Benefits and Finance Committee Meeting
March 6, 2015

In attendance were the following: Mark Hampton, (Chair); Alan Chesney, Peggy Fulton, Joe Holt, Eugene Hamilton, Susanne Kelly, Andrea Lange, Ken Schweitzer, and Lansing Williams

Courtney Beatty, Account Executive & Senior Financial Consultant, Human Capital Practice and Mike Shuster, Growth Leader/Executive Vice President, Human Capital Practice of Willis Insurance were also present to provide the committee an update on the current outlook for the new health insurance premiums.

Mark Hampton, VP for Finance and Administration called the meeting to order. The minutes from February 13, 2015 were approved.

Willis Health Insurance Plan Update - Mark welcomed Courtney Beatty and Mike Shuster of Willis to the meeting. The committee was referred to the handout provided by Willis. Mr. Shuster stated that the college’s medical trends have been decreasing at a rate faster than national medical trends. This is attributed to a number of key items: employee plan education campaigns, implementation of the “know your numbers” campaign, medial plan design changes, implementation of the high deductible health plan (HDHP), and educating employees on the benefits of a health savings account.

Mr. Shuster stated that the college’s renewal from United Health Care (UHC) came in at a 5% increase over current. This renewal includes the addition of all prescription drug copays in the out-of-pocket maximum. This increase includes all healthcare reform taxes and fees that UHC handles on the college’s behalf due to being fully insured. Willis leveraged their strong relations with UHC and negotiated a rate pass (0% increase) for the upcoming plan year. This is a savings of approximately $206,000 annually. Discussions regarding increasing the out-of-pocket maximums on all three plans continued. The Committee asked Willis to provide additional data on the impact of increasing the out-of-pocket maximum.

At this time the initial dental renewal is at a 22% increase; however Willis is still negotiating with UHC to get this increase down. This 22% increase is an approximately $36,000 annually. Employees are only using in-network dentists 50% of the time. Important note: Out-of-network claims are paid at the 90th percentile of UHC. In seven months UHC has paid out $30,000 in orthodontia claims. The approximate increase would be $1.50 for individual or $4.50 for family (pre-tax, per pay).

The initial life and disability renewal is currently at a 0% increase for the Life and Voluntary Life and a 5% increase on the Long Term Disability (LTD). The LTD is currently at 122%. Willis is marketing the Life & Disability due to administrative issues that the college has been experiencing.
Ms. Beatty stated that Willis benchmarked the college’s plan designs against the following surveys: 2014 CUPA, 2013 Mercer Colleges and Universities, and 2014 Mid Atlantic Employer Benefits (previously greater Washington). The benchmarking showed that all of the college’s plan designs are very rich in comparison to their peers. The HMO employee contributions are low in comparison. The PPO employee contributions are high in comparison, but that is by design. Due to incentives the PPO Health Savings Account (HSA) employee contribution are very low in comparison. Employee contributions to the HMO and PPO HSA could be increased and still be competitive with the benchmarks. The benchmarking result indicates that changes could be made and the college would still fall within the benchmarked areas. Willis proposed that the college consider an increase in the in-network out of pocket maximum to bring it more in line with the impact of the prescription drug benefit.

The college engaged Willis to conduct a Request for Proposal (RFP) to find a medical option for Medicare eligible employees and retirees. The Aetna Medicare Advantage Plan was the most beneficial and will be offered beginning July 1, 2015.

Smokers Surcharges: Ms. Beatty stated that many employers are adding programs that include tools, resources and incentives to help employees quit smoking. According to Ohio State University smokers cost employers on average $5,816 more per year. Willis checked several of the surveys used for benchmarking and found the following information: 2014 Mid-Atlantic Employees Benefits – employers are offering incentives to employees to quit smoking; 4% are targeting employees only, 1% is targeting employees and spouses. 2013 Mercer Colleges and Universities – 9% of employers are offering a lower premium to employees who do not smoke, while 3% are offering other incentives. 2014 Willis Health & Productivity Survey – of employers who have a smoker surcharge, 17% of them are using an affidavit as the method of documenting tobacco use; similar to an honor system. Willis proposed adding a $25.00 (per pay) smoker surcharge to employees who smoke. Beginning April 1st the college is starting a 5-week smoking cessation program in partnership with Kent County Health Department. If the employee completes the program they will receive the discounted rate of that of a non-smoker for that year regardless of their success with quitting. Theoretically this added surcharge would go towards funding programs to address the source of the increase health care cost.

Review of Finance Actions from Administrative Report to the Faculty: Mark stated that the construction and financing of a new residence hall and the financing relating to A Systematic Plan for Infrastructure for Renewal and Efficiency (ASPIRE) project was also approved by the Board of Visitors and Governors. A portion of the New Academic Building will also be financed. Fundraising is moving forward and we hope to secure a donor/donors very soon.

Mark stated that FY16 is a challenge due to many variables outside our controls. Enrollment numbers, the Washington Fund goals, and the Jumpstart funding are all contributing factors.

The Committee briefly discussed the Affordable Care Act Draft Proposal provided by Faculty Council. Mark requested any feedback be sent to him by email. Alan recommended that all benefit eligible employee be directed to Human Resources for current policies and procedures.

There was no further business to discuss, the meeting was adjourned.

The next Benefits and Finance Committee meeting will be held on March 27th.