

# Benefits Forum

**Presented by:**

Renee Hiller, Director, Human Resources

Ginger Sleeman, Manager, Benefits

Ellen Horsch, Vice President for Administration

April 11, 2017

# Agenda

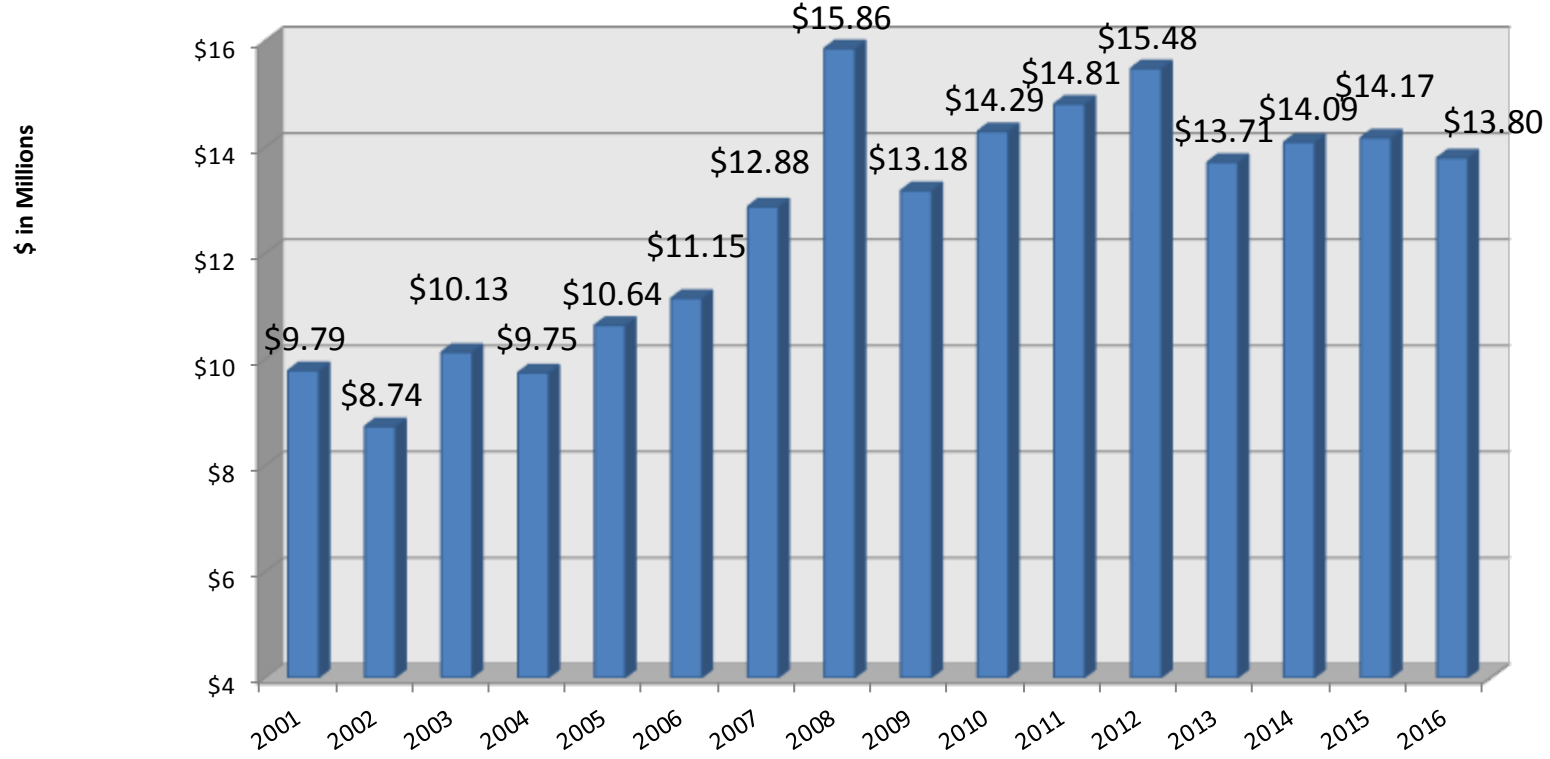
- Benefits Financial Update
- Benefits: Past, Present and Future
- Update on the Benefits Liaison Group



