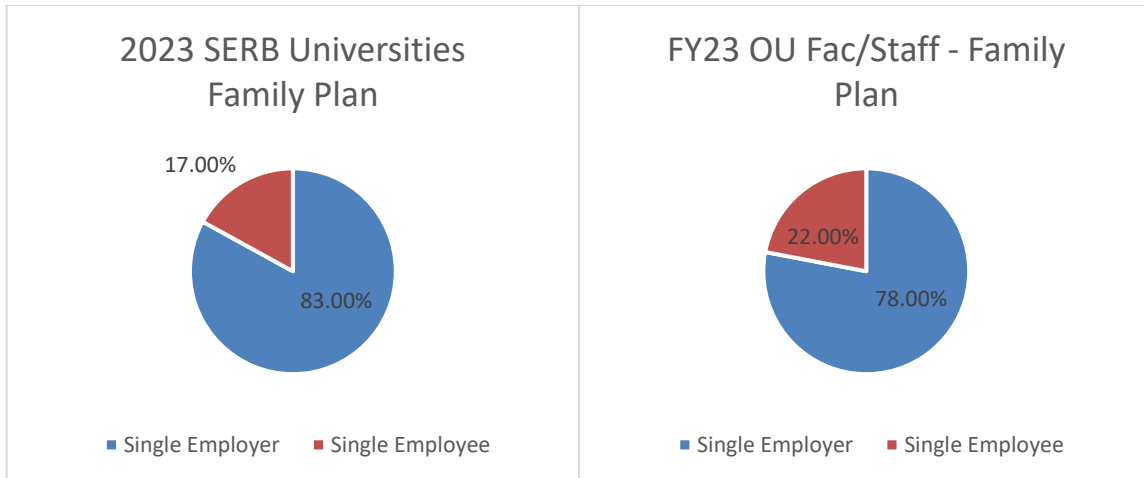


SERB Universities Benchmarking

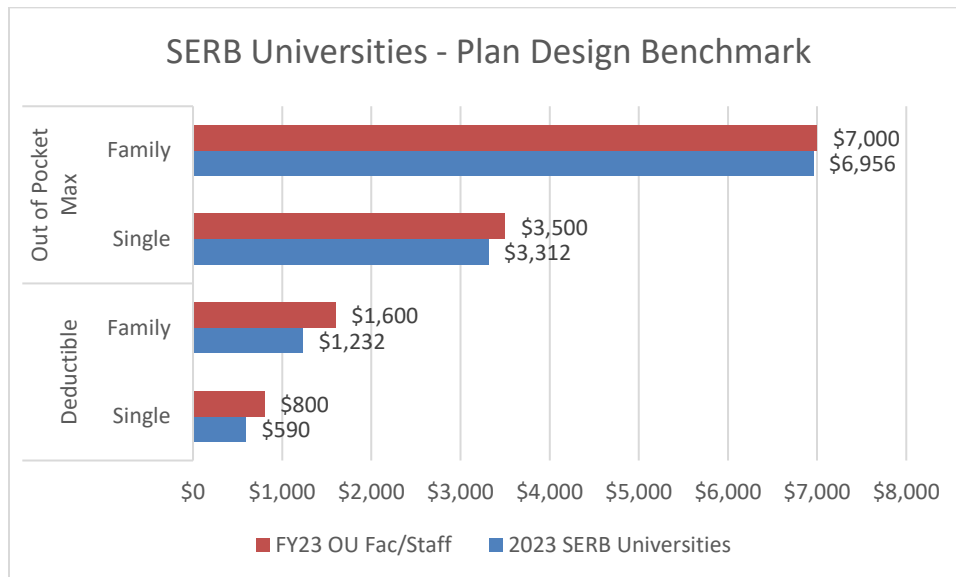
We offer the following recommendations based on the SERB Universities benchmarking:

- **Premium percentage share:** For single plans, the university should adjust the premium percentage share from 18% to 16%. For family plans, the university should adjust the premium percentage share from 22% to 17%.





- **Deductible:** The deductible should be adjusted from \$800 (single coverage) and \$1,600 (family coverage) to the SERB Universities average of \$600 (single coverage) and \$1,200 (family coverage).
- **Out-of-pocket max:** The out-of-pocket max should be adjusted from \$3,500 (single coverage) and \$7,000 (family coverage) to the SERB Universities average of \$3,300 (single coverage) and \$6,600 (family coverage).



