Purdue University
Health Plan Overview

September 2011
Agenda

- Blue Ribbon Healthcare Committee
- Purdue Health Care Expenditures
- State of Indiana Health Care Cost Containment Efforts
- State of Indiana Prescription Legislation
- Overview of State of Indiana Medical Plans
- Our Health Care Strategy
- Changes Recommended for 2012
- Use of Preferred Labs
- New Flexible Spending Account Vendor
- Q&As
Blue Ribbon Healthcare Committee

- Pamela Aaltonen, Nursing (Chair)
- Steven Abel, Pharmacy Practice
- John Beelke, Human Resources–Staff Benefits
- William [Bart] Collins, Health Communications
- Jenny Coddington, Nursing & North Central Nursing Clinics
- James Dworkin, Regional Representative & North Central Chancellor
- Joan Fulton, University Senate Chair & Agricultural Economics
- Luis Lewin, Human Resources
- Carol Sternberger, Regional Representative & IPFW Nursing (Tina Grady)
- Philip Troped, Health & Kinesiology
- Susan White, Pharmacy
- David Williams, University Senate Faculty Affairs Chair & Medical Illustration/Veterinary Medicine
- Steven Witz, Regenstrief Center for Healthcare Engineering
# Purdue Health Care Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Expenditure</th>
<th>Number EE*</th>
<th>Average Cost per EE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$54,010,667</td>
<td>10,737</td>
<td>$5,030</td>
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<tr>
<td>2002</td>
<td>$64,393,663</td>
<td>11,388</td>
<td>$5,645</td>
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<tr>
<td>2004</td>
<td>$74,964,501</td>
<td>11,347</td>
<td>$6,606</td>
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<tr>
<td>2006</td>
<td>$92,429,490</td>
<td>12,220</td>
<td>$7,564</td>
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<tr>
<td>2008</td>
<td>$111,250,048</td>
<td>12,526</td>
<td>$8,881</td>
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<tr>
<td>2010</td>
<td>$140,445,094</td>
<td>12,916</td>
<td>$10,873</td>
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</tbody>
</table>

EE* includes employees, early retirees, disabled and COBRA participants.
State of Indiana – Health Care Cost Control Efforts

- Legislation passed in 2011
  - K–12 school corporations required to maintain their health care costs within a certain range or they would be required to join the state’s health plans.
  - An amendment to include Higher Education was drafted by lawmakers but never introduced in committees.
State of Indiana – Prescriptions

- Legislation introduced in 2005
  - Suggested state institutions join the state’s prescription purchasing program, which is currently managed by Medco.

- Legislation passed in 2011
  - All higher education institutions join Medco.
  - Impact on Purdue: Employee’s on the Choice plan will be migrated to Medco (from CIGNA) effective Jan. 1, 2012.
## State of Indiana – Purdue Health Plan Offerings – Employee Only

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>State of Indiana Premium EE only</th>
<th>Purdue EE Only Low Tier Below $44k</th>
<th>Purdue EE Only Higher Tier $44k or Above</th>
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<tbody>
<tr>
<td>High Deductible 1</td>
<td>$354</td>
<td>Not offered</td>
<td>Not offered</td>
</tr>
<tr>
<td>High Deductible 2</td>
<td>$524</td>
<td>$155</td>
<td>$515</td>
</tr>
<tr>
<td>Traditional PPO (Purdue Incentive)</td>
<td>$2,958*</td>
<td>$286*</td>
<td>$742*</td>
</tr>
<tr>
<td>Copay Plan</td>
<td>Not offered</td>
<td>$531</td>
<td>$977</td>
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</table>

* Family  $7,775  $912  $2,159

85% of all State Employees and families are in one of the Consumer Driver Health Plans
Health Care Strategy

- Affordable health benefits for both the University and employees
- Provide choice among several comprehensive health care plans
- Onsite Clinic (Health, Pharmacy, and Wellness Center)
- More Onsite Coaching and Wellness Programs
- More robust medical cost comparison tool
- More consumer education and employee engagement
Changes Considered for 2012

- Merge Copay and Incentive Plans
- Differential premium increases for the 3 plans
- Coinsurance increase from 15% to 20%
- Implement $500 Tobacco user surcharge
- Implement $500 Spouse or SSDP surcharge if they have access to insurance through another plan
Recommendations for 2012

- Premium Increases:
  - Choice Plan 10%
  - Incentive Plan 15%
  - Copay Plan 30%
- Increase the co-insurance percent on the Incentive and Copay plans from 15% to 20%
- Increase the Out of Pocket maximum on the Incentive Plan from $2,000/$4,000 to $2,200/$4,400
- Implement a tiered lab network
- Implement a $250 Tobacco user surcharge
Be a wise consumer
Lab Work

- Physician’s lab is convenient but more costly
- Save 50 – 75% by taking the lab order to:
  - Quest
  - Mid America
  - LabCorp

- Use the Treatment Cost Calculator on the mycigna.com website to compare lab costs. It is located under the Estimate Health Care Costs tab on the right hand side.
New FSA vendor for 2012

- Payflex will be the new Flexible Spending Account vendor for 2012
- Watch for communications and presentations during Open Enrollment
Q & A’s