# Benefits Financial Update



## Net Aggregate Health Care Expense History Calendar Year Presentation



- 2000 - Introduced percentage copays
- 2001 - Introduced specific stop loss coverage
- 2002 - A Premium plan introduced plus percentage copays for all services
- 2004 - Major plan changes
- 2009- Major plan changes (BCBS to Aetna)
- 2013- Vendor Change (Aetna to BCBSM)
- 2014-eliminated stop loss insurance

Calendar Years ending December 31



**Michigan Technological University  
Fiscal Year 2018 Proposed Fringe Benefit Rates  
Expense Estimates as of December 2016**

	<u>Total</u>	<u>Regular Non-Student Employees</u>	<u>Temporary Employees</u>	<u>Additional Compensation</u>	<u>Graduate Students</u>
<b><u>Fringe Benefit Expenses</u></b>					
FICA	\$ 8,275,780	\$ 7,426,696	\$ 410,530	\$ 438,554	\$ -
TIAA-CREF/Fidelity Retirement	6,802,787	6,451,371	-	351,416	-
MPSERS	6,701,723	6,545,219	-	156,504	-
Health Care	15,407,620	15,398,020	9,600	-	-
Life, Disability, Unemp, W/C, Other	1,606,825	1,445,887	77,813	83,125	-
VHS and Short Term Disability	2,359,703	2,237,596	-	122,107	-
Graduate Student Health Insurance	869,365	-	-	-	869,365
Voluntary Reduction	(31,000)	-	(15,000)	(5,000)	(11,000)
<b>Total Fringe Benefits Expenses</b>	<b>A \$ 41,992,803</b>	<b>\$ 39,504,789</b>	<b>\$ 482,943</b>	<b>\$ 1,146,706</b>	<b>\$ 858,365</b>
<b>Salary &amp; Wage base for FY18</b>	<b>B \$ 119,197,441</b>	<b>\$ 99,944,281</b>	<b>\$ 5,366,403</b>	<b>\$ 5,732,732</b>	<b>\$ 8,154,025</b>
<b>Proposed Rates</b>	<b>A/B</b>	<b>39.5%</b>	<b>9.0%</b>	<b>20.0%</b>	<b>10.5%</b>

12/22/2016



# Cost Summary—Calendar Year 2016–2018 (Claims through December 2016)

## Aon National Trend Assumption

	2016 Baseline	2016 Actual	CY 2017 Projections	CY 2018 Projections
			Aon National Trend Assumption for Projections	
	(Projection as of Dec 2015)	Uses Michigan Tech Claims Spreadsheet through Dec 2016	No Design Changes, No PPO premium change, Add \$5 HDHP Dependent premium, Rx Coalition Savings	No Design Changes, 0% increase to Faculty/Staff Premiums, 6% med/rx trend
Enrollment * (Actives and retirees)	1,280	1,291	1,322	1,322
Claims (Med/Rx)	\$14,456,000	\$13,066,391	\$14,366,000	\$15,228,000
Admin	\$1,077,000	\$1,045,836	\$1,167,000	\$1,202,000
Stop loss	n/a	n/a	n/a	n/a
Federal Reinsurance Fee	\$62,000	\$62,000	n/a	n/a
Dental	\$1,266,000	\$1,228,490	\$1,124,000	\$1,124,000
Vision	\$364,000	\$366,564	\$364,000	\$364,000
<b>Expense</b>	<b>\$17,225,000</b>	<b>\$15,769,281</b>	<b>\$17,021,000</b>	<b>\$17,918,000</b>
<b>Faculty/Staff Premiums</b>	<b>\$1,938,000</b>	<b>\$1,910,435</b>	<b>\$2,003,000</b>	<b>\$2,003,000</b>
<b>Net Cost</b>	<b>\$15,287,000</b>	<b>\$13,858,846</b>	<b>\$15,018,000</b>	<b>\$15,915,000</b>

\* Enrollment numbers for 2017 projections use Feb 2017 census file.