Bracket Analysis

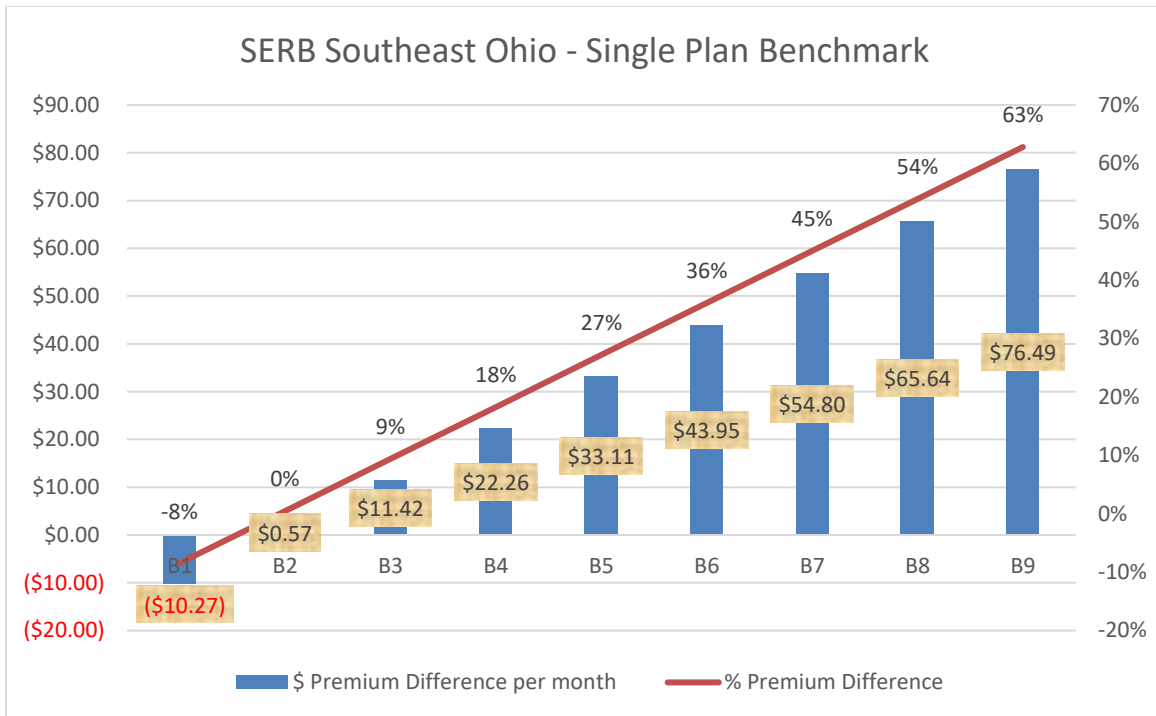
Fiscal year 2023 monthly premium brackets were compared to the SERB Southeast Ohio and SERB Universities (Appendix C).

The BAC is not aware of any bracket structure in the SERB Southeast benchmark group. The BAC found four IUC institutions (Akron, Miami, Ohio State, and Wright State) that vary health insurance premiums based on salary. Akron has 7 salary brackets, Miami utilizes a system-based percent of pay with premium caps, Ohio State has 6 salary

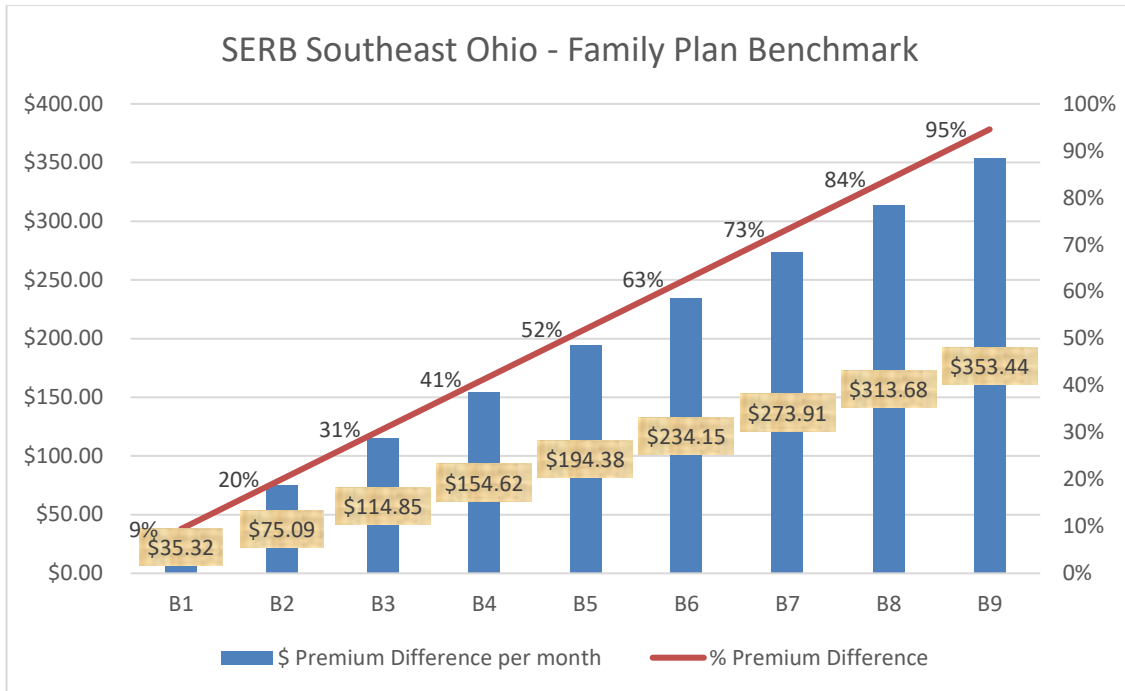
brackets, and Wright State has 4 salary brackets. Monthly premiums for these institutions were generally found to be lower than Ohio University’s salary brackets.

