

Benefits Forum

Presented by:

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April 5, 2018

Agenda

- Benefits Financial Update
- Benefits Liaison Group
- Benefits: Past & Present
- Planning for the Future



Benefits Financial Update



Michigan Tech Claims Summary – Calendar Year

Aon National Trend	2017 Actual	2018 Baseline	2018 Projection	2019 Projection
Enrollment	1,338	1,336	1,342	1,342
Medical Claims	\$11,171,819	\$12,048,000	\$11,727,000	\$12,431,000
Rx Claims	\$3,086,176	\$3,180,000	\$3,311,000	\$3,609,000
Admin/Dental/Vision	\$2,555,471	\$2,554,000	\$2,612,000	\$2,679,000
Total Expense	\$16,813,466	\$17,782,000	\$17,650,000	\$18,719,000
Faculty/Staff Premium	\$2,075,803	\$2,072,000	\$2,064,000	\$2,064,000
Net Cost	\$14,737,663	\$15,710,000	\$15,586,000	\$16,655,000
Net Cost Per Employee Per Month	\$918	\$980	\$968	\$1,034

Michigan Tech Trend	2017 Actual	2018 Baseline	2018 Projection	2019 Projection
Enrollment	1,338	1,336	1,342	1,342
Medical Claims	\$11,171,819	\$11,823,000	\$11,572,000	\$12,151,000
Rx Claims	\$3,086,176	\$2,864,000	\$3,115,000	\$3,271,000
Admin/Dental/Vision	\$2,555,471	\$2,554,000	\$2,612,000	\$2,679,000
Total Expense	\$16,813,466	\$17,241,000	\$17,299,000	\$18,101,000
Faculty/Staff Premium	\$2,075,803	\$2,072,000	\$2,064,000	\$2,064,000
Net Cost	\$14,737,663	\$15,169,000	\$15,235,000	\$16,037,000
Net Cost Per Employee Per Month	\$918	\$946	\$946	\$996

Projections based on BCBSM/Express Scripts claims data using claims data paid through January 2018

2017 Express Scripts Savings

Michigan Tech - Pharmacy Pricing 2017 only		
Vendor	BCBS MI Pricing	Express Scripts ARxC
Allowed Charges (discounted ingredient cost + dispensing fees)	\$ 3,831,800	\$ 3,615,000
Allowed Charges - Ingredient Cost	\$ 3,794,200	\$ 3,599,700
Allowed Charges - Dispensing Fees	\$ 37,600	\$ 15,300
Member Cost Share (copays, coinsurance, etc.)	\$ 454,800	\$ 429,000
Allowed Charges - Net of Member Cost Share	\$ 3,377,000	\$ 3,186,000
Administration Fees	\$ 32,800	\$ 0
Guaranteed Rebates	(\$ 301,900)	(\$ 395,600)
Clinical Program Fees	\$ 0	\$ 61,700
Net Plan Cost	\$ 3,107,900	\$ 2,852,100
Net Plan Cost Savings over Current \$\$		\$ 255,800
Net Plan Cost Savings over Current %		8.2%