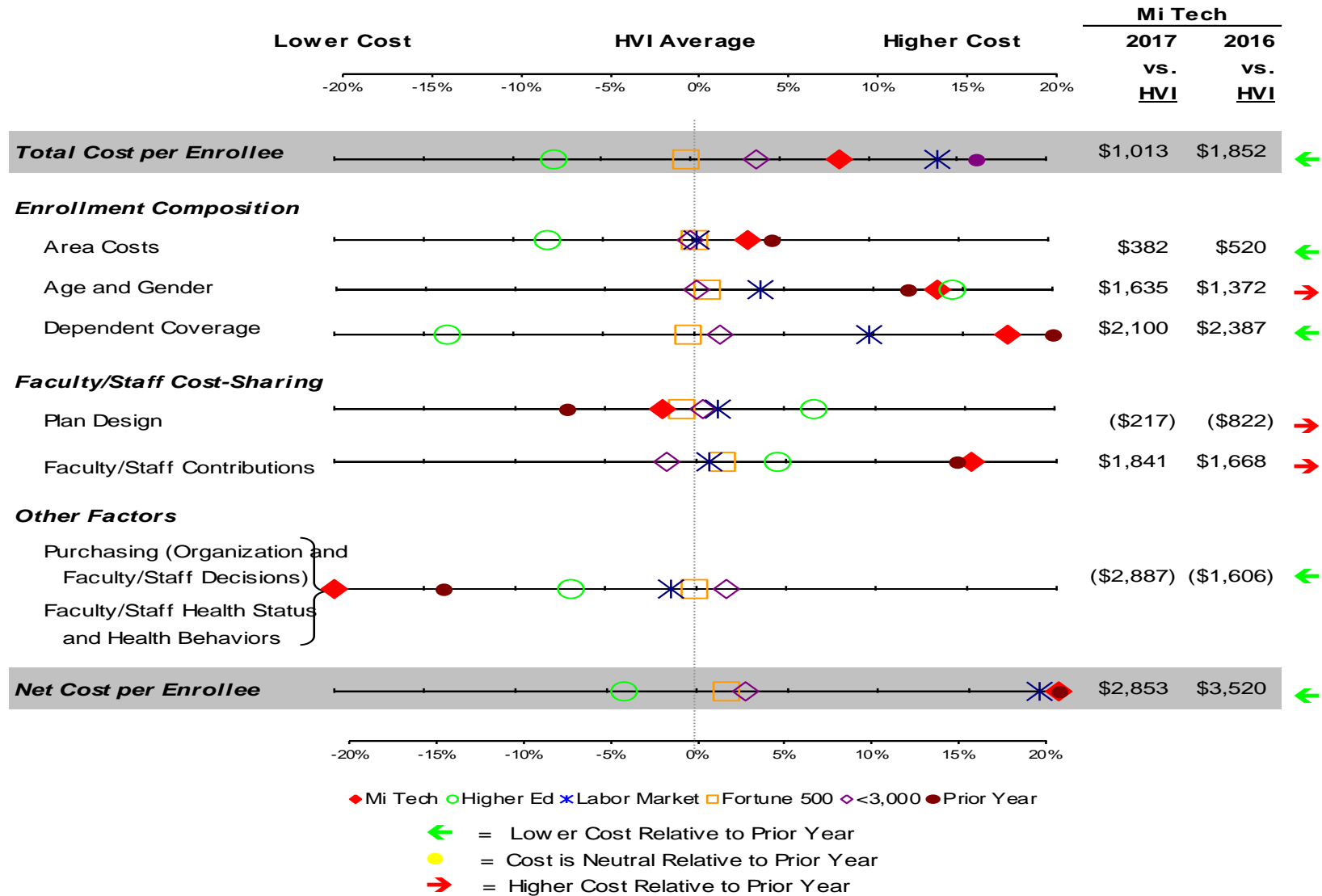
# Cost Summary—Calendar Year 2016–2018 (Claims through December 2016)

