

HR Benefit Updates

University Senate – September 12, 2022

- 2023 Health Plans & 2022 Healthcare Appreciation Award
- Understanding Purdue Health Plans
- What we evaluate and how we compare

2023 Health Plans

Purdue Health Plans - Demographics

11,400 active eligible employees (monthly average)

23,844 total members (monthly average - employees, spouses, dependents)

48% single; 22% family; 14% employee + spouse; 16% employee + children

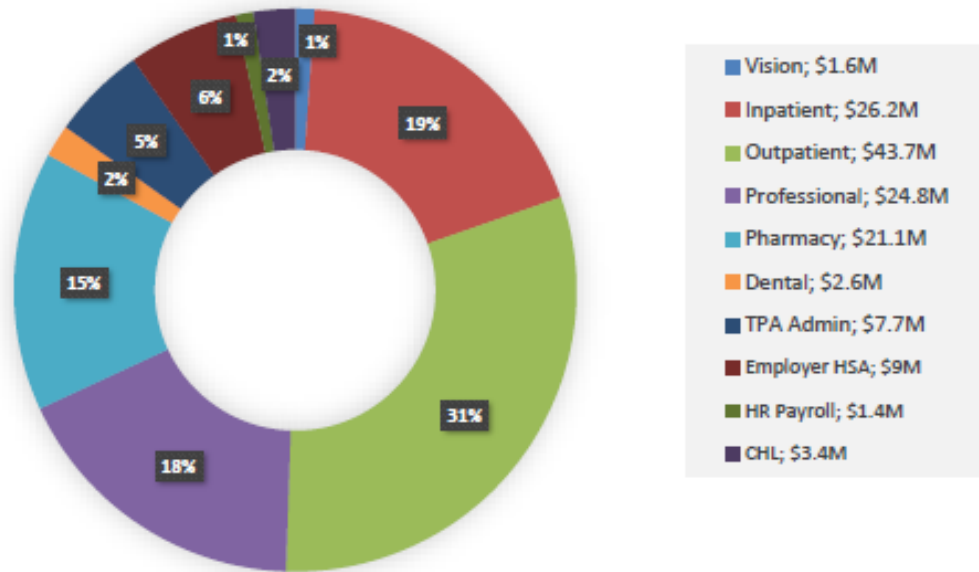
Offer Consumer Driven Health Plans with Health Savings Accounts
- 50% Premier; 33% Standard; 15% Limited; 2% J1

900 covered spouses with additional premium

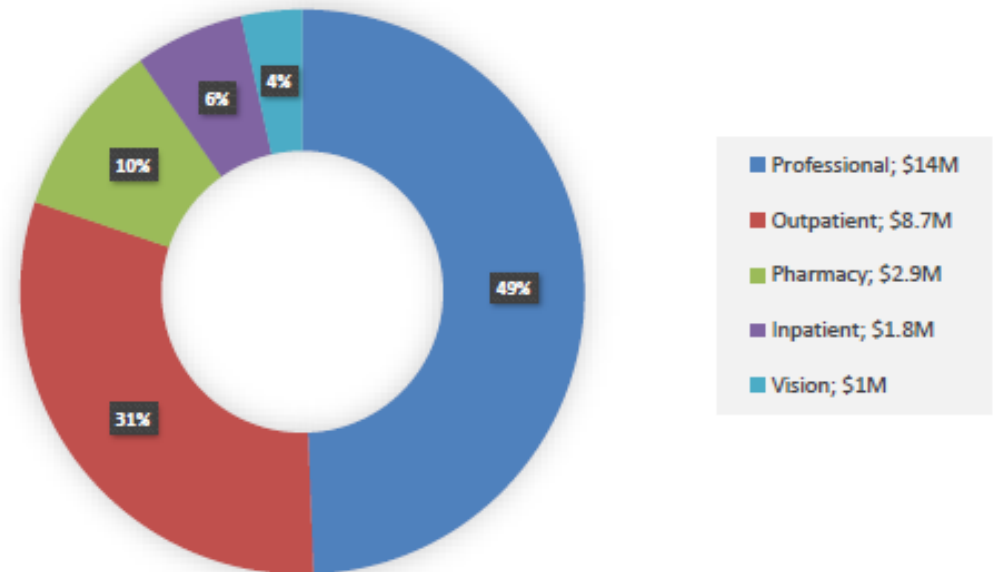
57% annual physicals in CY 2021, highest since implementing Healthy Boiler Incentive Program

