



Benefits Forum

Presented by:

Renee Hiller, Director, Human Resources

Ellen Horsch, Vice President for Administration

Ginger Sleeman, Manager, Benefits

April 5, 2016

Agenda

- Recap of the Benefits Liaison Group
- Benefits: Past, Present & Future
- Update on the Benefits Liaison Group

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

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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

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BLG Members

Jane Berner, Retiree (Administration Representative)

Mari Buche, Associate Professor, School of Business (Provost Representative)

James Friendewey, Dean, School of Technology (Provost Representative)

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

Suzanne Morin, Controller (Appointed by Financial Services)

Byron Quinn, Manager of Finance & Planning (Administration Representative)

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

Martin Thompson, Associate Professor, Chemistry (Senate Elect)

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

Lori Weir, Communications Specialist & University Policy Coordinator
(Senate Elect)

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Charge

To review and evaluate the current fringe benefits package and provide recommendations to the Vice President for Administration.

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Purpose is Two-Fold

1. A sounding board for full discussion of issues related to fringe benefits offerings.

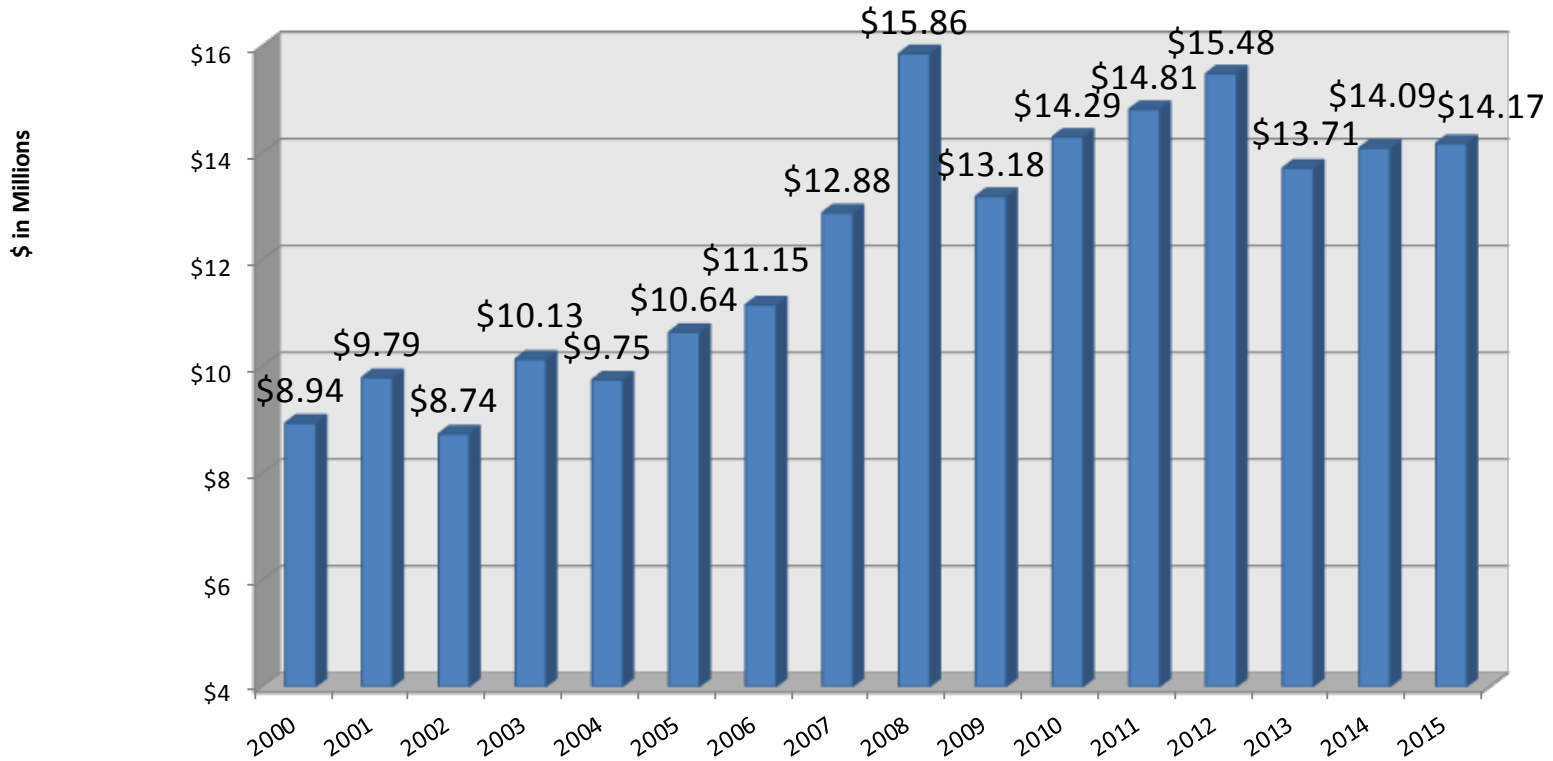
2. An avenue to learn the issues and evaluate possible options based on available resources.