## Michigan Tech Trend Assumption (5%)

	2016 Baseline	2016 Actual	CY 2017 Projection	CY 2018 Projection
			Michigan Tech Trend Assumption (5%)	
	(Projection as of Dec 2015)	Uses Michigan Tech Claims Spreadsheet through Dec 2016	No Design Changes, No PPO premium change, Add \$5 HDHP Dependent premium, Rx Coalition Savings	No Design Changes, 0% increase to Faculty/Staff Premiums, 5% med/rx trend
Enrollment * (Actives and retirees)	1,280	1,291	1,322	1,322
Claims (Med/Rx)	\$14,456,000	\$13,066,391	\$13,959,000	\$14,657,000
Admin	\$1,077,000	\$1,045,836	\$1,167,000	\$1,202,000
Stop loss	n/a	n/a	n/a	n/a
Federal Reinsurance Fee	\$62,000	\$62,000	n/a	n/a
Dental	\$1,266,000	\$1,228,490	\$1,124,000	\$1,124,000
Vision	\$364,000	\$366,564	\$364,000	\$364,000
<b>Expense</b>	<b>\$17,225,000</b>	<b>\$15,769,281</b>	<b>\$16,614,000</b>	<b>\$17,347,000</b>
<b>Faculty/Staff Premiums</b>	<b>\$1,938,000</b>	<b>\$1,910,435</b>	<b>\$2,003,000</b>	<b>\$2,003,000</b>
<b>Net Cost</b>	<b>\$15,287,000</b>	<b>\$13,858,846</b>	<b>\$14,611,000</b>	<b>\$15,344,000</b>

\* Enrollment numbers for 2017 projections use Feb 2017 census file.