Net Aggregate Health Care Expense History Calendar Year Presentation

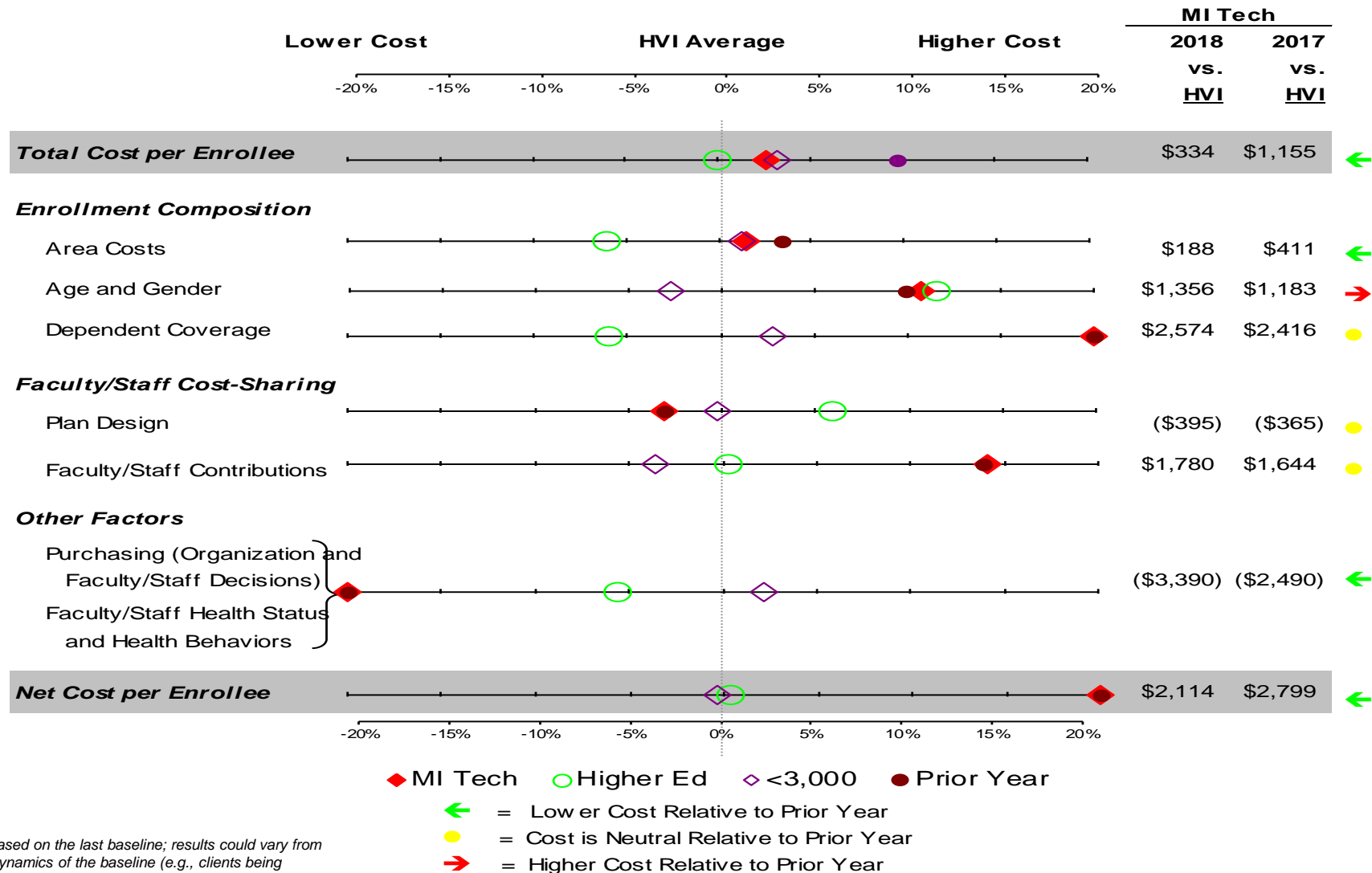


2004 - Major plan changes
 2009 - Major plan changes (BCBS to Aetna)
 2013 - Vendor Change (Aetna to BCBSM)
 2014 - eliminated stop loss insurance
 2017 - RX coverage through Express Scripts

Calendar Years ending December 31



Key Cost Drivers—Overall



Note: 2017 results are based on the last baseline; results could vary from prior reports due to the dynamics of the baseline (e.g., clients being added)