When analyzing the SERB Southeast Ohio benchmark, it was noted that:

- For the single plan, Ohio University’s premiums are lower than the SERB Southeast Ohio average for bracket 1 but higher across all other brackets. Bracket 1 is -\$10.27 lower per month (-8%) and bracket 9 is \$76.49 higher per month (63%).

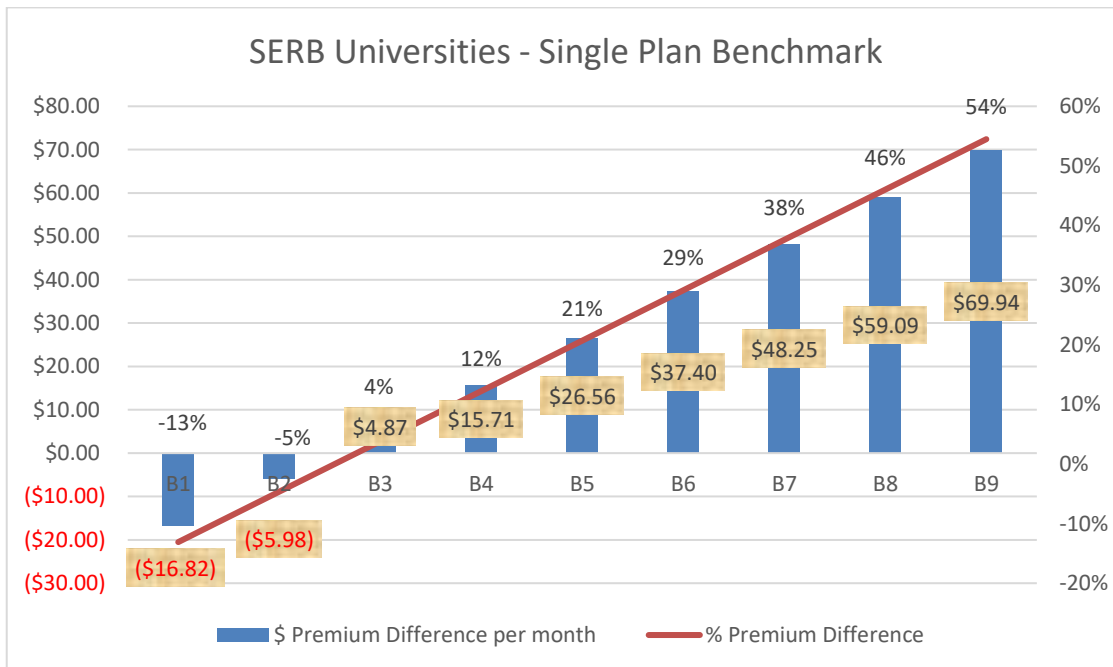


- For the family plan, Ohio University’s premiums are higher than the SERB Southeast Ohio average across all brackets. Bracket 1 is \$35.32 higher per month (9%) and bracket 9 is \$353.44 higher per month (95%).