Summary of Expenses - 2021

2021 Purdue Medical Spend - \$142M



2021 Employee Spend - \$28M



2022 Projected Spend - \$147m Purdue and \$28m Employees

Approved Changes for 2023 Health Plan

| Strategy | Plan Cost/Savings | Employee Cost/Savings |
|---|-------------------|-----------------------|
| No Employee Premium increase – 4 th Year in a Row | | ● |
| Increase Retiree premiums (5%) | | ● |
| Launch Centers of Excellence with Carrum Health | ● | ● |
| Expansion of Center for Healthy Living @ PNW | ● | ● |
| Direct Agreement – Colonoscopy | ● | ● |
| OTO Pilot – Telehealth | ● | ● |
| Medication Therapy Mgmt – RFP | ● | ● |
| Prescription Benefit Manager Contract Renewal | TBD | TBD |
| Premier Plan – \$50 single/\$100 family Increase Deductible (IRS requirement) | | ● |

Not Recommended for 2023. Consider in future years:

- Increase in Working Spouse Premium
- Increase in Tobacco Surcharge
- Deductible and Out of Pocket increases
- Further differentiation between Tier 1 and Tier 2 (all medical plans)
- Cost share on preventive dental
- Cost share on vision
- Premium increase for active employees and long-term disability members

History of Benefit Changes

2014 - 2016

- Three plans (2 HDHP; 1 PPO)
- Anthem contract
- No employee premium increases
- Added free preventive dental
- Added autism and bariatric

2017

- Mid-America contract for labs
- Imaging/radiology offered at PUSH
- Healthy Boiler provided additional financial incentives for wellness activities and education
- Employee premium increase (4%)

2018 - 2019

- CVS contract for pharmacy administration
- Prescription formulary change
- Numerous measures to reduce administrative costs
- Deductible/OOP increases
- Employee premium increases (2018-7%; 2019-6%)

2020

- No Employee premium increase
- Sunset PPO medical plan (1/1/21)
- Working spouse premium
- Tobacco surcharge increase
- Direct provider agreements
- Tiered narrow network option