Cost Drivers Affecting Michigan Tech

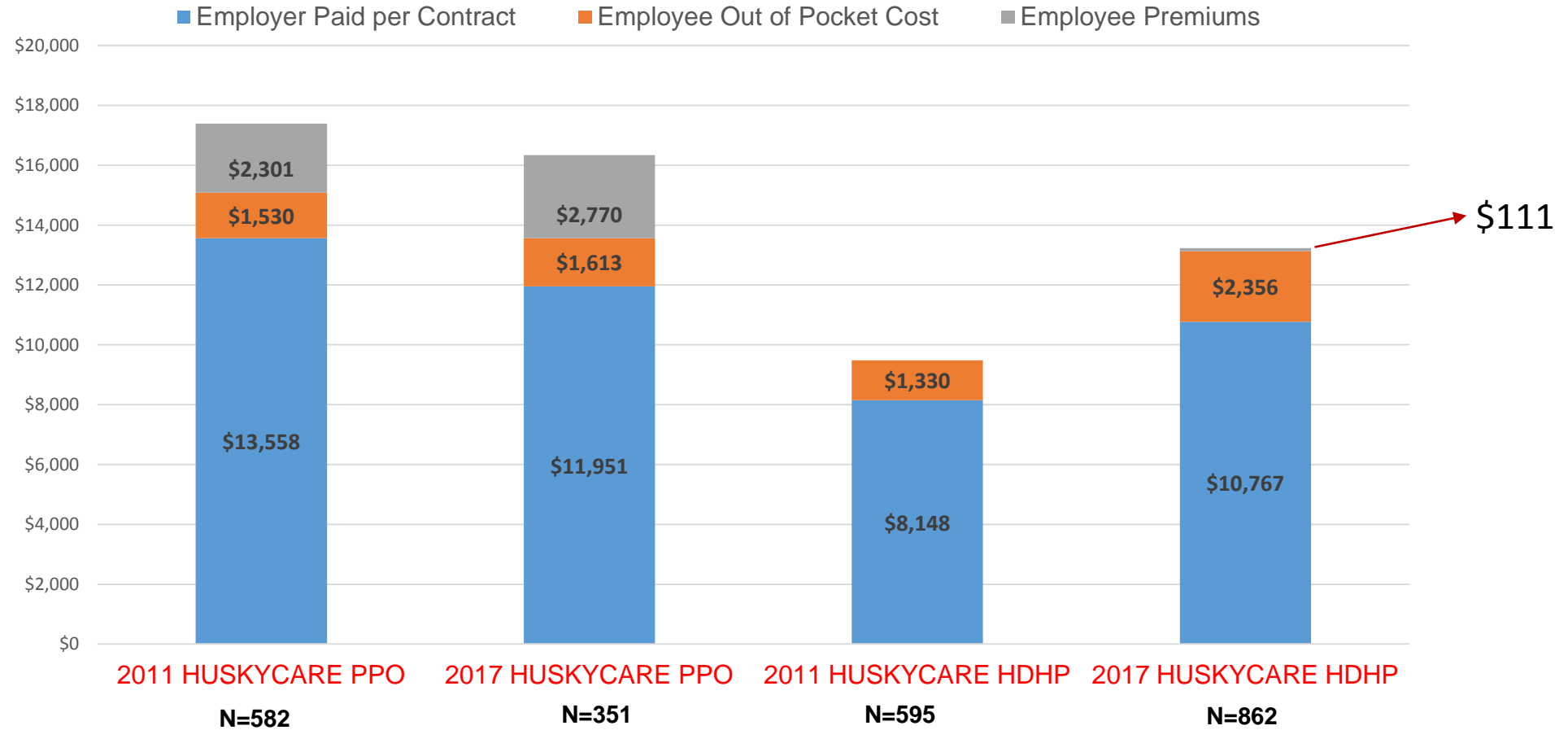
The following items were found to contribute (on average) to Michigan Tech's higher healthcare costs:

- Number of Dependents Covered
- Lower Faculty and Staff Contributions
- Age and Gender



Cost Share Analysis

CY2011 and CY2017



Michigan Technological University
Fiscal Year 2019 Proposed Fringe Benefit Rates
Expense Estimates as of December 2017

		Regular Non-Student Employees	Temporary Employees	Additional Compensation	Graduate Students
<u>Fringe Benefit Expenses</u>	<u>Total</u>				
FICA	\$ 8,526,377	\$ 7,633,140	\$ 412,380	\$ 480,857	-
TIAA-CREF/Fidelity	7,059,778	6,672,578	-	387,200	-
MPSERS	6,719,202	6,530,631	-	188,571	-
Health Care	15,476,880	15,423,546	53,334	-	-
Life, Disability, Unemp, W/C, Other	1,645,895	1,477,757	77,624	90,514	-
VHS and Short Term Disability	2,563,626	2,422,826	-	140,800	-
Grad Student Health Insurance	773,435	-	-	-	\$ 773,435
Voluntary Reduction (rounding)	(2,000)	-	(2,000)	-	-
Total Fringe Benefits Expenses	\$ 42,763,193	\$ 40,160,478	\$ 541,338	\$ 1,287,942	\$ 773,435
Salary & Wage Base for FY19	\$ 122,621,575	\$ 103,005,285	\$ 5,390,586	\$ 6,285,716	\$ 7,939,988
Proposed Rates		39.0%	10.0%	20.5%	9.7%
12/20/2017					



Benefits Liaison Group (BLG)

2018 BLG Members

Jane Berner, Retiree (Appointed by Administration)

Mari Buche, Associate Professor, School of Business (Appointed by the Provost)

Heather Guilbault, Manager of Benefits & Wellness (Human Resources Representative)

Jacob Guter, Facilities Architect, Facilities Management (Senate Elect)

Renee Hiller, Director of Human Resources (Human Resources Representative)

Stephen Kampe, Chair, Materials Science and Engineering (Appointed by the Provost)

