



# USG Healthcare Plan Update

Committee on Personnel and Benefits

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# Topics of Discussion

- CY 2014 USG Healthcare Plan Performance
- CY 2015 Expected Plan Performance
- CY 2016 Projected Plan Cost
  - Active employees and pre-65 retirees
  - Potential Plan Changes
  - Medicare Eligible Retiree Healthcare



# CY 2014 Plan Performance

- 2014 Calendar Year
  - Changes made in 2014 to address projected cost increase
  - Costs ran over projected budget approx. \$15.8M
    - Affordable Care Act (ACA) impacts:
      - 6% enrollment increase
      - additional fees
    - Higher than expected claims experience



# CY2015 Expected Plan Performance

## 2015 Calendar Year – Projected \$534M

- 2015 spend based on 2014 projected end of year experience and trend
- Costs running within budget
- 2015 plan changes having a positive impact
- Update cost projections in August



# CY2016 Projected Plan Cost

## Active employees and pre-65 retirees

- Projected increase of 8.2% in plan costs
- Updated financial projections completed in August
- Board to approve premiums in August
- Historical USG Healthcare plan premium increases\*

Year	2011	2012	2013	2014	2015
Average increase over prior year <b>with</b> plan changes	9.7%	5.2%	5.4%	0%	10.9%

*\*BCBSGA self-insured plans only*



# CY2016 Projected Plan Cost Potential Plan Changes

- 2015 -2016 Stabilizing years
  - Assess new vendors and/or contracts for 2015
  - Evaluate new plans and programs implemented in 2015
  - Continue move to defined contribution pricing model
- Pharmacy Education
  - Address increases in spend - \$162.9M – 19% inc. 2013-2014
  - Generic
  - Mail Order
- New care management tools & wellness



# CY2016 Projected Plan Cost Medicare Eligible Retirees

## Objectives

- New plan approved in 2013
  - Rising retiree healthcare costs – avg. annual increase 9%
  - OPEB liability increasing (\$1.843B as of FY14)
  - Committed to providing retiree benefit

## Proven Strategy

- Provide Medicare eligible retirees benefit through a private marketplace



# CY2016 Projected Plan Cost Medicare Eligible Retirees

## Important To Note

- Secondary coverage (20%); Medicare is primary (80%)
- Retirees will continue to have secondary coverage
- Retirees will have assistance; will not select plans alone
  - Benefit Advisors (licensed benefit brokers)
  - One-on-one telephonic meetings with retiree & family
- The BOR will continue to provide funds to cover a significant portion of the premium
- HR Departments will continue to actively participate





# CY2016 Projected Plan Cost Medicare Eligible Retirees

## Developing Recommendations for August BOR Meeting

- Evaluating the marketplace in 2015
- Ensure that retirees are treated fairly
  - Encourage retirees not to over insure
  - Evaluate service provided by Advisors
- Determining the USG Contribution
  - Objective: USG Retirees will be neutral or save in total spend



# CY2016 Communications Medicare Eligible Retirees

- Information meetings were held at all 30 institutions
- Enrollment meetings in August and September
- One-on-one telephonic sessions
- Extended Open Enrollment – Oct. 1 thru Dec. 31
- USG Retiree Advisory Council
  - Communications
  - On-going retiree engagement



# Questions?