Governance

Principle of consensus in making recommendations.

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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)

Calendar Years ending December 31

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Fiscal Year 2017 Proposed Fringe Benefit Rates
Expense Estimates as of December 2015

<u>Fringe Benefit Expenses</u>	<u>Total</u>	<u>Regular Non-Student Employees</u>	<u>Temporary Employees</u>	<u>Additional Compensation</u>	<u>Graduate Students</u>
FICA	\$ 7,980,829	\$ 7,167,935	\$ 407,857	\$ 405,037	\$ -
TIAA-CREF/Fidelity Retirement	6,398,521	6,079,786	-	318,735	-
MPSERS	5,241,099	5,095,497	-	145,602	-
Health Care	16,041,000	16,030,906	10,094	-	-
Life, Disability, Unemp, W/C, Other	1,417,483	1,276,157	70,908	70,418	-
VHS and Short Term Disability	2,343,066	2,226,055	-	117,011	-
Graduate Student Health Insurance	602,719	-	-	-	602,719
Voluntary Reduction	(2,026,000)	(2,017,000)	(9,000)	-	-
Total Fringe Benefit Expenses	A \$ 37,998,717	\$ 35,859,336	\$ 479,859	\$ 1,056,803	\$ 602,719
Salary and Wage base for FY17	B \$ 114,322,427	\$ 95,625,503	\$ 5,331,463	\$ 5,294,603	\$ 8,070,858
Proposed Rates	A/B	37.5%	9.0%	20.0%	7.5%

12/22/2015

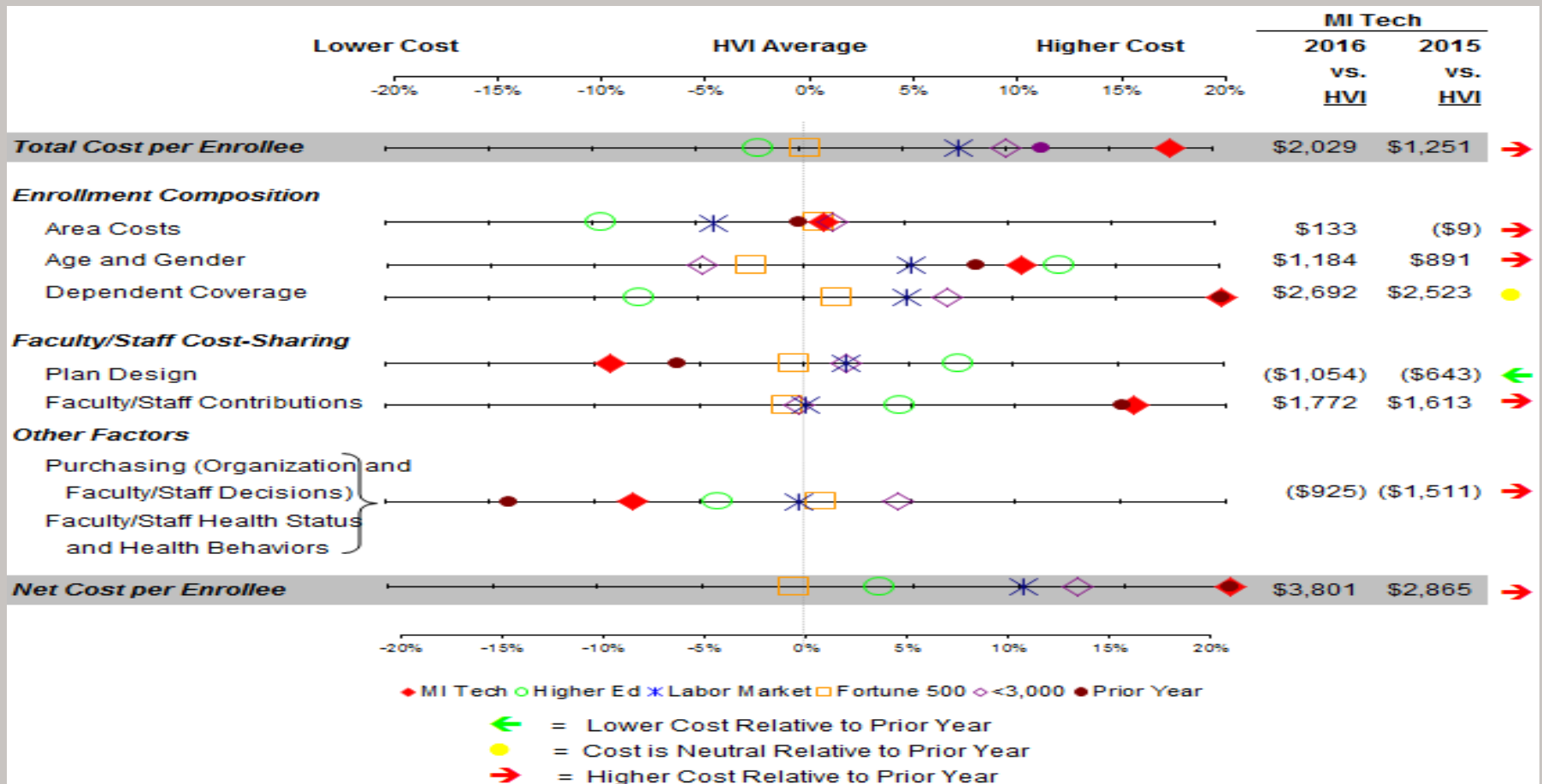
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Cost Summary—Calendar Year 2015–2017 (Data as of 1/31/16)