Suzanne Morin, Controller (Appointed by Financial Services)

Byron Quinn, Manager of Finance & Planning (Appointed by Administration)

Nicholas Stevens, Senior Budget Analyst (Appointed by Research)

Samuel Sweitz, Associate Professor, Social Sciences (Senate Elect)

Crystal Verran, Director of Operations, UMC (Staff Council Elect)

The Benefits Liaison Group (BLG) is an advisory working group that was restructured in the Spring of 2015 & updated in Spring of 2017

<http://www.mtu.edu/hr/current/benefits/benefits-liaison-group/>

BLG Charge

- To review and evaluate the current fringe benefit package
- To provide recommendations to the Vice President for Administration on fringe benefit plans to attract and retain exceptional faculty and staff talent.
- To provide an update annually to the campus community.



Benefits: Past & Present

Calendar Year (CY) 2017 & 2018 Benefits

Major Factors That Could Influence Healthcare Projections

- Plan Design (deductibles, coinsurance, copays, premiums, etc.)
- Discounts with in-network providers through insurance vendors
- Michigan Tech's claims history



CY2017 Benefit Overview

- No changes to PPO or HDHP plan design
- No changes to PPO premiums
- Introduced a \$5.00 per dependent per month premium on the HDHP
- Prescription coverage through Express Scripts - no plan design changes
- Opt-out reduced to \$95 (from \$150) per month (taxable)



CY2017 Benefit Overview

- No changes to dental
- Vision vendor change to Davis Vision (from Eyemed) – enhanced plan design
- Life and Disability vendor change to Unum (from Metlife) – no change to plan design or premium
- Parental Leave Benefit (from maternity leave) – enhanced benefit



CY2018 Benefits

- All benefit plans remained the same as CY2017.
- No changes to premiums or plan design.

For more information on benefits, visit <https://www.mtu.edu/hr/current/benefits/>



Upcoming Benefit Events

- Fidelity Consultations – April 24 to 26, 2018
April 24^{and} 26 in the Memorial Union Greenstone Room (106A)
April 25 in the Lakeshore 220H Conference Room
- Benefits Fair – May 18, 2018 in the Memorial Union Ballroom
- TIAA Consultations – June 12 to 14, 2018 in the Memorial Union Greenstone Room (106A)



Planning for the Future

Compensation Task Force Recommendation (2016 Report)

Recommendation 2: Increase employee flexibility in selecting benefit options. The Task Force recommends that Human Resources, the Benefits Liaison Group, and the Senate continue to examine ways to increase flexibility in benefit selection for employees without increasing the proportion of total compensation in benefits.

Recommendation 2a: Increase flexibility and choice among health care for employees. We believe this could be accomplished in a number of ways, including the development of additional plan options such as the current 'gold' with new 'bronze' and 'platinum' options at different costs.

Example Approaches—Life Stage Portfolios

	Millennials (1982–2002)	Gen X (1964–1981)	Boomers/Traditional (1963 & Before)
	<ul style="list-style-type: none"> Prefer creative benefits and time off Focused more on salary than benefits Value meaningful work and opportunity 	<ul style="list-style-type: none"> Self-reliant and prefer flexible benefit options Value rewards based on performance Value independence and freedom 	<ul style="list-style-type: none"> Individualistic Make employment decisions based on benefits Embrace defined benefit retirement programs
My Money	403(b)—6% Contribution	403(b)—12% Contribution	403(b)—15% Contribution
	Take-Home Pay	Personal Investments	Personal Investments
My Lifestyle	Paid Time Off	Paid Time Off	Paid Time Off
	Technology	Flexible Work Arrangements	Giving Back
	Paid Parental Leave		
	Flexible Work Arrangements		
	Activities and Discounts		
My Insurance	Medical, Single Coverage	Medical, Family Coverage	Medical, +1 Coverage
	Dental	Dental	Dental
	Vision	Vision	Vision
	STD	Life	Life
	LTD	STD	STD
	Identity Theft	LTD	LTD
		Legal Services	Long-Term Care
		Auto / Home Owners	Critical Illness
My Health	Wellness	Wellness	Resiliency
	Incentives		Care Planning

Path to a new Benefits Shopping Experience

Build better awareness of the value of all that Tech offers to faculty/staff members



- Package and communicate existing programs differently so it starts to feel like a shopping experience.
- Begin planning for 2019. Determine core offerings (e.g., HDHP, retirement, basic life, core LTD and subsidies).