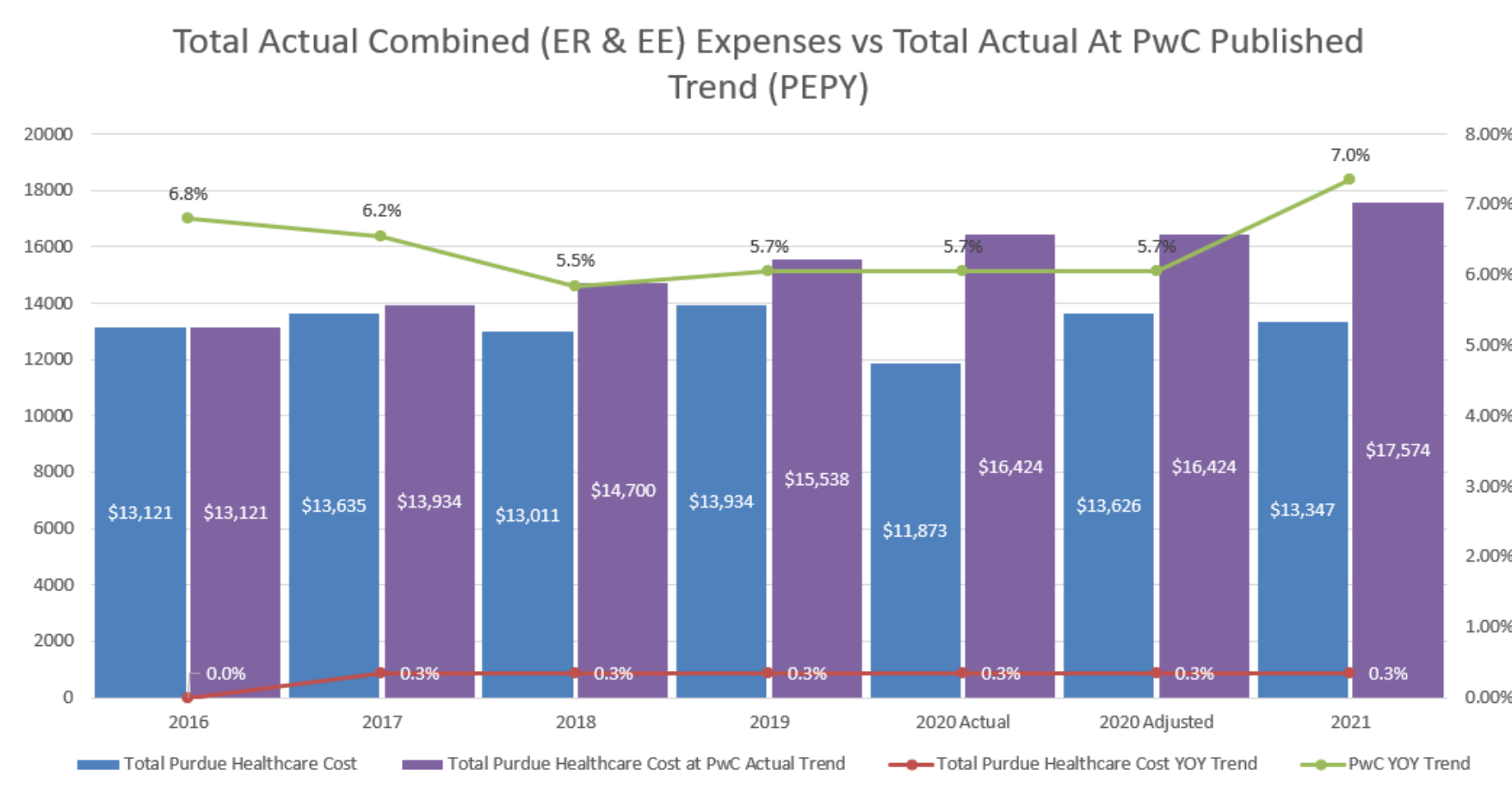
2021

- No Employee premium increase
- 100% CDHP (3 Plans)
- Specialty Prescription Carve Out
- Retiree premium increase (5%)
- Prescription and Cancer Concierge
- Additional direct provider agreements
- Vision separated from Medical elections

2022

- No Employee premium increase
- Retiree premium increase (5%)
- Dental premium decrease
- Additional Healthy Boiler Incentive activities

Healthcare Expenditures - Overall 2016 - 2021



Our actions to actively manage the Purdue health plans have cumulatively saved employees over \$40 million

2022 Healthcare Appreciation Award

Recommendation:

All employees enrolled in a Purdue medical plan will receive a cash payment later in November 2022 equal to 2 months of the average employee premium in appreciation for their actions establishing Purdue as a leader in delivering high-quality benefits with innovative population health solutions at the lowest possible costs.

| | |
|--------------------------------|---------------|
| Annual Active Premium | \$ 14,158,907 |
| Monthly Active Premium | \$ 1,179,909 |
| Average Monthly Active Premium | \$ 102 |

Understanding Purdue Health Plans

2023 CONSUMER-DRIVEN HEALTH PLANS (CDHPS)

PREMIER CDHP

- Highest premiums
- Lowest deductible
- Lowest out-of-pocket maximum

STANDARD CDHP

- Middle-of-the-road premiums, deductible and out-of-pocket maximum

LIMITED CDHP

- Lowest premiums
- Highest deductible
- Highest out-of-pocket maximum

University pays 95% of total premium for employees in lower medical tier; 89% for employees in higher medical tier

ALL OF OUR 2023 CDHPS OFFER:

- No Change in Services Covered
- Nationwide network of providers
- Free preventive care and generic preventive medications
- \$10-or-less generic non-preventive prescriptions after deductible
- HSA with Purdue contributions
 - \$200 individual/\$400 family – guaranteed
 - \$450 individual / \$900 family – incentive to earn
 - HRA offered if ineligible for HSA
 - Contributions deposited in equal installments throughout the year

Purdue MEDICAL PLANS

CONSUMER-DRIVEN HEALTH PLANS (CDHPS)

2023 Changes

- Increase deductible for Premier plan only due to IRS regulations

2023 Medical Plans

| | | Premier CDHP | Standard CDHP | Limited CDHP |
|--|---|---|--|---|
| University's Contribution to Employee's HSA or HRA | Employee only | \$200 | \$200 | \$200 |
| | Employee + one or more covered family members | \$400 | \$400 | \$400 |
| Healthy Boiler Incentive to Employee's HSA or HRA <small>(see page 16 for new incentive structure)</small> | Employee only | \$450 | \$450 | \$450 |
| | Employee + one or more covered family members | \$900 | \$900 | \$900 |
| Deductible Medical & Rx Combined | Employee only | \$1,500 (Tier 1/HealthSync) \$2,000 (Tier 2/in) \$3,500 (Tier 3/out) | \$2,000 (Tier 1/HealthSync) \$2,750 (Tier 2/in) \$5,000 (Tier 3/out) | \$3,000 (Tier 1/HealthSync) \$4,000 (Tier 2/in) \$6,500 (Tier 3/out) |
| | Employee + one or more covered family members | \$3,000 (Tier 1/HealthSync) \$4,000 (Tier 2/in) \$7,000 (Tier 3/out) | \$4,000 (Tier 1/HealthSync) \$5,500 (Tier 2/in) \$10,000 (Tier 3/out) | \$6,000 (Tier 1/HealthSync) \$8,000 (Tier 2/in) \$13,000 (Tier 3/out) |
| Coinsurance | | 90%/10% (Tier 1/HealthSync) 80%/20% (Tier 2/in) 60%/40% (Tier 3/out) | 90%/10% (Tier 1/HealthSync) 80%/20% (Tier 2/in) 60%/40% (Tier 3/out) | 90%/10% (Tier 1/HealthSync) 75%/25% (Tier 2/in) 55%/45% (Tier 3/out) |
| Out-of-Pocket Maximum Medical & Rx Combined <small>(includes deductible & coinsurance)</small> | Employee only | \$2,250 (Tier 1/HealthSync) \$3,250 (Tier 2/in) \$6,000 (Tier 3/out) | \$4,250 (Tier 1/HealthSync) \$5,250 (Tier 2/in) \$10,000 (Tier 3/out) | \$5,500 (Tier 1/HealthSync) \$7,000 (Tier 2/in) \$13,000 (Tier 3/out) |
| | Employee + one or more covered family members | \$4,500 (Tier 1/HealthSync) \$6,500 (Tier 2/in) \$12,000 (Tier 3/out) | \$8,500 (Tier 1/HealthSync) \$10,500 (Tier 2/in) \$20,000 (Tier 3/out) | \$11,000 (Tier 1/HealthSync) \$14,000 (Tier 2/in) \$26,000 (Tier 3/out) |

Purdue TIERED Network

\$

**TIER 1
(HEALTHSYNC)**

**Most affordable
option for care**

\$\$

**TIER 2
(IN-NETWORK)**

Next best option

\$\$\$

**OUT-OF-
NETWORK**

**Most expensive
option**

- Tiered narrow network option with lower deductible and out of pocket expenses
- Built with high performing providers with a history of quality that must be maintained
- 65% Purdue members engaged in HealthSync
 - Carry more health risk
 - More compliant with physicals and annual screenings
 - Lower lengths of inpatient stays
 - Less ER visits
- **Employee savings from 2020 implementation through 2022 YTD - \$2.08m**

HEALTHSYNC
**A SMARTER APPROACH
TO HEALTHCARE**



HIGHER
QUALITY



QUICK
ACCESS



REDUCED
COST



COORDINATED
CARE

Find a provider at [anthem.com/healthsyncproviderfinder](https://www.anthem.com/healthsyncproviderfinder)

PURDUE
UNIVERSITY | Human Resources

Purdue TIERED Network

1

VISIT A TIER 1 (HEALTHSYNC) OR TIER 2 (IN-NETWORK) PROVIDER.

