Welcome
and
Announcements
Agenda

- Staff Introductions and Updates
- Human Resources - *Health Benefits 2014: An Inside Look*
- On the Horizon
  - Student Affordability and Accessibility
  - Higher Education Landscape
  - Major Business Services Initiatives
  - Major Campus Initiatives
Staff Introductions and Updates

- New staff hired since Feb 2013
- Administrative and Professional Staff Advisory Committee (APSAC)
  - Professional Development Grants – Oct 1st deadline
- BS Social Committee
  - Oct 10th Fall Harvest
- United Way 2014 Kickoff
Human Resources

*Health Benefits 2014: An Inside Look*
Health Care Strategy Committee

Steve Abel (Chair), College of Pharmacy
Pam Aaltonen (Vice Chair), School of Nursing
Don Buskirk (FCBC Chair), Technology, Leadership and Innovation
Gary Carter (CSSAC Chair), Operations and Maintenance
Jenny Coddington, School of Nursing
Bart Collins, School of Communication
Tina Grady, Fort Wayne Human Resources
Deborah Kark, Calumet Nursing
Keith Kluender, Speech, Language and Hearing Sciences
Denise Laussade, Treasury Operations

Luis Lewin, Human Resources
Sue Miller, North Central Human Resources
Beau Moore (APSAC Chair), Human Resources
Eva Nodine, Human Resources
Randall Rapp (FCBC member), Building Construction Management Technology
April Sauer, Agricultural Economics
Charlene Sullivan, School of Management
Tom Templin, Health and Kinesiology
David Williams (Senate Vice Chair), College of Veterinary Medicine
Howie Zelaznik (FCBC member), Health and Kinesiology
Health Care Strategy Committee

COMMITTEE FOCUS

• Develop alternative solutions to the rising costs of health care for the short and long term, while continuing to provide high-quality and affordable health care to Purdue employees and dependents.

• Short Term - 2014

• Long Term - 5 years (in progress)

• Recommendations for long term to be delivered in February 2014.
Health Care Strategy Committee

Short-term (2014) Recommendations

**Offer 3 Insurance Plan Options**
- Modify copay and incentive into one PPO option and rename plans
- Add another consumer driven health plan
- Consider impact on low income earners
- Develop a modified and more robust enrollment tool including historical data for the enrollee

**Expand Castlight**
- Link Castlight to benefits enrollment
- Continually review and update website as needed
- Incentivize use for prevention and treatment interventions

**Promote Use of Centers of Excellence**
- Center for Healthy Living-West Lafayette
- Castlight
- Anthem (Blue Distinction Centers)

**Implement Wellness Campaign**
- Up to four per year (maximum one per quarter)
- Based on dashboard of top conditions
- Incentivize with individual and University-wide options
Current Program

2013 MEDICAL BENEFIT PROGRAM

• Three options are available
  ▪ Purdue Choice Fund Plan (consumer-driven health plan): 2,851 employees
  ▪ Incentive Plan (PPO): 4,303 employees
  ▪ Copay Plan (former HMO plan design): 4,475 employees
  ▪ Total covered lives: 26,962
• Two-tier premium structure: Under $44,000 & $44,000 and above
• Plans are self-insured
• Budget for calendar year 2013 is $163 million
• University contributes 84% of the premium
# 2013 PLAN DESIGN

## Plan Design Comparison

<table>
<thead>
<tr>
<th></th>
<th>HSA</th>
<th>Deductible</th>
<th>Out of Pocket</th>
<th>Co-Insurance</th>
<th>Center for Healthy Living Copay</th>
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<tbody>
<tr>
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<td>Purdue (2013)</td>
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Redesigning Programs

2014 GUIDING PRINCIPLES

• Implement changes to comply with health care reform for 2014 and beyond.
• Maintain high-quality, affordable medical insurance for employees
• Modernize plans, premiums and incentives to encourage consumerism
  ▪ Reduce costs for employees and University
  ▪ Reach the 80/20 prescribed by the Board of Trustees
• Expand education on medical benefits
  ▪ Provide employees the right tools
• Develop a partnership
  ▪ Purdue University
  ▪ Employees
  ▪ Community
Health Care Reform Regulations

• Implement changes required by health care reform:
  ▪ Pharmacy benefit changes
  ▪ Minimum actuarial value
  ▪ Affordable premiums
  ▪ Reporting and paying of fees
    ▪ Estimating fees and additional claims expense of approximately $2.8 million
  ▪ Tracking and offering of benefits to new full-time benefits eligible employees
  ▪ Continue to monitor changing regulations to be sure Purdue is in compliance
    ▪ Cadillac Plan 40% Tax in 2018
Redesigning Programs

2014 PLAN DESIGN CHANGES

• Replace existing plans with three new options:
  ▪ Purdue Health Plan
  ▪ Purdue Health Plan Plus Health Savings Account (HSA) 1
  ▪ Purdue Health Plan Plus HSA 2

• All plans will:
  ▪ Have deductible/coinsurance arrangement, except Center for Healthy Living services
  ▪ Offer preventive generic prescriptions at no cost (e.g., diabetes, high blood pressure)
  ▪ Keep two-tier premium structure: Under $44,000 & $44,000 and above
  ▪ Combine prescription and medical deductibles
Encourage consumerism:

- Develop lab and imaging benefits
  - Radiology claims are approximately $11 million per year
  - Lab claims are approximately $5 million per year (with an expected $2 million reduction in 2013 due to lab tier currently in place)
  - Colonoscopy claims are approximately $1.8 million per year. Costs vary by provider for the same service, $2,430 - $5,569.

