

**Report from the Faculty Senate Welfare Committee
 Marco Ciocca, Chair
 Faculty Senate
 Monday, May 3, 2010 report**

Several items were discussed, at the joint meeting with the University Benefits committee of Monday, April 26.

As a reminder, EKU's health benefits plans are self insured. It is the University and the employees that decide and set premiums, coverage and exclusion. Anthem is only our administrator.

Over the last 2 years (Benefits years 2008 and 2009) there has been an trend upward of approximately 13% of all claims (medical and prescriptions). Further, at the current rates and benefits, the extrapolated trends of costs and claims pointed to a gap of approximately \$2,000,000 between premiums and expenditures.



***Revised Projected Medical Plan &
 Claims Cost 2011***

Projected Monthly Costs - 2011- Revised 04 14 2010									
Plan	Contracts	Projected Claims Levels	Anthem Fees (2010)	Mental Health @ \$1.68 PMPM	Wellness @\$250,000/annual	Total	Monthly Funding	Annual Funding	
High Option	1,074	\$746.10	\$30.88	\$2.68	9.84	\$789.50	\$847,920	\$10,175,038	
Standard Option	996	\$435.32	\$30.88	\$2.68	9.84	\$478.72	\$476,809	\$5,721,705	
Economy Option	48	\$184.97	\$30.88	\$2.68	9.84	\$228.37	\$10,962	\$131,540	
	2,118								
TOTAL								\$1,335,690	\$16,028,283
Current								\$1,175,530	\$14,106,363
CHANGE								13.62%	13.62%

Recalculated removing high claimants in excess of \$200,000 and reflects no benefit changes.

The Benefits committee, of which the Senate Welfare committee is part, was asked to consider several plan options aiming at reducing. Two options were at the forefront.



2011 Funding 77/23 - Benefit Changes - Option B 2

Option B - 2						
High Plan Alternates	Current High In Network	Proposed	Estimated Reduction	Total Claims	Difference	Estimated Potential Plan Costs with Changes
Deductible to >>>	\$250/\$500	\$500/\$1000				
OOP to >>>	\$1250/\$2500	\$1750/\$3500				
OV Copay to >>>	\$15	\$20				
Coinsurance to >>>	95%	95%				
ER Copay to >>>	\$75	\$125				
UC Copay	\$35	\$60				
RX Copay	\$7/\$25/\$40	\$7/\$25/\$60				
Total Estimated High Plan Costs			-8.4%	\$9,615,702	-\$807,719	\$8,807,983
Standard Plan Alternates	Current Standard in Network	Proposed	Estimated Reduction	Total Claims	Difference	Estimated Potential Plan Costs with Changes
Deductible to >>>	\$500/\$1000	\$750/\$1500				
OOP to >>>	\$2000/\$4000	\$2500/\$5000				
OV Copay to >>>	\$15	\$20				
ER Copay to >>>	\$75	\$125				
UC Copay	\$35	\$60				
RX Copay	\$7/\$25/\$40	\$7/\$25/\$60				
Total for Standard			-9.7%	\$5,202,992	-\$504,690	\$4,698,302
Grand Total Estimated Claims for Both Plans				\$14,818,694	-\$1,312,409	\$13,506,285
Fixed Costs						\$1,209,588
Total Funding						\$14,715,874
Current Funding						\$14,106,363
Additional Cost/(Savings)						\$609,511

Projected Funding Levels - 2011 - Option B - 2							
High Option	Total Premium	EKU Pd	EE Pd	Ees	Total Premium	EKU Pd	EE Pd
Employee	\$ 469.69	\$ 421.49	\$ 48.21	703	\$330,195	\$296,306	\$33,889
Ee/Sp	\$ 802.36	\$ 492.97	\$ 309.39	189	\$151,647	\$93,171	\$58,476
Ee/Ch	\$ 760.51	\$ 483.98	\$ 276.53	85	\$64,643	\$41,138	\$23,505
Family	\$ 1,239.72	\$ 616.46	\$ 623.25	97	\$120,253	\$59,797	\$60,456
				1074	\$666,737	\$490,411	\$176,326
					Contribution %	73.6%	26.4%
Standard Option	Total Premium	EKU Pd	EE Pd	Ees	Total Premium	EKU Pd	EE Pd
Employee	\$ 415.22	\$ 415.22	\$ -	638	\$264,911	\$264,911	\$0
Ee/Sp	\$ 612.45	\$ 415.22	\$ 197.23	97	\$59,408	\$40,276	\$19,132
Ee/Ch	\$ 586.00	\$ 415.22	\$ 170.78	89	\$52,154	\$36,955	\$15,200
Family	\$ 923.76	\$ 529.79	\$ 393.97	172	\$158,887	\$91,124	\$67,763
				996	\$535,360	\$433,265	\$102,094
					Contribution %	80.9%	19.1%
Economy Option	Total Premium	EKU Pd	EE Pd	Ees	Total Premium	EKU Pd	EE Pd
Employee	\$ 229.33	\$ 229.33	\$ -	4	\$917	\$917	\$0
Ee/Sp	\$ 466.05	\$ 415.22	\$ 50.83	13	\$6,059	\$5,398	\$661
Ee/Ch	\$ 448.90	\$ 415.22	\$ 33.67	8	\$3,591	\$3,322	\$269
Family	\$ 593.85	\$ 487.51	\$ 106.33	23	\$13,658	\$11,213	\$2,446
				48	\$24,226	\$20,850	\$3,376
					Contribution %	86.1%	13.9%
Grand Total Monthly				2,118	\$1,226,323	\$944,527	\$281,796
Grand Total Annual					\$14,715,874	\$11,334,319	\$3,381,554
Contribution %					77.0%	23.0%	
Change from 2010					4.32%	4.32%	4.32%