# Key Cost Drivers—Overall





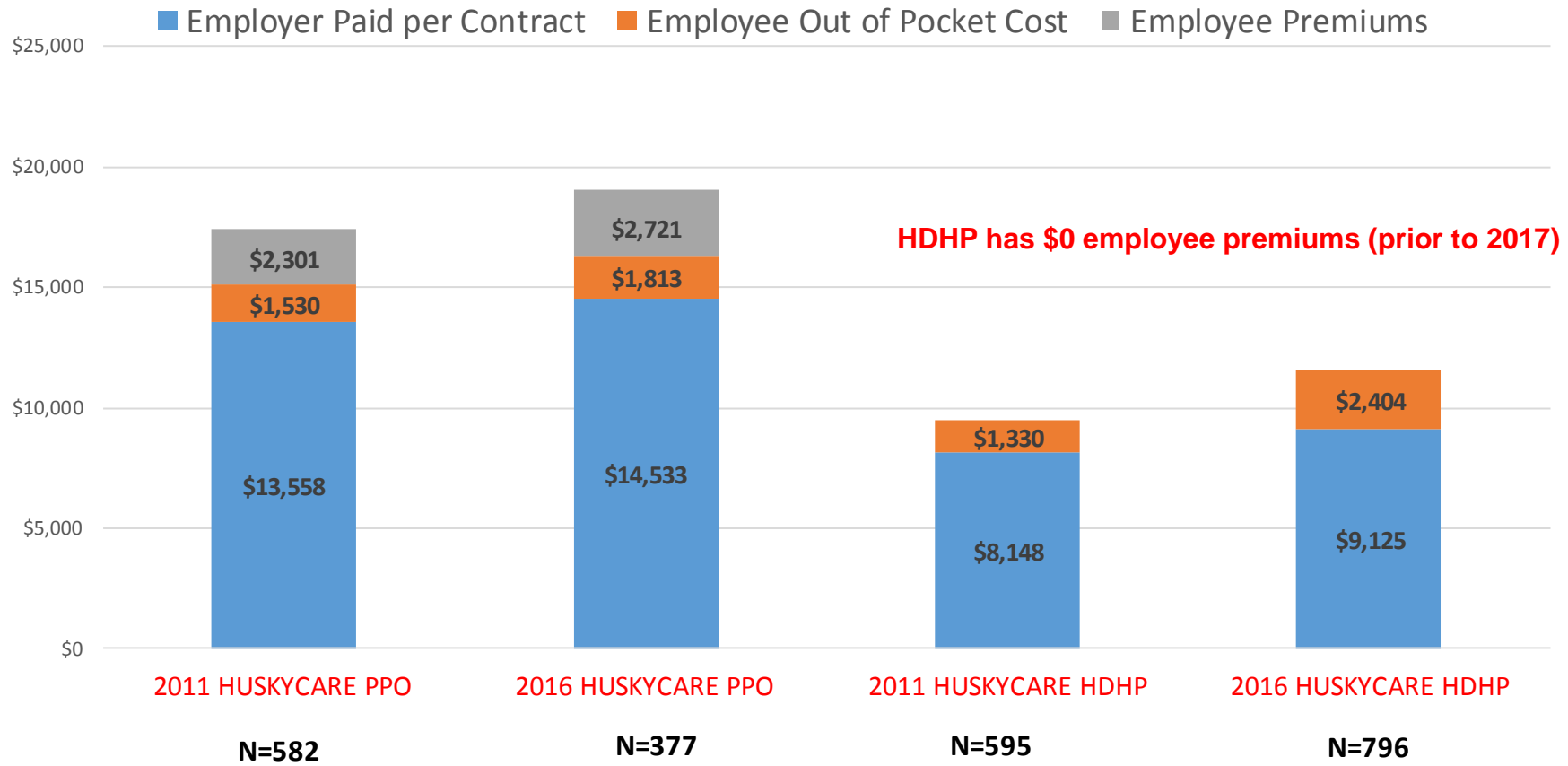
# Cost Drivers Affecting Michigan Tech

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 CY2016



# Benefits: Past, Present, and Future



# Calendar Year (CY) 2016 & 2017 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



# CY2016 Benefit Overview

- Continued two healthcare Plans (Preferred Provider Organization - PPO & High Deductible Health Plan - HDHP)
- No changes to PPO or HDHP plan design
- No changes to dental or vision
- No changes to employee premiums
- *Employee Education Program*



# 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 per month (taxable)



# CY2017 Benefit Overview

- No changes to dental
- Vision vendor change to Davis Vision – enhanced plan design
- Life and Disability vendor change to Unum – no change to plan design or premium
- *Parental Leave Benefit*





# Health Plan Enhancement

## 24/7 Online Health Care

- Quality health care anytime, anywhere
- Use your smartphone, tablet or computer to meet with a doctor face-to-face online
- Fast, convenient and affordable
- Private and secure
- Amwell™ doctors who are U.S. board-certified and licensed in your state



# Health Plan Enhancement

## **When to use:**

- When your primary doctor isn't available
- When you feel too sick to drive
- When you can't leave your home or workplace
- When you're on vacation or traveling for work
- When you're caring for children or a family member and can't leave
- When you're looking for affordable after-hours care



# Health Plan Enhancement

## **What can be treated:**

- Sinus and respiratory infections
- Colds, flu and seasonal allergies
- Earache
- Eye irritation or redness
- Minor burns, cuts and scrapes
- Skin rash
- Sore throat



# Health Plan Enhancement

## **Signing up family:**

- Family members on your Blue Cross Blue Shield health care plan can use online health care
- Your spouse and children over 18-years old can create their own accounts
- Parents and guardians can add children under age 18 to their accounts to have doctor visits on their child's behalf



# Health Plan Enhancement

## **Important:**

You may be charged incorrectly if you don't enter your plan information and service key. If you already have an Amwell™ account, log in and update your plan information and service key.