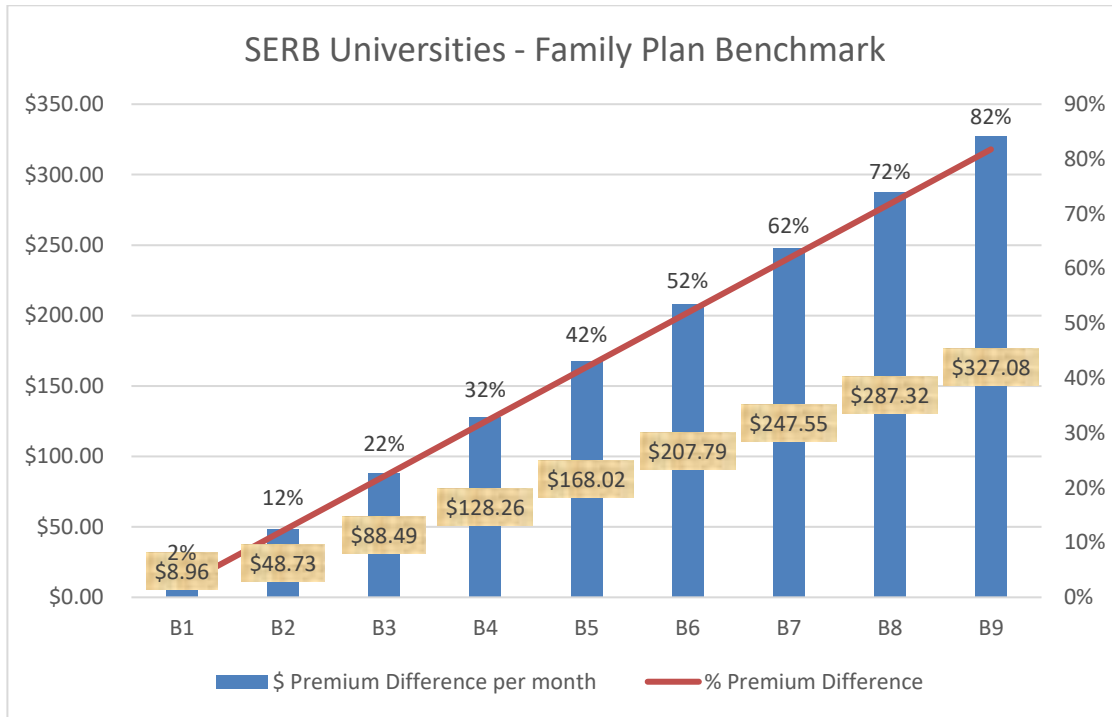


When analyzing the SERB Universities benchmark, it was noted that:

- For the single plan, Ohio University’s premiums are lower than the SERB Universities average for brackets 1 and 2 but higher across all other brackets. Bracket 1 is -\$16.82 lower per month (-13%) and bracket 9 is \$69.94 higher per month (54%) than the SERB Universities single plan average.



- For the family plan, Ohio University’s premiums are higher than the SERB Universities average across all brackets. Bracket 1 is \$8.96 higher per month (2%) and bracket 9 is \$327.08 higher per month (82%) than the SERB Universities family plan average.



If the average percent share for each benchmark group (SERB Southeast Ohio single (12.5%) and family (14.5%); SERB Universities single (16%) and family (17%) were applied to the current Ohio University premium totals for single (\$860.72) and family (\$2,582.15) then the following premiums would result:

	SERB Southeast Ohio percentage application	SERB Universities percentage application
Single Plan	\$107.59	\$137.72
Family Plan	\$374.41	\$438.97

We offer the following recommendations based on the premium bracket benchmarking:

- For the SERB Southeast Ohio benchmark: Eliminating all brackets would be needed to place OU's healthcare premiums as competitive with benchmark groups (\$107.59 for single plans and \$374.41 for family plans). Those premiums are below Ohio University’s current B1 premiums.
- For the SERB Universities benchmark: Eliminating all brackets and using the equivalent of B3 for single plans and B2 for family plans would be needed to place OU's healthcare premiums as competitive with benchmark groups (\$137.72 for single plans and \$438.97 for family plans).

