



PURDUE UNIVERSITY BOARD OF TRUSTEES

FINANCE COMMITTEE

AUGUST 2, 2024 | MINUTES

A meeting of the Finance Committee of the Board of Trustees convened at 9:22 a.m. on Friday, August 2, 2024, in Room 326 of Stewart Center on the campus of Purdue University in West Lafayette, Indiana.

Committee members present: Michael Klipsch, Chair; Sonny Beck; Malcolm DeKryger; Gary Lehman; and Shawn Taylor. Other trustees present: Michael Berghoff; Kevin Boes; JoAnn Brouillette; and Vanessa Castagna. Theresa Carter participated via conference call.

Officers and administrators in attendance were: Mung Chiang, president; Patrick Wolfe, provost and executive vice president for academic affairs and diversity; Chris Ruhl, chief financial officer and treasurer; Eva Nodine, vice president, deputy cfo, assistant treasurer, and assistant secretary; Steve Schultz, general counsel; Cindy Ream, corporate secretary and senior executive assistant to the Board; and Ron Elsenbaumer, chancellor, Purdue University Fort Wayne.

I. APPROVAL OF MINUTES

Upon proper motion duly made and seconded, the Finance Committee voted unanimously to approve the minutes of a meeting convened on June 7, 2024.

II. (SW) APPROVAL OF CY UNIVERSITY HEALTH PLANS*

Committee Chair Klipsch noted the strong benefits that are available at Purdue. He invited Candace Shaffer, associate vice president, benefits and payroll, to provide an overview of the University Health Plan. Ms. Shaffer began the discussion by presenting the 2024 Plan Demographics, highlighting that Purdue currently has 11,935 active eligible employees, representing a 3.5% increase from the previous year. The total membership has reached 24,400, a 2% rise from the prior year. She shared the membership distribution percentages and the progression of employees completing their annual physicals in CY 2023. There was a 2% increase from 2022, marking the highest participation rate since the introduction of the Healthy Boiler Incentive Program.

Recommendations presented for approval:

- For the first time in five years, increase premium rates 3% for active employees and long-term disability members. The increase will impact employees and their families between \$0.11 - \$8.11 per month depending on medical salary tier, plan election and coverage level. This recommendation results in savings of \$0.345 million for the health plan.
- Increasing premium rates for early retirees by 5%. Approximately 300 early retirees are on the medical plans. Collectively their claims exceed premiums by over \$1 million. Our intent is to reduce this subsidy over time. This recommendation results in savings of \$0.081 million for the health plan.
- Modestly increase medical plan deductibles and out of pocket maximums (\$100 single coverage; \$200 family coverage) on all three consumer driven health plans to meet IRS requirements as well as maintain differentials between the three plan offerings

and within network tiers. This recommendation results in savings of \$1.14 million for the health plan, with a corresponding amount funded by employees.

- Offset the modest deductible and out of pocket maximums by increasing the Healthy Boiler incentive for employees (\$100) and covered spouses (\$100). Additional incentive monies will focus on wellness screenings that align to the strategy to focus on preventive health measures and meet the goal of best in class for completion.
- Expand current Carrum Health partnership to mandate total hip and knee replacements, spine and bariatric surgeries through their network. Incentives for participating are included and administered through the Carrum Health program providing travel accommodations, per diem and a cash payment after surgery. This recommendation results in savings of \$0.706 million for the health plan.
- For the first time in five years, increase department fringe rates for each benefit eligible employee. The 5% increase in department rates will be effective July 1, 2025, allowing departments to appropriately plan through the FY26 budget process.
- Renew the Delta Dental contract with a premium increase for 2025 and premium hold for 2026. Purdue will continue to provide preventive dental at no cost to employees and will cover the preventive cost portion of the two other plan options. The increase will be spread over all three plan options with the two buy-up plans absorbing a higher portion of the increase. The total cost to plan is \$0.143 million.
- Replace the Indiana Aggregate Prescription Purchasing Program contract with CVS Caremark with a transparent AffirmedRx contract for non-specialty medications. The stable formulary with predictable prescription cost partner will bring savings to both employees and the plan. The recommendation results in savings of \$1.67 million for the health plan.
- In partnership with AffirmedRx, develop and implement diabetes and obesity management program at the Center for Healthy Living. Savings are \$1.0 million.
- Increase by \$250 the surcharge for tobacco users enrolled on the medical plans. This recommendation results in savings of \$0.345 million for the health plan.
- To maintain eligibility for working spouses to access the Purdue medical plans, increase by \$125 (lower medical tier) and \$250 (higher medical tier) the surcharge for enrolled spouses who do not enroll in their employer's health plan. This recommendation results in savings of \$0.241 million for the health plan.

Chris Ruhl, executive vice president, chief financial officer and treasurer noted that no employer has done more to tackle the underlying cost of health care for all plan participants than Purdue, but national and local headwinds are strong. He also stated that pharmacy and dental, specifically, are posing challenges for employer health plans.

Upon proper motion duly made and seconded, the Finance Committee voted unanimously to recommend full Board approval of the 2025 University Health Plans. A copy of the presentation and supporting documents were filed with the minutes.

III. APPROVAL OF FY25-27 LINE ITEM BUDGET REQUESTS*

In addition to operating, fee replacement (debt service), facility repair and rehabilitation and cash capital appropriations, the State of Indiana funds certain specific activities for Indiana's public colleges and universities, referred to as line items.

Andrew Bean, associate vice president, finance & accounting shared the list of items on the West Lafayette campus they are seeking Trustee approval to request appropriations from the state. The list includes Ag Research and Extension-Crossroads, County Agriculture Extension Educators, Purdue Polytechnic Statewide, Center for Paralysis Research, and Indiana Technical Assistance and Advanced Manufacturing Competitiveness Program.

Mr. Bean respectfully requested approval of the FY25-27 line item budget requests. Upon proper motion duly made and seconded, the Finance Committee voted unanimously to recommend full Board approval. A copy of the presentation and supporting documents were filed with the minutes.

IV. APPROVAL OF CITYBUS CONTRACT RENEWAL*

Jessica Robertson, associate vice president for auxiliary services requested approval of the CityBus Contract Renewal. She shared details of the contract noting a few changes from the previous contract. In April 2024 CityBus announced that off-campus service would no longer be free to Purdue riders. She noted that since that time Purdue and CityBus have been actively negotiating and have come to an agreement which will be effective through July 31, 2025.

Upon proper motion duly made and seconded, the Finance Committee voted unanimously to recommend full Board approval of the CityBus Contract Renewal. A copy of the presentation and supporting documents were filed with the minutes.

By consent, the meeting adjourned at 9:59 a.m.