## **For more information:**

<http://www.mtu.edu/hr/current/benefits/docs/24-7-online-health-care.pdf>



# Express Scripts

- Joined the Aon Hewitt Prescription Coalition (AHRC) to leverage better pricing on prescriptions
- Formulary based
- All local pharmacies are in-network
- Copays apply toward the out-of-pocket maximum on the PPO
- Copays apply toward the deductible and out-of-pocket maximum on the HDHP
- Use mail order to receive a true 90 day supply
- At retail receive a 34 day supply or 100 pill quantity, whichever is greater



# Davis Vision (in-network benefit)

- No declining balance
- No premium change
- \$10 eye exam once per calendar year
- \$200 allowance for lenses or contacts once every calendar year
- \$200 allowance for frames once every 2 calendar years
- Safety glasses for employees are covered in full every 2 calendar years for any Fashion, Designer, or Premier frame from the Davis Vision Safety Collection



# Benefit Events

- Benefits Fair – May 4, 2017
- TIAA Consultations
- Fidelity Consultations
- Social Security Administration Presentation
- Estate Planning Sessions
- Graduating Senior Series





## CY2017-2019 Health Roadmap

Current State	Effective January 2017	Effective January 2018	Effective January 2019
<b>Medical</b> <b>Blue Cross Blue Shield</b>	Benchmark costs and plan design annually to understand competitive position		
	Monitor utilization and trends annually to assess programs to help manage costs Adapt strategy to account for Health Care Reform (as warranted)		
<b>PPO</b> Premium Adult \$114 per person/month Deductible \$2000/\$4000 Coinsurance 35% (except ER \$75 and RX 10%/25%)	No PPO plan design changes  No PPO premium changes  24/7 Online Health Care	BLG will review plan design annually and make recommendations   Adjust plan design annually, adjust premiums as needed	BLG will review plan design annually and make recommendations   Adjust plan design annually, adjust premiums as needed
<b>HDHP</b> Dependent Premium \$5 per dependent/month Deductible \$1750/\$3500 Coinsurance 35% (all services except hospital/surgery/lab/x-ray/ER/RX – 10%)	No HDHP plan design changes  Introduced a \$5 per dependent per month premium  24/7 Online Health Care	Consider incentive-based HSA funding based on group/individual performance in prior year	Consider incentive-based HSA funding based on group/individual performance in prior year
<b>Preventive Care</b>			
Annual physical covered at 100%		Annual physical covered at 100%	
<b>Prescription Drugs – Express Scripts</b>			
PPO 10% Generic/25% Brand HDHP 10% after deductible	No PPO or HDHP design changes  Carved prescription coverage out of Blue Cross Blue Shield and joined the AHRC prescription coalition	Evaluate utilization and compliance annually Revise design/interventions as needed Evaluate employee and university cost savings	



# Student Insurance



# Student Insurance Committee

Amber Bennett, Associate Director, Counseling Services

Brian Brewster, Assistant Athletic Director for Sports Medicine & Performance,  
General Athletics

Kelley Christensen, Graduate Student

Tammie Fraki, Coordinator of Benefits, Human Resources

Akhila Reddy Gorantla, Graduate Student Government

Bonnie Gorman, Associate Vice President/Dean of Students, Dean of Students  
Office