	CY2015 Actual	CY2016 Baseline (Projection as of Dec 2015)	CY2016 YTD Uses Michigan Tech Claims Spreadsheet through January 2016	CY2016 Proj Current Projection (BCBS HDMS Claims through Jan 2016)	CY2017 Proj No Design Changes, 0% increase to Employee Premiums
Enrollment * (Actives and retirees)	1,297	1,280	1,280	1,280	1,280
Claims (Med/Rx)	\$13,391,000	\$14,456,000	\$1,120,085	\$14,170,000	\$15,334,000
Admin	\$1,015,000	\$1,077,000	\$79,669	\$1,042,000	\$1,144,000
Stop loss	\$0	\$0	\$0	\$0	\$0
Fed Reinsurance	\$101,000	\$62,000	\$0	\$64,000	\$0
Dental	\$1,230,000	\$1,266,000	\$105,715	\$1,269,000	\$1,307,000
Vision	\$364,000	\$364,000	\$30,789	\$369,000	\$369,000
Expense	\$16,101,000	\$17,225,000	\$1,336,258	\$16,914,000	\$18,154,000
Contributions	\$1,927,000	\$1,938,000	\$163,544	\$1,913,000	\$1,913,000
Net Cost	\$14,174,000	\$15,287,000	\$1,172,714	\$15,001,000	\$16,241,000

Key Cost Drivers—Overall



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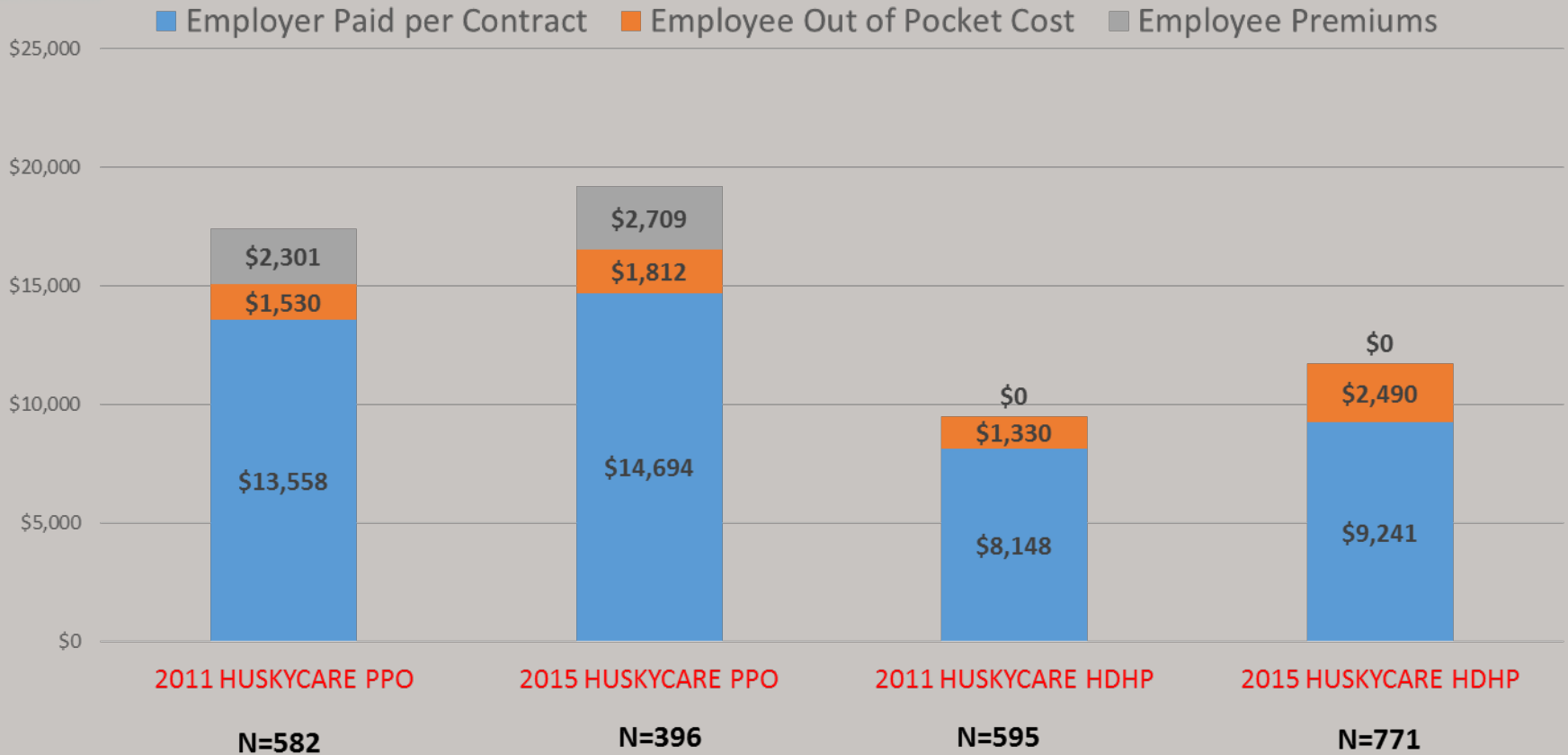
Cost Drivers Affecting Michigan Tech