The majority of healthcare providers in Indiana are either in Tier 1 or Tier 2.

2

THE EXPENSES COUNT TOWARD BOTH YOUR TIER 1 AND TIER 2 DEDUCTIBLES.

This includes charges from providers as well as prescriptions.

3

ONCE YOU MEET YOUR TIER 1 DEDUCTIBLE, YOUR COINSURANCE IS 90/10 WITH TIER 1 PROVIDERS.

Tier 1 deductibles are **hundreds of dollars lower** than Tier 2 and Out-of-network.

4

IF YOU MEET YOUR TIER 1 OUT-OF-POCKET MAXIMUM, ALL TIER 1 SERVICES ARE COVERED AT 100%.

Tier 1 out-of-pocket maximums can be **thousands of dollars less** than Tier 2. Your out-of-pocket max **includes** the amount of the deductible.

5

NOW, ANY COSTS APPLY TO YOUR TIER 2 DEDUCTIBLE AND OUT-OF-POCKET MAXIMUM.

You continue to pay the full amount for prescriptions and Tier 2 services until you reach the Tier 2 deductible and out-of-pocket maximum.

[Watch HealthSync Overview video](#)

Purdue TIERED Network



HealthSync High Performance Network Providers



View a full list of HealthSync Providers:
anthem.com/HealthSyncProviderFinder

Nearly 40,000 providers statewide



Prescription coverage is same for all three medical plans

- Generic preventive medications always covered 100 percent
- Generic non-preventive medications will never cost you more than \$10 once the deductible is met
- Pay the full cost for non-generic, non-preventive medications until you reach the deductible
- **Classification of medications determined by CVS Caremark**

Learn more about the prescription coverage and access our pricing estimator.

What we evaluate...

Results of Changes - Physicals and Screenings

| Annual Screening | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------|------|------|------|------|------|
| Physical | 39% | 48% | 54% | 49% | 57% |
| Mammogram | 52% | 69% | 70% | 67% | 68% |
| Colonoscopy | - | 28% | 39% | 48% | 53% |

YOUR BENEFITS. YOUR CHOICES. YOUR WELL-BEING.

HEALTHY BOILER



BEHAVIORAL
HEALTH



FINANCIAL
WELLNESS



PHYSICAL
HEALTH



SOCIAL
WELLNESS



WORK-LIFE
INTEGRATION

Purdue Medical Plan Comparison – CDHP vs PPO

White Paper – available [here](#)

- Reviewed medical plan enrollment and utilization patterns of Purdue members from 2014 – 2017
- **Findings**
 - Reduction in total expenses to employees and university as more members moved to CDHPs
 - Regardless of which plan was elected, Purdue members were not deferring health care
- **Plan to review data again after 2023**

Big Ten Benchmark

Executive Summary

Survey Approach and Participating **Indiana Higher Education Schools**



LHD sent a benefits survey to eleven Indiana universities and colleges. We received nine completed surveys from the schools highlighted in the corresponding map. Each participating school will receive a summary of the survey results.

All responses received directly from the school have been identified as "Validated." For the schools that we did not receive an official response, we have populated their survey from publicly available information.

You will see two different benchmarks throughout this report: "**Indiana Higher Ed Validated Average**" which only includes the benefit detail for colleges and universities that completed the survey and "**Indiana Higher Ed Average**" which includes all validated responses, as well as benefit detail that was secured by the LHD team from publicly available information and not received directly from the school.



B10 and Indiana Higher Ed. Benefits Benchmark | 5



Executive Summary

Survey Approach and Participating **B10 Universities**



LHD sent a benefits survey to each of the fourteen B10 universities and received nine completed surveys from universities highlighted in the corresponding map. Each participating university has received a summary of the survey results.

