

MEMORANDUM

To: Faculty and Staff Enrolled in Southwestern's Group Health Plans

From: Craig Erwin, Vice President for Finance and Administration
Elma Benavides, Associate Vice President for Human Resources

Date: October 19, 2016

Re: 2017 Healthcare Renewal

On October 17, 2016, the President's Staff approved a proposal for the 2017 healthcare renewal. This same proposal was presented to the Strategic Planning and Budget Committee (SPBC) at its October 4, 2016 meeting.

Medical Plan Renewal:

Medical plan costs have been stable during 2016 but are projected to increase by approximately five and a half (5.5) percent in 2017. In order to operate the health plan within the budget and in an effort to avoid lowering the benefits offered by each plan, the University's contribution level for each of the plans was reviewed, and the following decisions were made:

- The University will continue to provide the High Deductible Health Plan (HDHP) at no cost to employees for employee-only coverage and between five (5) percent and fifteen (15) percent of the total cost for employees with dependent coverage depending on the tier selected (same percentages as 2016). The University's contribution toward the employee's Health Savings Account (HSA) will also continue at the same level (\$50/month for employee-only coverage, and \$100/month for employee/dependent coverage).
- The University will reduce its level of contribution to the Base PPO and Buy-Up PPO plans by two (2) and four (4) percent respectively due primarily to the higher level of cost associated with these plans. We recognize that this will increase employee premiums at a higher rate than the HDHP; however, we know that having these options is important to those who prefer PPO plans. Taking this action will help to sustain these plans.

The rate comparisons are listed on the attached document.

After factoring in the above changes, the University is projected to fund 80 percent of the total medical plan cost in 2017.

The University strongly encourages all employees to use the Plan Cost Estimator developed by our benefits consultant, Gallagher, to choose the medical plan that best fits their individual/family needs. This tool will be placed on the Human Resources website by the end of

the day on October 25th. As with prior years, employees can contact our Compass representative, Haziel Williams at haziel.williams@compassphs.com or 800.513.1667 x 496 for individual guidance.

We also encourage everyone to continue to utilize Compass services to “shop” your various health care options – your efforts assist in reducing the overall cost of health care for our group as well as lowering your out-of-pocket expenses at the time of service.

Dental Plan Renewal:

The dental plan will remain with The Guardian, but there will be a four (4) percent premium increase. The two dental plans’ benefit levels (plan designs) will remain unchanged. The rate comparisons are listed on the attached document.

Vision Plan Renewal:

The vision plan will remain with VSP, and there are no changes to the premium or the plan design.

Section 125 Plan:

The Section 125 Plan (“flexible spending account”) will be administered by Discovery Benefits instead of Boon-Chapman beginning January 1, 2017. Discovery Benefits offered reduced fees as compared to Boon-Chapman, and Discovery Benefits also administers the HSA's for those enrolled in the HDHP. Detailed information about this change will be included in the information sessions.

Wellness Program:

Many thanks to those who participated in the Wellness Program Interest Survey. We will share the survey results once they are compiled.

Information Sessions and Open Enrollment:

Information Sessions will be held on October 24th and 25th, and Open Enrollment will start on November 1st. Please watch for notices from the Human Resources department for detailed dates, times, and locations.

If you have any questions about the 2017 health care renewal information, please contact Christie Sponsel, Benefits Administrator and Senior Human Resources Generalist, at Ext. 1807 or sponselc@southwestern.edu.

2016 vs 2017 Monthly Rates – Medical Plan

| HDHP/HSA* | | | |
|----------------------|-------------|-------------|--------------------|
| <u>Coverage Tier</u> | <u>2016</u> | <u>2017</u> | <u>\$ Increase</u> |
| Employee (EE) only | \$ 0.00 | \$ 0.00 | \$0.00 |
| EE + spouse | \$144.10 | \$151.92 | \$7.82 |
| EE + child(ren) | \$ 41.14 | \$ 43.37 | \$2.23 |
| EE + family | \$249.11 | \$262.62 | \$13.51 |

| Base PPO | | | |
|----------------------|-------------|-------------|--------------------|
| <u>Coverage Tier</u> | <u>2016</u> | <u>2017</u> | <u>\$ Increase</u> |
| Employee (EE) only | \$27.07 | \$ 39.95 | \$12.88 |
| EE + spouse | \$189.62 | \$219.89 | \$30.27 |
| EE + child(ren) | \$ 81.20 | \$102.73 | \$21.53 |
| EE + family | \$307.30 | \$349.89 | \$42.59 |

| Buy-Up PPO | | | |
|----------------------|-------------|-------------|--------------------|
| <u>Coverage Tier</u> | <u>2016</u> | <u>2017</u> | <u>\$ Increase</u> |
| Employee (EE) only | \$ 59.28 | \$ 87.49 | \$28.21 |
| EE + spouse | \$259.55 | \$317.41 | \$57.86 |
| EE + child(ren) | \$133.38 | \$178.11 | \$44.73 |
| EE + family | \$403.82 | \$482.48 | \$78.66 |

* The University will continue to make a \$50 per month HSA contribution toward the employee only coverage tier and \$100 per month HSA contribution toward the other 3 dependent coverage tiers.

2016 vs 2017 Monthly Rates – Dental Plan

| DHMO | | | |
|----------------------|-------------|-------------|--------------------|
| <u>Coverage Tier</u> | <u>2016</u> | <u>2017</u> | <u>\$ Increase</u> |
| Employee (EE) only | \$10.27 | \$10.68 | \$0.41 |
| EE + spouse | \$17.75 | \$18.46 | \$0.71 |
| EE + child(ren) | \$26.76 | \$27.83 | \$1.07 |
| EE + family | \$32.01 | \$33.29 | \$1.28 |

| PPO | | | |
|----------------------|-------------|-------------|--------------------|
| <u>Coverage Tier</u> | <u>2016</u> | <u>2017</u> | <u>\$ Increase</u> |
| Employee (EE) only | \$38.11 | \$39.63 | \$1.52 |
| EE + spouse | \$65.58 | \$68.20 | \$2.62 |
| EE + child(ren) | \$63.85 | \$66.40 | \$2.55 |
| EE + family | \$99.42 | \$103.40 | \$3.98 |