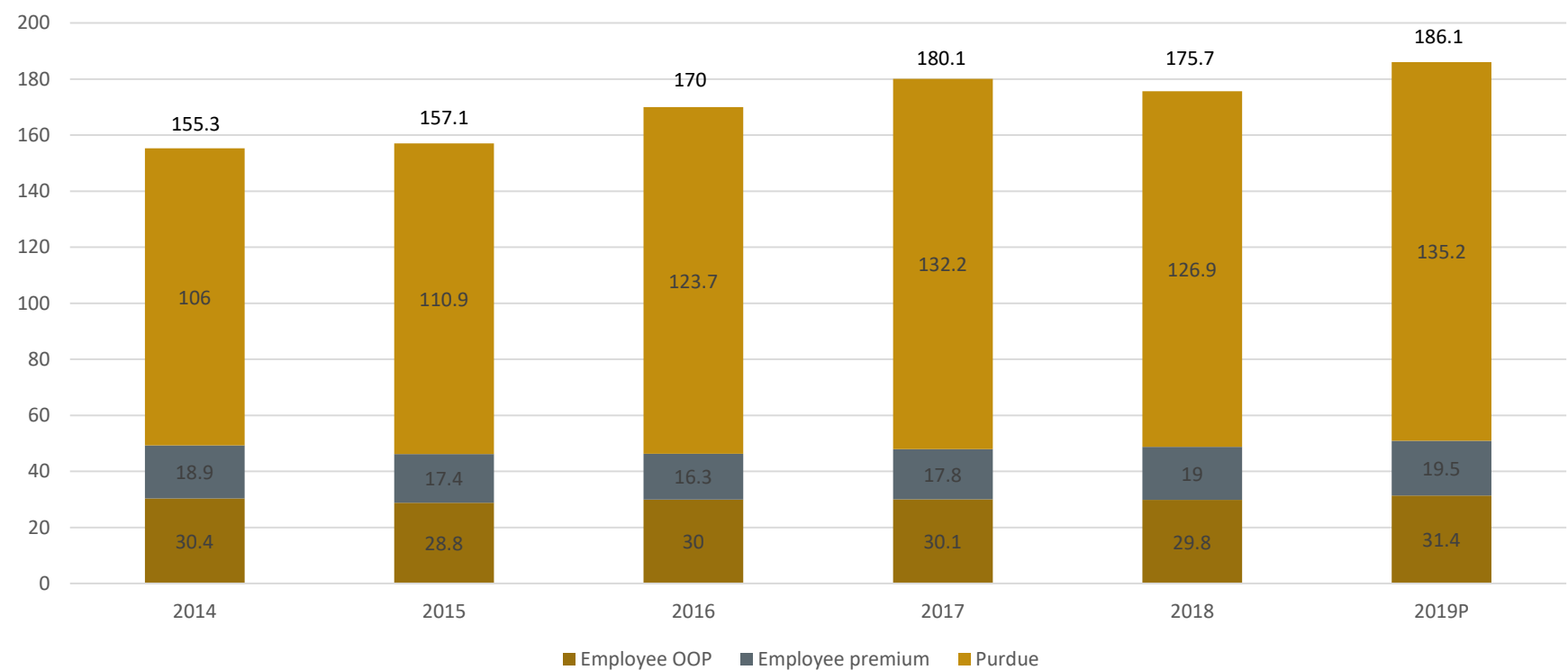


PURDUE BENEFITS UPDATE

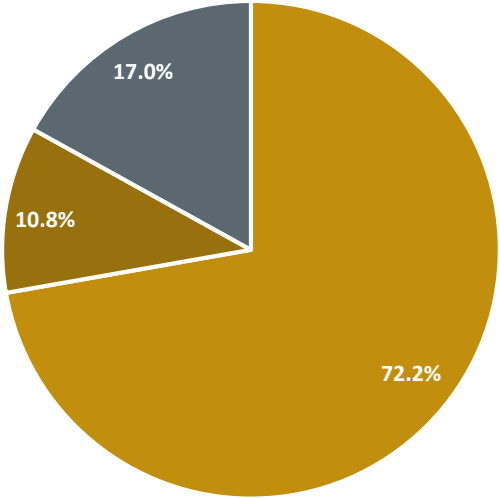
PURDUE UNIVERSITY SENATE
MONDAY, SEPTEMBER 9, 2019