All responses received directly from the university have been identified as "Validated." For the universities that we did not receive an official response, we have populated their survey from publicly available information.

You will see two different benchmarks throughout this report: "**B10 Validated Average**" which only includes the benefit detail for universities that completed the survey and "**B10 Average**" which includes all validated responses, as well as benefit detail that was secured by the LHD team from publicly available information and not received directly from the university.



B10 and Indiana Higher Ed. Benefits Benchmark | 6

Survey Demographics

The below chart summarizes key demographic information from our validated B10 and Indiana Higher Ed responses.



Total Validated Enrolled Employees

194,808

B10 155,506
Indiana Higher Ed 39,302



Total Validated Enrolled Members

438,077

B10 352,091
Indiana Higher Ed 85,986



Average Indiana Higher Education
Enrolled Employee Age

48 Years

B10 42 years



% of Indiana Higher Education
Enrolled Female Members

54%

B10 53%



% of Indiana Higher Education
Enrolled Male Members

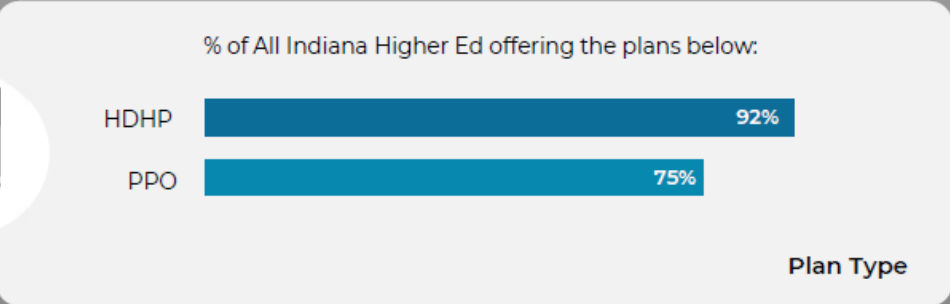
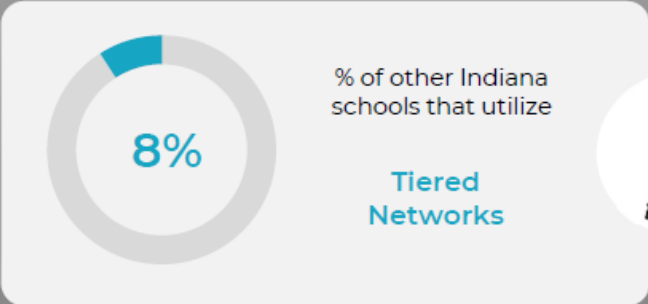
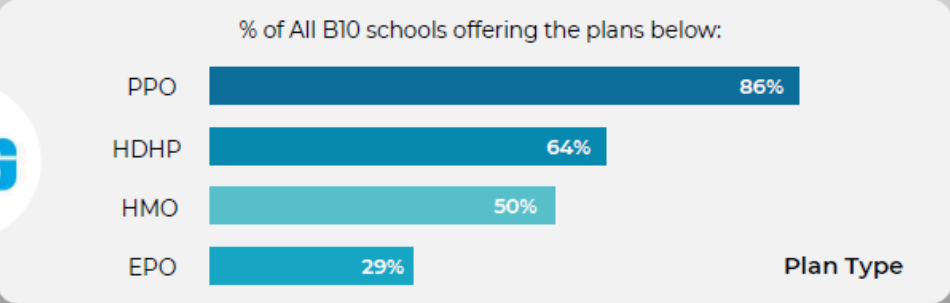
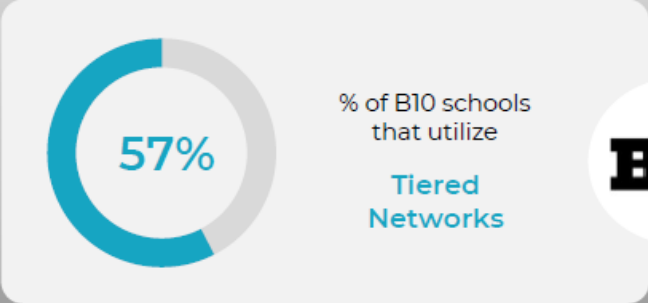
46%

B10 47%



Medical Plan Design Information

The charts below highlight the different plan designs offered by all B10 and Indiana Higher Ed schools (validated and non-validated).