Renee Hiller, Director, Human Resources

Justin Jung, Undergraduate Student Government



# Student Insurance Committee

William Lytle, President, Graduate Student Government

Pushpalatha Murthy, Associate Provost/Dean of Graduate School, Graduate School

Ginger Sleeman, Manager of Benefits, Human Resources

Heather Suokas, Finance Coordinator & Office Manager, Graduate School

Cassy Tefft de Munoz, Director, International Programs & Service

Donald Williams, Director, Counseling Services

Justin Zhang, Vice President, Graduate Student Government



# 2017-18 Student Insurance

## Current State:

- United HealthCare (UHC) projected increase for 2017-18 is 51.91% with no plan design changes
  - Decreased enrollment
  - Ongoing high claimants
  - Increased loss ratio



# 2017-18 Student Insurance

## Next Steps:

- Requested plan design changes through UHC which resulted in a 38.90% increase
- Benchmarked against peer institutions
- Aon is conducting a Request For Information (RFI)
- Student Insurance Committee has ongoing meetings to discuss future state and to make recommendations



# Benefits Liaison Group (BLG)



# 2017 BLG Members

Jane Berner, Retiree (Appointed by Administration)

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

James Friendewey, Dean, School of Technology (Appointed by the Provost)

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

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

Suzanne Morin, Controller (Appointed by Financial Services)

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

Ginger Sleeman, Manager of Benefit Services (Human Resources Representative)

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

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





- **January 2016:** Dave Reed, Vice President for Research, met with the BLG and asked the group to:
  1. Review current state of all benefits (health, dental, vision, RSVP, retirement, life, disability, etc.).







2. As a proactive measure, provide recommendations that could reduce the projected CY2017 increase by \$500,000 and \$1,000,000 while also considering possible effects for CY2018.



Vice President Reed presented the BLG with this charge due to the high projected increase in fringe benefit costs.

## BLG Recommendations and Final Changes

Cost-Savings Idea	Solution	Potential Savings or Costs (% of 2016 Projected net spend at 16.3M)	Potential Savings or Costs (\$)	Employee Disruption
Join Rx Purchasing Coalition	Aon Rx Coalition	1.2% (7% of rx spend)	\$300k	
Telemedicine (24/7 Online Health Care)	Health Care Strategy	0.2%	\$40k	
Eliminate opt out credits (Final decision was to reduce Opt Out credit to \$95 for 2017)	Financial modeling, assumes \$150/month and 163 opt outs	1.8%	\$300k (\$107,580)	
Introduce Dependent premium on HDHP	Financial modeling	Will vary, but \$10 per dependent per month would save 1% (Final decision was to introduce \$5 premium)	Will vary, but \$10 per dependent per month would save \$160k (\$80,000)	

 = no disruption/positive     = low disruption/neutral     = high disruption/negative

For a summary of considerations, please see Appendix A at the end of the slides.

# Senate Proposals



# Senate Proposals Approved By Administration:

- **Proposal 23-16 (Move to a University Parental Leave Policy)**
  - The Maternity Leave group was reconvened and a Parental Leave Benefit was implemented on January 1, 2017
  - Parental Leave for birth mother/primary caregiver and non-birth mother/non-primary caregiver
  - <http://www.mtu.edu/hr/current/benefits/docs/parental-leave.pdf>



# Senate Proposals Approved By Administration:

- **Proposal 2-16 (Amend the Employee Education Program)**
  - Approved by the Administration October 16, 2015
  - Implemented 2 classes or 6 credits, whichever is greater



# BLG reviewed Senate Proposals:

- **Proposal 3-16 (Automatic Enrollment in Defined Contribution Retirement Plan)**
- **Proposal 9-16 (Reducing Deductibles and Out of Pocket Maximums on Healthcare)**
  - Was considered by the BLG as part of the 2016 benefit review
  - BLG did not recommend implementation at this time





# Future of the BLG



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

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

The changes to the structure were presented to the Senate on April 1, 2015 and sent to the President of the Staff Council on March 17, 2015



The governance of the BLG states that the BLG will be evaluated after two (2) years to determine continuation or modifications