OPTION B2

This option will reduce cost at the expense of slight increase in the monthly premium and in a decrease of the benefits, namely in the deductible and maximum out of pocket and an increase of the cost for Tier 3 prescriptions.



2011 Funding 77/23 - Benefit Changes - Option B 4

Option B - 4							
High Plan Alternates	Current High In Network	Proposed	Estimated Reduction	Total Claims	Difference	Estimated Potential Plan Costs with Changes	
Deductible to >>>	\$250/\$500	\$250/\$500					
OOP to >>>	\$1250/\$2500	\$1250/\$2500					
OV Copay to >>>	\$15	\$20					
Coinsurance to >>>	95%	95%					
ER Copay to >>>	\$75	\$125					
UC Copay	\$35	\$60					
RX Copay	\$7/\$25/\$40	\$7/\$25/\$60					
Total Estimated High Plan Costs			-4.4%	\$9,615,702	-\$423,091	\$9,192,612	
Standard Plan Alternates	Current Standard In Network	Proposed	Estimated Reduction	Total Claims	Difference	Estimated Potential Plan Costs with Changes	
Deductible to >>>	\$500/\$1000	\$500/\$1000					
OOP to >>>	\$2000/\$4000	\$2000/\$4000					
OV Copay to >>>	\$15	\$20					
ER Copay to >>>	\$75	\$125					
UC Copay	\$35	\$60					
RX Copay	\$7/\$25/\$40	\$7/\$25/\$60					
Total for Standard			-6.1%	\$5,202,992	-\$317,383	\$4,885,609	
Grand Total Estimated Claims for Both Plans				\$14,818,694	-\$740,473	\$14,078,221	
Fixed Costs						\$1,209,588	
Total Funding						\$15,287,809	
Current Funding						\$14,106,363	
Additional Cost/(Savings)						\$1,181,447	

Projected Funding Levels - 2011 - Option B - 4								
High Option	Total Premium	EKU Pd	EE Pd	Ees	Total Premium	EKU Pd	EE Pd	
Employee	\$ 487.95	\$ 437.87	\$ 50.08	703	\$343,028	\$307,822	\$35,206	
Ee/Sp	\$ 833.55	\$ 512.13	\$ 321.42	189	\$157,540	\$96,792	\$60,748	
Ee/Ch	\$ 790.07	\$ 502.79	\$ 287.28	85	\$67,156	\$42,737	\$24,419	
Family	\$ 1,287.90	\$ 640.42	\$ 647.48	97	\$124,926	\$62,121	\$62,805	
				1074	\$692,650	\$509,471	\$183,179	
					Contribution %	73.6%	26.4%	
Standard Option								
Employee	\$ 431.36	\$ 431.36	\$ -	638	\$275,207	\$275,207	\$0	
Ee/Sp	\$ 636.25	\$ 431.35	\$ 204.90	97	\$61,716	\$41,841	\$19,875	
Ee/Ch	\$ 608.78	\$ 431.36	\$ 177.42	89	\$54,181	\$38,391	\$15,790	
Family	\$ 959.66	\$ 550.38	\$ 409.28	172	\$165,062	\$94,665	\$70,397	
				996	\$556,167	\$450,104	\$106,062	
					Contribution %	80.9%	19.1%	
Economy Option								
Employee	\$ 238.24	\$ 238.24	\$ -	4	\$953	\$953	\$0	
Ee/Sp	\$ 484.16	\$ 431.36	\$ 52.80	13	\$6,294	\$5,608	\$686	
Ee/Ch	\$ 466.34	\$ 431.36	\$ 34.98	8	\$3,731	\$3,451	\$280	
Family	\$ 616.93	\$ 506.46	\$ 110.47	23	\$14,189	\$11,649	\$2,541	
				48	\$25,167	\$21,660	\$3,507	
					Contribution %	86.1%	13.9%	
Grand Total Monthly				2,118	\$1,273,984	\$981,236	\$292,748	
Grand Total Annual					\$15,287,809	\$11,774,830	\$3,512,979	
Contribution %					77.0%	23.0%		
Change from 2010					8.38%	8.38%	8.38%	

Option B4

This option kept most benefits the same, with slight increase in the cost of emergency room and a slight increase in monthly premium.

The vote was close and by a margin of only 1 vote the Benefits Committee recommended Option B2.

Since this recommendation was based on projections alone, the issue will be taken up again by the Benefits Committee at its scheduled meeting of August 18.

Respectfully submitted,

Marco Ciocca

Chair

Welfare Committee