Survey **Demographics**

The below chart summarizes key demographic information from our validated B10 and Indiana Higher Ed responses.



Total Validated Enrolled Employees

194,808

B10 155,506
Indiana Higher Ed 39,302



Total Validated Enrolled Members

438,077

B10 352,091
Indiana Higher Ed 85,986



Average Indiana Higher Education
Enrolled Employee Age

48 Years

B10 42 years



% of Indiana Higher Education
Enrolled Female Members

54%

B10 53%



% of Indiana Higher Education
Enrolled Male Members

46%

B10 47%



HDHP Monthly **Employee Contributions**



| | Purdue | | | B10 Validated Avg. | B10 Avg. | IN Higher Ed. Validated Avg. | IN Higher Ed. Avg. |
|---------------------|--------|-------|------|--------------------|----------|------------------------------|--------------------|
| Employee Only | \$51 | \$30 | \$8 | \$62 | \$74 | \$78 | \$83 |
| Employee + Spouse | \$176 | \$100 | \$57 | \$145 | \$169 | \$225 | \$246 |
| Employee + Children | \$97 | \$57 | \$24 | \$103 | \$136 | \$188 | \$198 |
| Employee + Family | \$247 | \$146 | \$88 | \$210 | \$217 | \$335 | \$352 |

* We calculated a single rate for universities whose employee monthly contributions are salary banded by taking the weighted average based on the enrollment per coverage tier.

HDHP Deductible Expenses



| In-Network | Purdue – Tier 2 | | | B10 Validated Avg. | B10 Avg. | IN Higher Ed. Validated Avg. | IN Higher Ed. Avg. |
|-------------------|-----------------|----------|----------|--------------------|----------|------------------------------|--------------------|
| Employee Only | \$2,000 | \$2,750 | \$4,000 | \$2,175 | \$2,167 | \$2,650 | \$2,629 |
| Employee + Family | \$4,000 | \$5,500 | \$8,000 | \$4,350 | \$4,393 | \$5,282 | \$5,244 |
| | | | | | | | |
| Out-of-Network | Purdue – Tier 2 | | | B10 Validated Avg. | B10 Avg. | IN Higher Ed. Validated Avg. | IN Higher Ed. Avg. |
| Employee Only | \$3,500 | \$5,000 | \$6,500 | \$3,511 | \$3,545 | \$4,908 | \$5,033 |
| Employee + Family | \$7,000 | \$10,000 | \$13,000 | \$7,022 | \$7,091 | \$9,775 | \$10,433 |
| | | | | | | | |



HDHP Out-of-Pocket **Maximums**



| In-Network | Purdue – Tier 2 | | | B10 Validated Avg. | B10 Avg. | IN Higher Ed. Validated Avg. | IN Higher Ed. Avg. |
|-------------------|-----------------|----------|----------|--------------------|----------|------------------------------|--------------------|
| Employee Only | \$3,250 | \$5,250 | \$7,000 | \$3,788 | \$3,677 | \$4,382 | \$4,526 |
| Employee + Family | \$6,500 | \$10,500 | \$14,000 | \$7,775 | \$7,323 | \$8,496 | \$8,726 |

| Out-of-Network | Purdue – Tier 2 | | | B10 Validated Avg. | B10 Avg. | IN Higher Ed. Validated Avg. | IN Higher Ed. Avg. |
|-------------------|-----------------|----------|----------|--------------------|----------|------------------------------|--------------------|
| Employee Only | \$6,000 | \$10,000 | \$13,000 | \$6,939 | \$6,677 | \$8,817 | \$9,675 |
| Employee + Family | \$12,000 | \$20,000 | \$26,000 | \$14,433 | \$13,809 | \$17,833 | \$19,521 |



B10 and Indiana Higher Ed. Benefits Benchmark | 16