# THANK YOU!



# Appendix A



# Overview of Potential Costs/Savings Opportunities

Cost-Savings Idea	Solution	Potential Savings or Costs (% of 2016 Projected net spend at 16.3M)	Potential Savings or Costs (\$)	Employee Disruption
Join Rx Purchasing Coalition	Aon Rx Coalition	1.2% (7% of rx spend)	\$300k	
Telemedicine	Health Care Strategy	0.2%	\$40k	
Convert Fully Insured Dental Plan to Self-Insured.	Health Care Strategy	0% – 0.3% (TBD pending RFP results)	\$0-50k	
Convert Fully Insured Vision Plan to Self-Insured	Health Care Strategy	0% – 0.1% (TBD pending RFP results)	\$0-15k	
Senate proposals to make plan design changes to PPO plan including lowering the deductible and the out of pocket maximum	Plan Design Modeler	Increase costs by 4.3%	Adding \$700k in additional cost to Tech	
Changes to TRIP Program for dependents	Benefits Strategy	N/A	N/A	

Items in grey do not have any impact to fringe rate (or \$500,000 to \$1M savings target)

Items highlighted in yellow have been implemented.



= no disruption/positive










= low disruption/neutral



= high disruption/negative

# Overview of Potential Costs/Savings Opportunities

Cost-Savings Idea	Solution	Potential Savings or Costs (% of 2016 Projected net spend at 16.3M)	Potential Savings or Costs (\$)	Employee Disruption
Convert dental and vision Benefits to voluntary	Cost Share Strategy	8.3%	\$1.3M (Current faculty/staff premiums are currently approximately 20% of cost)	
Eliminate opt out credits (Final decision was to reduce Opt Out credit to \$95 for 2017)	Financial modeling, assumes \$150/month and 163 opt outs	1.8%	\$300k (\$107,580)	
Introduce Dependent premium on HDHP	Financial modeling	Will vary, but \$10 per dependent per month would save 1% (Final decision was to introduce \$5 premium)	Will vary, but \$10 per dependent per month would save \$160k (\$80,000)	
Implement Reference Based Pricing and Transparency Tools	Health Care Strategy	May achieve 0.9% or less	\$150k	
Review Pharmacy Program	Pharmacy Benefit Manager Audit / Utilization Review	0.3-1.8%	\$60-300k	
Changes to Life and Disability plan design*	Health Care Strategy	0-4%	\$0 – \$11,000	
Change Post-65 Retiree Medical Offering	Retirement Strategy	TBD	TBD	

\*Based on 2015 Life and Disability premiums, which are not included

Items in grey do not have any impact to fringe rate (or \$500,000 to \$1M savings target)



= no disruption/positive



= low disruption/neutral



= high disruption/negative

Items highlighted in yellow have been implemented.



# Overview of Potential Costs/Savings Opportunities

Cost-Savings Idea	Solution	Potential Savings or Costs (% of 2016 Projected net spend at 16.3M)	Potential Savings or Costs (\$)	Employee Disruption
Implement a Total Replacement Consumer Driven Health Plan by eliminating the current PPO	Aon Consumer Driven Health (CDH) Modeler	Savings offset by loss of faculty/staff premiums; Net cost of 6.1%	\$600k claims savings, offset by loss of premium, Net cost of \$1M	●
Plan design changes to PPO and/or HDHP	Plan design Modeler	0-4%	\$0-650k	●
Change Savings Match Program for Retirement	Retirement Strategy	1%	\$756,000	●
Implement Health and Productivity Improvement Strategy	Health Management Maturity Index	Potential savings of 1.5%	Up to \$250k depending on current state	Will vary
Changes to the RSVP Program	Retirement Strategy	0 – 8%	\$0 - \$1M	●

Items in grey do not have any impact to fringe rate (or \$500,000 to \$1M savings target)

 = no disruption/positive    
  = low disruption/neutral    
  = high disruption/negative