

Insurance & Benefits Presentation 2004

Ohio Northern
University



Industry Trends

- Health care cost increases (Kaiser Family Foundation) :

2000	8.2%
2001	10.9%
2002	12.9%
2003	13.9%+

- Health care estimate increase for EBMC clients for 2003 12-15%

ONU Trends

- Five-Year History of Medical Costs:
(ONU fiscal-year expenses with retirement health)

		<u>% Inc.</u>
97-98	1,550,335	15.2%
98-99	1,730,596	11.6%
99-00	2,277,710	31.6%
00-01	2,844,263	24.9%
01-02	3,664,362	28.9%
02-03	3,911,347	6.7% 6 yr. avg. – 19.8%
03-04 (Budget)	4,665,000	19.3%

ONU Trends

- Five-Year Breakout of Medical Costs*:

	Active		
	<u>Current Ins.</u>	<u>Retiree Ins.</u>	<u>Total</u>
97-98	\$1,059,335	\$ 492,000	\$1,550,335
98-99	1,044,196	686,400	1,730,596
99-00	1,263,404	1,014,306	2,277,710
00-01	1,822,991	1,021,272	2,844,263
01-02	2,204,062	1,460,300	3,664,362
02-03	1,814,347	2,097,000	3,911,347
03-04 (Budget)	2,212,400	2,452,600	4,665,000

* Total fiscal-year expense June 1, 2002 to May 31, 2003

ONU Trends

History of Medical Costs (Calendar Year Trust Expense – Excludes Retirement Health)

<u>Year</u>	<u>Expense</u>	<u>Increase</u>
1998	\$1,358,005	16.3%
1999	1,361,388	2.5%
2000	1,971,706	44.8%
2001	2,649,968	34.4%
2002	2,617,422	(1.2%)
2003	3,121,585 (est.)	19.3%
	Six-Year Average	19.4%

ONU Trends

Retiree Health Care

FY 2003-04 ONU Cost	\$2,452,600
May 31, 2004 Post-retirement Obligation	\$13,011,545

ONU Trends

Health insurance increase comes from new income

Avg. annual dollar increase in health ins. expense for last five yrs - \$472,000

- 1% tuition increase nets \$ 442,000

Or, need about a 1% tuition increase just for health insurance.

- 1% Salary/wage increase costs with fringes 348,000

Or, shift 1.2% salary increase to health insurance.

- 6 Faculty positions could be funded with this increase.

- University contribution to TIAA-CREF Retirement

2002-03	1,679,194
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- University contribution to retiree health care

2002-03	2,097,000
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2003-04	2,452,600
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ONU Options

Four Study Groups:

Medical Plan Structure – Mindi Wells, Chair

Drug Plan – Karen Kier, Chair

Wellness – David Kisor, Chair

Retiree Plan – Karen Cooper, Chair



ONU Options Plan Changes for 2004

1. Coverages
2. Drug Costs
3. Wellness
4. Retiree Health Insurance
5. Rates

ONU Options Plan Changes for 2004

Medical Plan - Steerage Toward In-Network Providers

In-Network – Remains the same

	<u>2003</u>		<u>2004</u>	
	<u>Plan A</u>	Plan B - <u>High-deductible</u>	<u>Plan A</u>	Plan B - <u>High-Deductible</u>
Deductible	\$250/500	\$1000/2000	No change	No change
Co-Pay	10%	10%	No change	No change
Maximum Out-of-Pocket	\$1000/2000	\$3250/6500	No change	No change

ONU Options Plan Changes for 2004

Out-of-Network Providers

<u>Plan A</u>	<u>2003</u>	<u>2004</u>
Deductible	\$250/500	\$350/700
Co-Pay	30%	40%
Maximum out-of-pocket	\$1750/3500	\$15,000/30,000

ONU Options Plan Changes for 2004

Out-of-Network Providers

<u>Plan B – High Deductible</u>	<u>2003</u>	<u>2004</u>
Deductible	\$1000/2000	\$1400/2800
Co-Pay	30%	40%
Maximum out-of-pocket	\$6500/11,000	\$30,000/60,000