Historical Healthcare Expenditures

Healthcare Expenditures



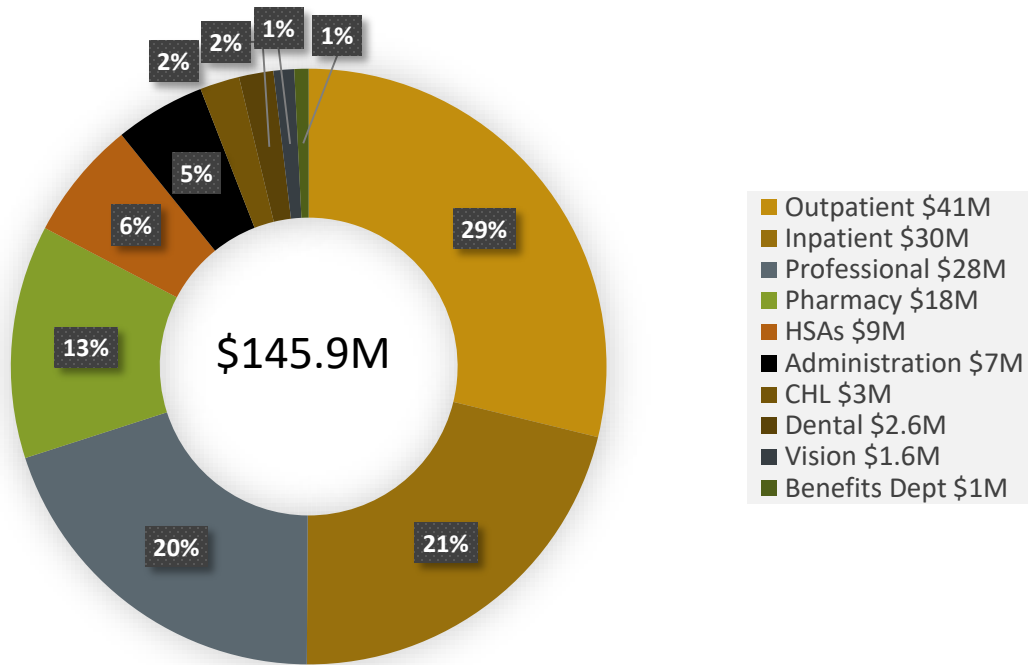
Purdue Paid Premium Employee Paid Premium Employee Out of Pocket