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

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COST SHARE ANALYSIS CY2011 and CY2015





Healthcare Changes for CY2015 & CY2016

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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

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Healthcare Plans

CY2015:

- Continued two healthcare Plans (PPO & HDHP)
- No changes to PPO or HDHP plan design
- No changes to dental or vision
- Increased employee premiums from \$112 to \$114 per person/month on PPO plan

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Healthcare Plans

CY2016:

- HuskyCare PPO and HDHP plans and premiums stayed the same.

Benefits Considerations

What has happened so far in 2016:

- Senate proposal 2-16 to amend the Employee Education Policy was approved and implemented January 1, 2016.

Future Considerations:

- CY2017 Healthcare Costs project to be \$1.24 million higher than CY2016, assuming no changes to our current plans.

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- **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.).

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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.

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- **March 2016:** The BLG met to determine information needed to analyze current state.
- **May 2016:** The BLG and AON will work together to start the data analysis.

The BLG will include a review of three Senate Proposals:

- Proposal 3-16 (Automatic Enrollment in Defined Contribution Retirement Plan)
- Proposal 9-16 (Reducing Deductibles and Out of Pocket Maximums on Healthcare)
- Proposal 23-16 (Move to a University Parental Leave Policy)

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CY2015-2017 Health Roadmap

Current State	Effective January 2015	Effective January 2016	Effective January 2017
Medical	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)		
PPO Premium Adult \$114 per person/mth Deductible \$2000/\$4000 Coinsurance 35% (except ER \$75 and RX 10%/25%)	No PPO plan design changes Increase in PPO employee premium (\$112 to \$114)	No plan or employee premium changes	Review and adjust plan design annually, adjust premiums as needed Consider three Senate Proposals (3-16, 9-16 and 23-16) BLG will review current state of all benefits
HDHP \$0 employee premiums Deductible \$1750/\$3500 Coinsurance 35% (all services except hospital/surgery/lab/x-ray/ER/RX – 10%)	No HDHP plan design changes	No plan or employee premium changes	Consider incentive-based HSA funding based on group/individual performance in prior year
Preventive Care	Annual physical covered at 100%		
Annual physical covered at 100%	Annual physical covered at 100%		
Prescription Drugs	Evaluate utilization and compliance annually		
PPO 10% Generic/25% Brand HDHP 10% after deductible	No PPO or HDHP design changes	Revise design/interventions as needed	

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Investment Oversight Committee

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Michigan Technological University's Retirement Plan Oversight Committee chooses and monitors plan investment options. It is the intent of the Committee to provide a range of investment options that will enable participants to invest according to varying risk tolerance and savings time horizons.

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For more information go to
Investment Policy Statement at:
<http://www.mtu.edu/hr/current/retirement/>

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Investment Oversight Committee Membership

Tammie Fraki, Benefits Coordinator

Dean Johnson, School of Business and Economics
(Faculty Representative)

Suzanne Morin, Controller

Michael Mullins, Chemical Engineering
(University Senate Representative)

Julie Seppala, Executive Director, Sponsored Programs Office
and Finance Services Operations

Ginger Sleeman, Manager of Benefits

2016 Investment Changes

QUESTIONS