- Implement Castlight Rewards
  - Small financial incentive for choosing the lowest cost/highest quality provider. e.g., $20 incentive for standard imaging. ROI ratio could be 1.3-2.7 in Year One depending on engagement.

- Adjust Center for Healthy Living copay
  - Purdue Health Plan Plus HSA 1 and 2
## Plan Design Comparison

<table>
<thead>
<tr>
<th>HSA</th>
<th>Purdue (2014) - Proposed</th>
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<th>(\text{HSA 2})</th>
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<thead>
<tr>
<th>Center for Healthy Living Copay</th>
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<th>(\text{HSA 1})</th>
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<tbody>
<tr>
<td></td>
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Education on plan changes and rates:

- Education began immediately following board approval in July
- Methods of communication include:
  - General sessions
  - Walk-in labs during open enrollment
  - Purdue Today
  - HR, APSAC, CSSAC newsletters
  - Email campaign
  - Informed Enrollment Tool will be provided to allow employees to see what plan is the most cost effective based on past claims history, premiums and HSA contributions
In order to be sure Purdue is offering affordable benefits and to assess the overall medical cost versus our peers and competitors we benchmarked our Peer Universities, as well as Indiana Employers with 500+ employees.

Peer Universities Include: Michigan State, Northwestern, Indiana University and 7 additional universities.

Purdue’s average PPO Costs are significantly higher, while our CHDP costs are lower.

### Purdue's Medical Costs Benchmarking

<table>
<thead>
<tr>
<th></th>
<th>Purdue University</th>
<th>Peer Universities</th>
<th>Indiana Employers 500+employees</th>
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<tbody>
<tr>
<td><strong>Average PPO costs</strong></td>
<td>$12,510</td>
<td>$10,242</td>
<td>$10,924</td>
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<tr>
<td><strong>Average CDHP costs</strong></td>
<td>$6,261</td>
<td>$6,587</td>
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<tr>
<td><strong>Average Total Health Benefit Cost</strong></td>
<td>$12,790</td>
<td>$10,353</td>
<td>$10,414</td>
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*Averages include administrative fees and health savings account contributions.*
### Benchmarking

<table>
<thead>
<tr>
<th></th>
<th>Purdue Health Plan Comparable Traditional PPO Rates</th>
<th>HSA1 Comparable HDHP Rates</th>
<th>HSA2 Comparable HDHP Rates</th>
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<tr>
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<tr>
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## Total Purdue Health Care Expenditures

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<th>Year</th>
<th>Total</th>
<th>% Change</th>
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<td>2008</td>
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<tr>
<td>2012</td>
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<td>1.4%</td>
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<tr>
<td>2014</td>
<td>$156,000,000-$158,000,000*</td>
<td>(3.1%)</td>
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* This range is due to potential migration and claims expenses variations.
Health Plan Strategy

A LOOK TO THE FUTURE

• The plan design and premium changes for 2014 provide a strategy that will encourage our employees to become better consumers of health care. In the long run, this will create reduced costs for the University and our employees.

• We will continue to encourage our employees to be responsible consumers of health care by using Castlight to find the highest quality/lowest cost care when applicable.

• Education will be the key focus. The more information and tools we can give employees during their decision making process the more successful this strategy will be.

• The Health Care Strategy Committee and Human Resources will continue to develop a long term strategy to build a partnership between Purdue, the employees and the community.
Health Plan Strategy

Critical Connections
• Castlight usage
• Center for Healthy Living
  • Healthy Living at Work
  • Tobacco Cessation
• Consumerism
• Wellness and prevention

Questions?
“We don’t know, what we don’t know.”

Please refer all questions about 2014 medical plan coverage and premiums or concerns with services throughout the year to Human Resources.

• Call 49-42222

• Email hr@purdue.edu

• Use HR Help, our secure Web system that safeguards messages sent between you and Human Resources. HR Help protects your privacy at a higher level than ordinary email can.
“Being better consumers will help reduce or curb expenses to the medical plans, which is important to all of us. **Purdue is self-insured, so we foot the bill for all of our own medical claims.**”

- Luis E. Lewin, VPHR
On the Horizon

• **Student Affordability and Accessibility** - to keep tuition and fees within the reach of every qualified student.
  - Understanding and controlling costs
  - Sustainable business model

• **Higher Education Landscape**
  - National/State Government Focus
  - Regional Campuses
  - Higher Education Bond Ratings

Purdue University
On the Horizon

• **Major Business Services Initiatives**
  - Fringe Benefit Distribution
  - Travel Booking and Reimbursement (Concur)
  - Electronic Timekeeping (Kronos)
  - Procurement Transformation (Ariba)

• **Major Campus Initiatives**
  - President’s Forum – Sept 12th

*How you can help.*