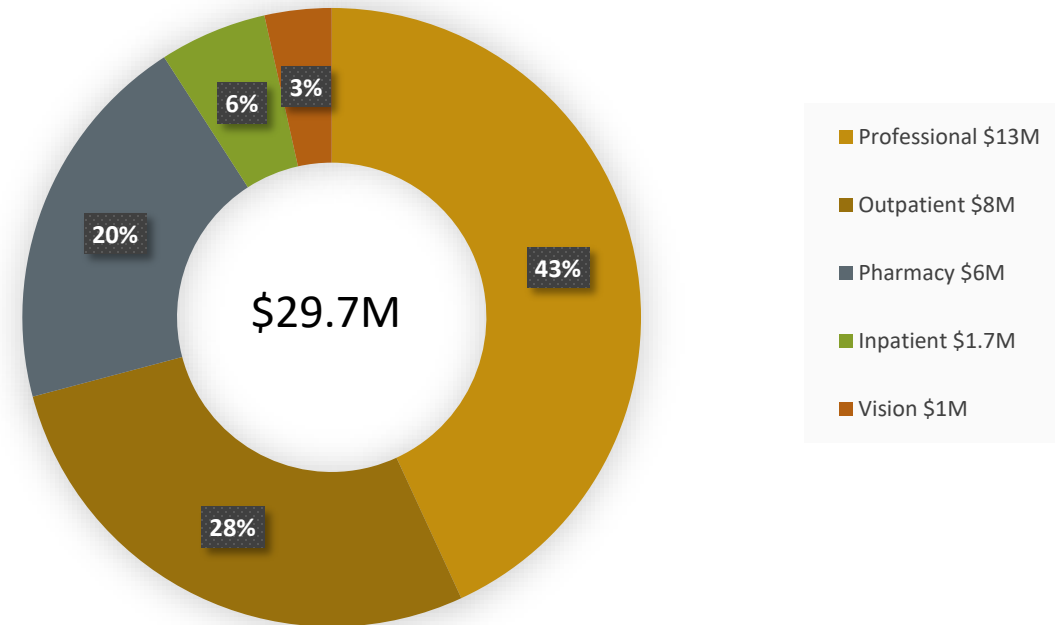
2018 Cost Share

2018 Healthcare Expenditures

2018 Purdue Medical Spend



2018 Employee Spend



History of Benefit Changes

2014

Three plans (2 HDHP; 1 PPO)

Anthem contract; savings used to reduce employee premiums

2015-2016

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

CVS contract for pharmacy administration

Numerous measures to reduce administrative costs

Employee premium increase (7%)

2019

Employee premium increases (6%) and plan design changes

Numerous initiatives in progress to address high costs (e.g. direct provider agreements; facility feasibility; pharmacy review)

CY 2020 Healthcare Changes

Strategy	Plan Savings	Employee Savings
No employee premium increase		X*
Index \$44k salary tier by merit; \$45,500 for 2020		X
Increase tobacco user rate from \$500 to \$1,000/year	X	
Add new premium rates for working spouses	X	
Premium increase pre-65 retirees (5%)	X	
Specialty Rx Management	X	X
Cancer concierge	X	X
Prescription concierge	X	X
Sunset PPO; replace with HDHP 1/1/2021	X	
Health Sync Tier	X	X

*No increase will save employees \$1m vs. cost trend

NOT RECOMMENDED FOR 2020:

- Cost share on preventive dental
- Further expansion of HSA incentives/lowering base amount

A Smarter Approach to Healthcare



Purdue University is committed to keeping the focus on **YOU** by providing:

- Carefully selected networks, providers and programs
- Access to top-quality care that is affordable, convenient and effective
- Free or low-cost care
- Added resources to help you find and receive care

What's New

HEALTHSYNC NETWORK



HealthSync network added to existing medical plans

**More
personalized
care plans**



**High-
performing
doctors driven
by quality**



**Lower
costs with
participating
providers**



**Nearly 10,000
providers and
45 hospitals
across Indiana**



**Faster
appointments
with
specialists**

What's New



Increase in current \$44,000 salary tier to \$45,500

- Increased by the University's merit index for 2019
- Effective January 1, 2020
- Moving forward, the tier will be annually indexed to increase by a percentage equal to the University's merit increase and effective July 1.



Additional annual premium for tobacco users

- Increases to \$1,000 per user
- Tobacco-users can waive all or part of the tobacco premium if they complete an approved tobacco cessation program.

What's New



Medical premiums

- All medical premiums remain the same
(Except a 5% increase for retirees under age 65)



Purdue Health Plan (PPO) phasing out

- Only those who are currently enrolled will be able to continue in this plan for 2020.
- New employees are not eligible as of October 1.