ONU Options Plan Changes for 2004

Drug Plan

Steerage Toward Generic, Formulary, Mail Order

Co-Pay	<u>Current</u>	<u>Proposed</u>
Generic	10%	10% - No change
Non-Generic	30%	30% - No change
Non-Formulary	- - -	40% - New
Minimum Co-Pay		
Generic	\$0	\$ 0
Non-Generic	0	15 - New
Non-Formulary	0	30 - New

ONU Options Plan Changes for 2004

Drug Plan

Steerage Toward Generic, Formulary, Mail Order

Mail Order Co-Pay	<u>Current</u>	<u>Proposed</u>
Generic	10%	5%
Non-Generic	30%	25%
Non-Formulary	- - -	35%
Deductible	0	\$100 - New

ONU Options Plan Changes for 2004

Drug Plan

Steerage Toward Generic, Formulary, Mail Order

	<u>Current</u>	<u>Proposed</u>
Dispensing Limitations	34 days	90 days
Former Prescription Over-the-Counter	N/A	Yes *

* With prior authorization



ONU Options Plan Changes for 2004

Wellness Program

Continue all existing programs (routine care, smoking cessation, weight loss).

Promote existing programs.

Develop new opportunities.

ONU Options Plan Changes for 2004

Retiree Health Insurance

Formulate and adopt a plan to offer voluntary “opt out” program.

Under 65 retiree rate

- Retiree
- Dependent (Single)

Current

Scaled

Scaled

(See above)

Proposed

Scaled

Current Retirees – Scaled

New Retirees after 12/31/04- \$395

- Over 65 retiree dependent drug charge
- Over 65 retiree drug plan deductible

Current

\$93

\$300

Proposed

\$139

\$400

ONU Options Plan Changes for 2004

Life Insurance

	<u>Current</u>	<u>Proposed</u>
Permanent Whole Life	\$5,000	- - -
Three-month salary continuation	Unknown	Discontinue
Term Life – 1 x annual salary up to \$50,000		\$50,000

ONU Options - Rate Schedule

Monthly Employee Premium Contribution

Plan A

<u>Annual Contracted Salary or Wage</u>	<u>2003 Contrib.</u>	<u>2004 Contrib.</u>	<u>Inc.</u>	<u>% Inc.</u>
\$ 15,000 or less	\$ 5.00	\$ 5.50	\$.50	10%
15,001 to 25,000	10.50	11.55	1.05	10%
25,001 to 35,000	16.93	19.05	2.12	12.5%
35,001 to 45,000	23.65	26.60	2.95	12.5%
45,001 to 55,000	30.94	35.58	4.64	15%
55,001 to 65,000	37.95	43.64	5.69	15%
65,001 to 75,000	44.85	51.58	6.73	15%
75,001 to 85,000	52.88	60.81	7.93	15%
85,001 to 95,000	61.80	71.07	9.27	15%
95,001 to 100,000	69.00	79.35	10.35	15%
100,001 to 115,000	69.00	85.00	16.00	23%
115,001 to 130,000	69.00	92.00	23.00	33%
130,001 to 150,000	69.00	99.00	30.00	43%
150,001 and up	69.00	106.00	37.00	53%

Plan B – 50% of Plan A

ONU Options - Rate Schedule (cont.)

Plan A Monthly Dependent Premium Contribution

Annual Contracted <u>Salary/Wage</u>	2003		2004		
	<u>One Dep.</u>	<u>Family</u>	<u>Spouse (Inc.)</u>	<u>Child</u>	<u>Family (Inc.)</u>
Less than \$25,000	\$115.50	\$216.70	\$132 (14%)	\$106	\$249 (15%)
\$25,001 to \$55,000	146.25	274.50	168 (15%)	135	316 (15%)
More than \$55,001	189.75	358.80	218 (15%)	175	413 (15%)

ONU Options - Rate Schedule (cont.)

Plan B (High Deductible) Monthly Dependent Premium Contribution

Annual Contracted <u>Salary/Wage</u>	2003		<u>Spouse (Inc.)</u>	2004	
	<u>One Dep.</u>	<u>Family</u>		<u>Child</u>	<u>Family Inc.</u>
Less than \$25,000	\$58.30	\$112.20	\$66 (13%)	\$53	\$125 (11%)
\$25,001 to \$55,000	73.13	140.63	84 (15%)	68	158 (12%)
More than \$55,000	95.45	185.15	109 (14%)	88	207 (12%)