Help faculty/staff find the right combination of benefits

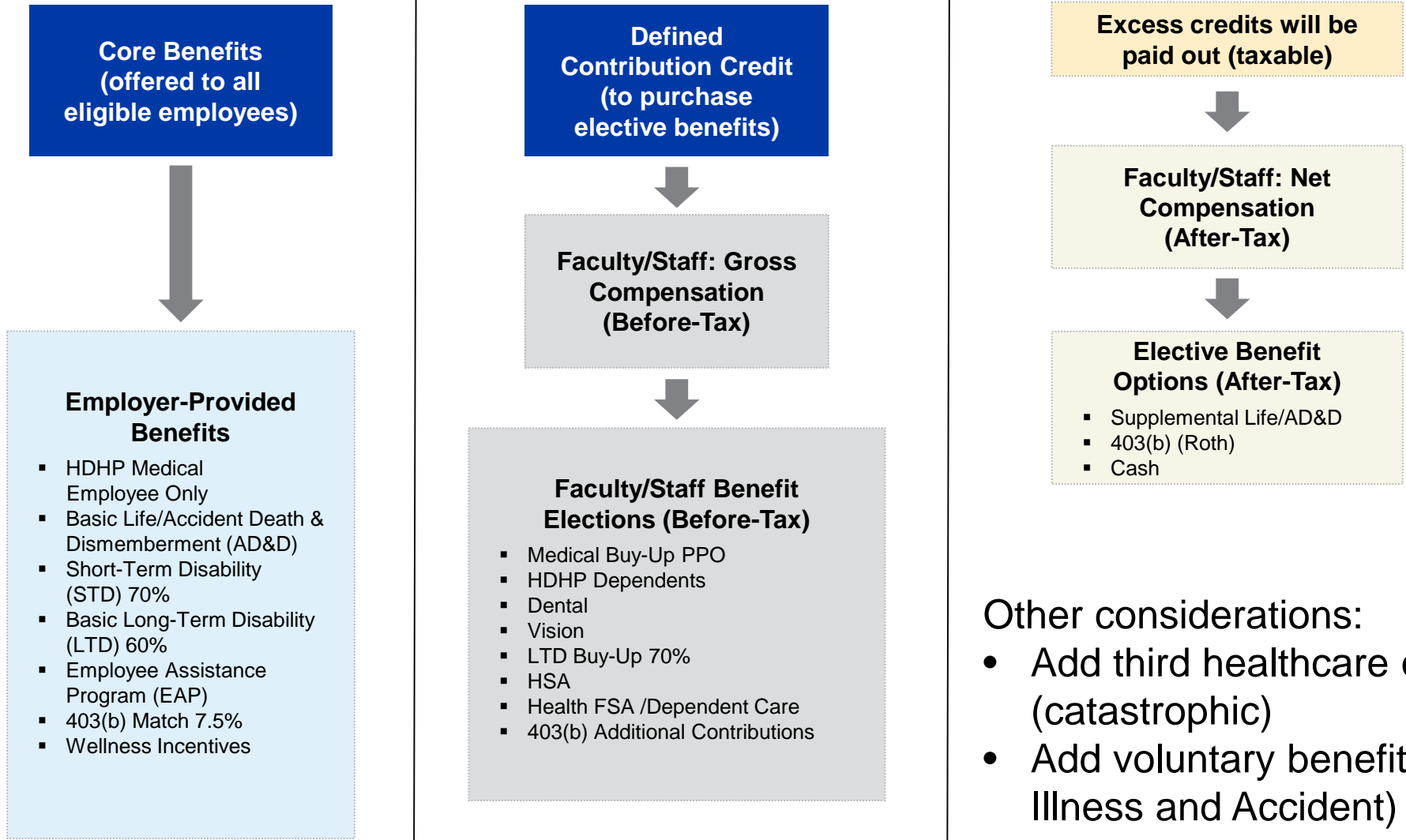


- Potential concept: core offerings include only minimal coverage (e.g., HDHP medical, retirement) with all other options available for purchase
- Add more choice/options to the menu including elective benefit

Full Flex Plan Development – BLG Objective in 2018

Begin exploring and developing a flexible benefit plan for calendar year 2019. The BLG will provide mid-year recommendations on a specific flexible benefit plan for 2019. These recommendations will be provided to the Vice President for Administration by July 1, 2018.

Full Flex Design Example



- Other considerations:
- Add third healthcare option (catastrophic)
 - Add voluntary benefits (Critical Illness and Accident)

Questions?