What's New

Working Spouse Premium added only if:



- ✓ Employed/Self-employed with access to group plan
- ✓ Employer pays at least 50% of employee-only premium
- ✓ Spouse opts not to enroll in employer plan and is covered on Purdue medical plan

\$750 if employee makes under \$45,500

\$1,500 if employee makes \$45,500 or more

What's New



Rx Savings Solutions



Automatically alerts you with an email or text if you are paying too much for your prescription

- Locate better prices for your prescription drugs
- Identify medications with a lower out-of-pocket cost
- Dosage options that save money
- Search and compare prices
- Speak with a certified pharmacy technicians for personal assistance



Verdi Cancer Direct

Partnership between Verdi Health and Horizon Oncology



- High quality cancer care in the event of a cancer diagnosis
- Guaranteed access to a Horizon provider within 24 hours
- Hotline exclusively for Purdue plan members
- Low-cost second opinion service
- Patient Navigation Team coordinates appointments, maintains communications with providers and referrals
- Lunch and learn workshops

Open Enrollment Communication

All benefit eligible employees receive weekly article beginning July 8

Each week focuses on one healthcare topic or Healthy Boiler newsletter

Benefit Statements mailed to homes in **August**

Details individual elections and total costs

Extending open enrollment to include two weekends

Presentations and One on One assistance starting in **September**

Open enrollment starts 10/29 and ends November 12 6pm ET

THANK YOU!



APPENDIX

Claim Cost By Dependent Type

	2018 Count	Annual Total	Per Member Per Year
Employees	12,096	\$63,202,562	\$5,225
Spouses	5,140	\$37,529,965	\$7,302
Children	8,898	\$24,201,280	\$2,720

Spousal Claims \$37.5M

Spousal Premium Collected \$8.3M

Balance \$29.2M

Estimated savings to Purdue based on percent of spouses
that work & have access to coverage

15% \$3.0M

20% \$4.0M

25% \$5.0M

Healthy Boiler 2018 Engagement

	Incentive Amount	Participants	West Lafayette	Fort Wayne	Northwest	Spouse
Registered	\$0	6,143	4,403	363	402	973
Identified Primary Care Provider	\$50	4,788	3,341	300	313	833
Completed Physical and Biometrics	\$100	2,740	1,880	149	166	544
2+ Wellness Activities	\$100	1,501	1,026	79	109	287

Annual Physicals - Employees and Spouses <65 Years of age				
	2015	2016	2017	2018
# Eligible	13,873	14,214	14,428	14,150
# Compliant	5,385	5,665	5,630	6,852
% Compliance	39%	40%	39%	48%



Benchmark – Premiums

Average Annual Premium	HDHP n = 11		HMO n = 9	PPO n = 32		All Plans n = 52	
Employee Only	\$577		\$772	\$676		\$672	
Employee + Dependents	\$1,471		\$1,850	\$1,673		\$1,655	
Per Employee Per Year	\$12,234	\$13,833	\$16,103	\$14,503	\$12,799	\$14,233	\$13,638
Average Annual Employer Premium	HDHP		HMO	PPO		All Plans	
Employee Only	\$528		\$691	\$531		\$562	
Employee + Dependents	\$1,306		\$1,608	\$1,374		\$1,400	
Per Employee Per Year	\$10,791	\$12,844	\$14,149	\$12,110	\$10,086	\$12,143	\$12,325
Average Annual Employee Premium	HDHP		HMO	PPO		All Plans	
Employee Only	\$49		\$81	\$145		\$110	
Employee + Dependents	\$165		\$242	\$300		\$255	
Per Employee Per Year	\$1,442	\$989	\$1,954	\$2,393	\$2,713	\$2,090	\$1,313

Gold font indicates
current Purdue
University offerings

Looking Forward – 2021 Considerations

- Third HDHP (replacement for PPO)
 - Lower deductible and out of pocket
 - Higher premium
 - Front loading HSA employer contribution being considered
- Dental Premium Share
- Dental Plan Design
- Expansion of the Center for Healthy Living
- Direct agreements with high quality low cost providers
- Developing network of Centers of Excellence
- Pre65 Retiree medical benefit
 - Increasing premiums
 - Sunsetting eligibility
- Vision Premium Share
- Require annual physical for plan eligibility
- Expansion of Healthy Boiler Incentives