



**Senior Vice President for Business
Services Status Meeting**

September 10, 2013

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
- Randy 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

Current Program

2013 PLAN DESIGN

Plan Design Comparison				
		Purdue (2013)		
		Copay	Incentive	Choice
HSA	Single	n/a	n/a	\$650
	Family	n/a	n/a	\$1,300
Deductible	Single	\$400	\$500	\$1,400
	Family	\$800	\$1,000	\$2,800
Out of Pocket	Single	\$1,500	\$2,400	\$3,400
	Family	\$3,000	\$4,800	\$6,800
Co-Insurance		80/20	80/20	80/20
Center for Healthy Living Copay		\$10	\$10	80/20

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

Redesigning Programs

2014 PLAN DESIGN CHANGES

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

Redesigning Programs

2014 NEW PLAN DESIGN

Plan Design Comparison				
		Purdue (2014) - Proposed		
		PHP	HSA 1	HSA 2
HSA	Single	n/a	\$650	\$650
	Family	n/a	\$1,300	\$1,300
Deductible	Single	\$750	\$1,750	\$2,500
	Family	\$1,500	\$3,500	\$5,000
Out of Pocket	Single	\$2,400	\$3,500	\$5,000
	Family	\$4,800	\$7,000	\$10,000
Co-Insurance		80/20	80/20	75/25
Center for Healthy Living Copay		\$10	\$45	\$45

Redesigning Programs

2014 PLAN DESIGN CHANGES

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

Benchmarking

- 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

	Purdue University	Peer Universities	Indiana Employers 500+employees
	2012	2012	2012
Average PPO costs	\$12,510	\$10,242	\$10,924
Average CDHP costs	\$6,261	\$6,587	\$7,913
Average Total Health Benefit Cost	\$12,790	\$10,353	\$10,414
*Averages include administrative fees and health savings account contributions.			

Benchmarking

Purdue Health Plan Comparable Traditional PPO Rates		
	Employee	Family
Purdue 2014 (\$44k +)	\$1,496	\$6,117
State of Indiana 2013	\$5,128	12,852
Indiana University 2013	\$1,348	\$3,735
University of Michigan 2013	\$1,524	\$7,084
HSA1 Comparable HDHP Rates		
	Employee	Family
Purdue 2014 (\$44k +)	\$497	\$2,178
State of Indiana 2013	\$2,124	\$4,408
Indiana University 2013	\$639	\$1,842
University of Michigan 2013	\$0	\$2,736
HSA2 Comparable HDHP Rates		
	Employee	Family
Purdue 2014 (\$44k +)	\$0	\$1,129
State of Indiana 2013	\$1,111	\$1,554
Indiana University 2013	n/a	n/a
University of Michigan 2013	n/a	n/a

Total Purdue Health Care Expenditures

Year	Total	
2004	\$74,964,051	--
2006	\$92,429,490	23.3%
2008	\$111,250,048	20.4%
2010	\$140,445,094	26.2%
2011	\$146,920,305	4.6%
2012	\$149,042,553	1.4%
2013	\$160,000,000-\$163,000,000*	9.4%
2014	\$156,000,000-\$158,000,000*	(3.1%)

* 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?

A Valued Partnership: Working Together

“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.

A Valued Partnership: Working Together

*“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

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.