

## FINANCE & BENEFITS COMMITTEE MINUTES

February 5, 2013

Attending: Jim Manaro, Chair, Joe Holt, Alan Chesney, Susan Vowels, Leslie Sherman, Cristina Casado-Presa, Ed Guseman, Lansing Williams, Shirley Haymaker, Annie Krotee, Jeani Narcum, Cathy Naundorf and Peggy Fulton.

The purpose of this meeting was to discuss the options that were presented at last week's meeting for absorbing the increased premium from United HealthCare. As reported from the last meeting, the preliminary estimate is a 19% premium increase or approximately \$700,000. The preliminary FY 14 budget assumptions contained an 8% increase with the College and employees sharing the impact. While Willis is confident that they can reduce the increase somewhat, the College may still face a 12% increase in premium which equates to approximately \$450,000. If the College were to absorb this entire amount, it would be forced to reduce allocations to other important budget items. As we've found in other years, the best way to reduce premium is through health plan design changes.

Willis presented some examples of design changes that could provide substantial savings in premium cost. These examples include increasing deductibles, implementing a co-insurance option, increasing PCP/Specialist co-pays, adding a hospital co-pay, and increasing pharmacy co-pays.

The Committee discussed all of the options in detail. It was a pretty general Committee consensus that the College would like to avoid the co-insurance option whereby after the employee meets the deductible, the charges are shared 90% by the insurance company and 10% by the employee. However, adopting the co-insurance option provides the greatest premium savings of any other category. At a 12% increase, the College needs to adjust the plans to generate savings of approximately \$291,000. There was discussion on employees being educated to use flex savings for medical needs, reminding them that the flex dollars are pre-tax. Joe Holt reminded the Committee that our current employee-only contribution rate is well under the CUPA benchmark that includes our peer schools. The benchmark average contribution from employees is 14% while Washington College averages 9%.

It was recommended by the Committee that plan design changes be made to increase the deductible, increase prescription out of pocket costs for tiers 2 and 3, adding a hospital co-pay and increasing premium contributions from the employee-only pool.

It was also recommended that if the renewal rate exceeds 12%, the College may have to review the co-insurance option again. Conversely, if the renewal rate is less than 10%, the Committee will review its recommendations and perhaps be able to just adjust prescription and premium contributions.

The next meeting is scheduled on February 21, 2013 and the Committee hopes to have the official renewal rate at that time.