Appendix A: SERB Southeast Ohio

Benchmark: SERB Southeast Ohio

	Single			Family		
	Employer	Employee	Total	Employer	Employee	Total
2023 SERB Southeast Ohio	\$892.19	\$121.82	\$1,014.01	\$2,143.70	\$373.69	\$2,517.39
FY23 OU Fac/Staff	\$705.79	\$154.93	\$860.72	\$2,014.08	\$568.07	\$2,582.15
\$ Difference	-\$186.40	\$33.11	-\$153.29	-\$129.62	\$194.38	\$64.76
% Difference	-21%	27%	-15%	-6%	52%	3%

	Single			Family		
	Employer	Employee	Total	Employer	Employee	Total
2023 SERB Southeast Ohio	87.80%	12.20%	100%	85.50%	14.50%	100%
FY23 OU Fac/Staff	82.00%	18.00%	100%	78.00%	22.00%	100%
Raw Difference	-5.80%	5.80%		-7.50%	7.50%	
Difference from Comparison	-6.61%	47.54%		-8.77%	51.72%	

	Deductible		Out of Pocket Max	
	Single	Family	Single	Family
2023 SERB Southeast Ohio	\$477	\$1,050	\$2,697	\$5,285
FY23 OU Fac/Staff	\$800	\$1,600	\$3,500	\$7,000
\$ Difference	\$323	\$550	\$803	\$1,715
% Difference	68%	52%	30%	32%

Appendix B: SERB Universities

Benchmark: SERB Universities

	Single			Family		
	Employer	Employee	Total	Employer	Employee	Total
2023 SERB Universities	\$662.71	\$128.37	\$791.08	\$1,916.30	\$400.05	\$2,316.35
FY23 OU Fac/Staff	\$705.79	\$154.93	\$860.72	\$2,014.08	\$568.07	\$2,582.15
\$ Difference	\$43.08	\$26.56	\$69.64	\$97.78	\$168.02	\$265.80
% Difference	7%	21%	9%	5%	42%	11%

	Single			Family		
	Employer	Employee	Total	Employer	Employee	Total
2023 SERB Universities	83.90%	16.10%	100%	83.00%	17.00%	100%
FY23 OU Fac/Staff	82.00%	18.00%	100%	78.00%	22.00%	100%
Difference	-1.90%	1.90%		-5.00%	5.00%	
Difference from Comparison	-2.26%	11.80%		-6.02%	29.41%	

	Deductible		Out of Pocket Max	
	Single	Family	Single	Family
2023 SERB Universities	\$590	\$1,232	\$3,312	\$6,956
FY23 OU Fac/Staff	\$800	\$1,600	\$3,500	\$7,000
\$ Difference	\$210	\$368	\$188	\$44
% Difference	36%	30%	6%	1%

Appendix C: Bracket Analysis

Benchmark: SERB Southeast Ohio

	FY23 Monthly Premium								
	B1	B2	B3	B4	B5	B6	B7	B8	B9
Single	\$111.55	\$122.39	\$133.24	\$144.08	\$154.93	\$165.77	\$176.62	\$187.46	\$198.31
\$ Difference	(\$10.27)	\$0.57	\$11.42	\$22.26	\$33.11	\$43.95	\$54.80	\$65.64	\$76.49
% Difference	-8%	0%	9%	18%	27%	36%	45%	54%	63%
Family	\$409.01	\$448.78	\$488.54	\$528.31	\$568.07	\$607.84	\$647.60	\$687.37	\$727.13
\$ Difference	\$35.32	\$75.09	\$114.85	\$154.62	\$194.38	\$234.15	\$273.91	\$313.68	\$353.44
% Difference	9%	20%	31%	41%	52%	63%	73%	84%	95%

*** For the SERB Southeast Ohio benchmark: Eliminating all brackets would be needed to place OU's healthcare premiums as competitive with benchmark groups (\$107.59 for single plans and \$374.41 for family plans).*

Benchmark: SERB Universities

	FY23 Monthly Premium								
	B1	B2	B3	B4	B5	B6	B7	B8	B9
Single	\$111.55	\$122.39	\$133.24	\$144.08	\$154.93	\$165.77	\$176.62	\$187.46	\$198.31
\$ Difference	(\$16.82)	(\$5.98)	\$4.87	\$15.71	\$26.56	\$37.40	\$48.25	\$59.09	\$69.94
% Difference	-13%	-5%	4%	12%	21%	29%	38%	46%	54%
Family	\$409.01	\$448.78	\$488.54	\$528.31	\$568.07	\$607.84	\$647.60	\$687.37	\$727.13
\$ Difference	\$8.96	\$48.73	\$88.49	\$128.26	\$168.02	\$207.79	\$247.55	\$287.32	\$327.08
% Difference	2%	12%	22%	32%	42%	52%	62%	72%	82%

*** For the SERB Universities benchmark: Eliminating all brackets and using the equivalent of B3 for single plans and B2 for family plans would be needed to place OU's healthcare premiums as competitive with benchmark groups (\$137.72 for single plans and \$438.97 for family plans).*