

# **University of Southern Indiana 2018 Insurance Renewal**

**Medical, Dental, Vision, Life, Disability, and  
Flexible Benefit Plans**

**November 2, 2017**

# Goals for 2018 Renewal

- Achieve low to moderate health cost increases and continue to adapt to expected changes due to health care reform and other legislation
- Review and optimize medical plan design for improved future cost control and compliance while maintaining employee choice and competitive benefits
- Utilize quote process to obtain competitive and cost-effective health savings account administrator

# Medical Insured Population Trends

<b>POPULATION COMPARISON</b>	<u>Oct-17</u>	<u>Oct-16</u>	% Change
<b>Active Benefit Eligible Employees</b>	1030	1026	0.4%
<b>Active Employees Insured</b>	877	881	-0.5%
<b>Retirees Insured</b>	<u>339</u>	<u>317</u>	<u>6.9%</u>
<b>Total Insured</b>	1216	1198	1.5%

- Retiree group continues to grow due to baby boomer retirements
- Employees electing medical insurance decreased from 85.9% in 2016 to 85.1% in 2017; however, this figure is consistent historically in the 85% range

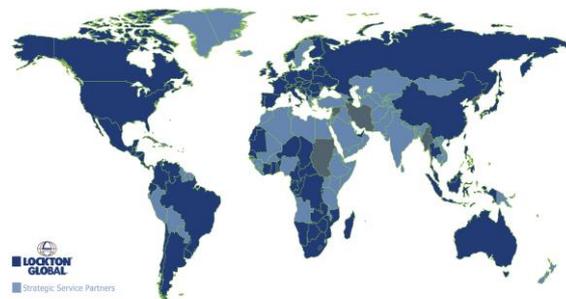
# Employee Participation by Medical Plan

<b>PLAN PARTICIPATION Active Employees</b>	<b><u>Oct-17</u></b>	<b><u>Oct-16</u></b>
<b>Core PPO</b>	622	637
<b>HDHP with HSA</b>	255	244
<b>TOTAL INSUREDS</b>	877	881
<b>Waiving Medical</b>	153	145
<b>TOTAL BENEFIT-ELIGIBLE EMPLOYEES</b>	1030	1026

- High deductible health plan, begun in 2011, is currently the choice of 29.1% of active insured employees

# Background on Medical Renewal

- The University partnered with Lockton in 2017 for benefit consultant services
  - Founded in 1966, with 80 offices in North America, Europe, Latin America, Asia Pacific
  - 6,000+ associates
  - 50,000+ clients
  - Headquarters: Kansas City, MO
  - Over \$1.3B in revenues
  - Privately Held
  - Services:
    - Compensation
    - Benefits
    - Retirement
    - Property/Casualty



# Outcomes of Medical Renewal

- Only one plan design change to any of the University medical plans – the HSA plan deductible increases from \$2,600 single/\$5,200 family to \$2,700 single/\$5,400 family – change is mandated by IRS regulations driven by ACA for minimum deductible levels for a high deductible health plan

# Outcomes of Medical Renewal

- Due to a second year of relatively stable claims, premiums in 2018 will increase approximately 1.5% for all University medical plans
- Impact to active employees range from approximately \$1/month to \$6/month
- Impact to retirees range from approximately \$2/month to \$8/month
- The HSA Authority (Old National Bank) will be the provider of HSA banking services effective 1/1/18 – this will enable USI to have a local vendor with a nationwide presence to enhance customer service with no fees, saving approximately \$10k per year

# Expected Liability and Funding

## Expected Liability for 2018

Expected Claims:	\$14,420,454
Fixed Costs (Anthem):	1,332,062
HSA Account Funding	297,750
Increase to Reserves:	<u>0</u>
Expected Total Costs:	\$16,050,266

## Total Funding Available for 2018

Expected Premiums for 2018:	\$15,216,368
Medicare D Subsidy:	175,000
Reserve Amount Available:	<u>2,106,681</u>
Total Anticipated Funding:	\$17,498,049

# 2018 Status of Other Plans

- The vision plan, with vendor VSP, will be in year two of a four year rate guarantee (*vision premiums are fully paid by the employee*)
- The dental plan, with vendor HRI, will be in year two of a two year rate guarantee
- The Life and Additional Life insurance plans will be in year three of a three year rate guarantee (*conditional two additional years*) with The Standard
- The Long Term Disability and Short Term Disability insurance plans will be in year three of a three year rate guarantee, also with The Standard
- Nyhart, administrator of Flexible Spending Account plans, renews with no administrative fee changes