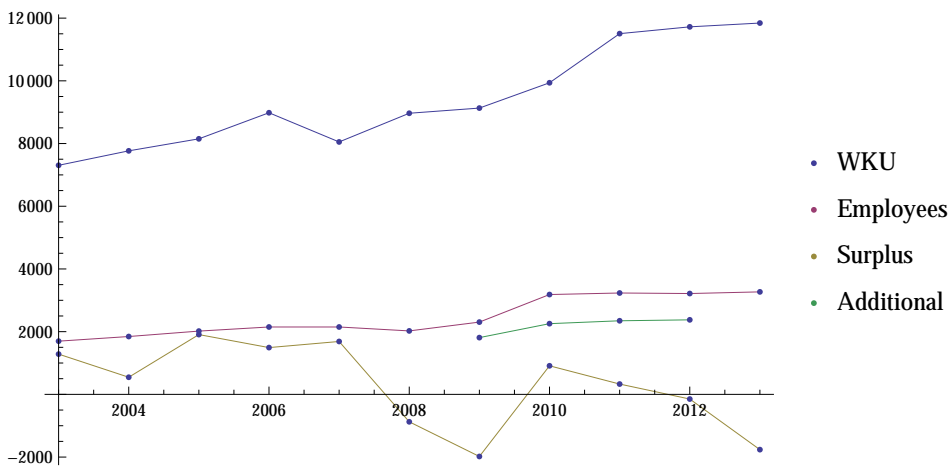


Units are in thousands of dollars.

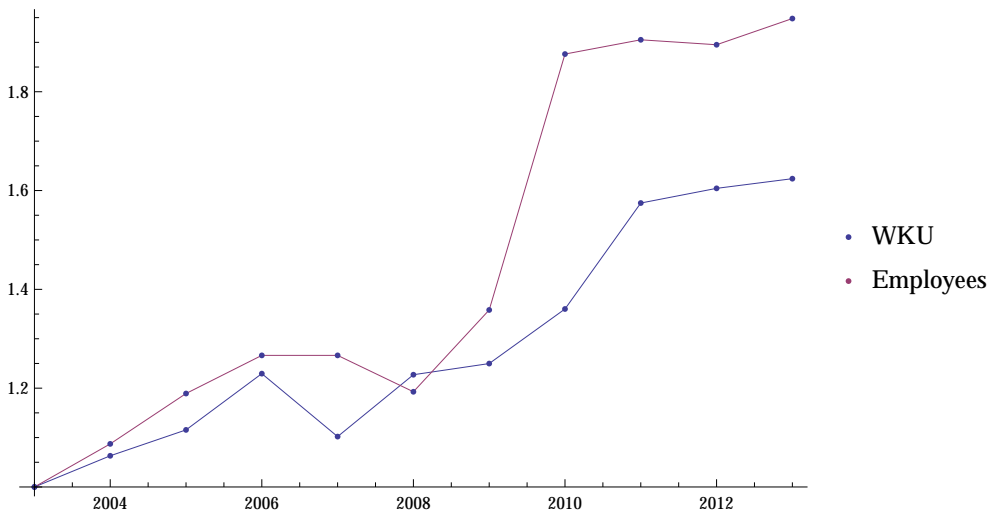
Note on data: errors in the data are a reality - different reports, dates of billing etc. !

The figure below shows our history of cost-sharing since self insurance with Anthem since 2003.

Note: 2013 is an estimate based on data Jan-Aug.



The next figure shows percentage increases since 2003 for employees and WKU, and the trend clearly shows employee contributions have grown faster than employer contributions.

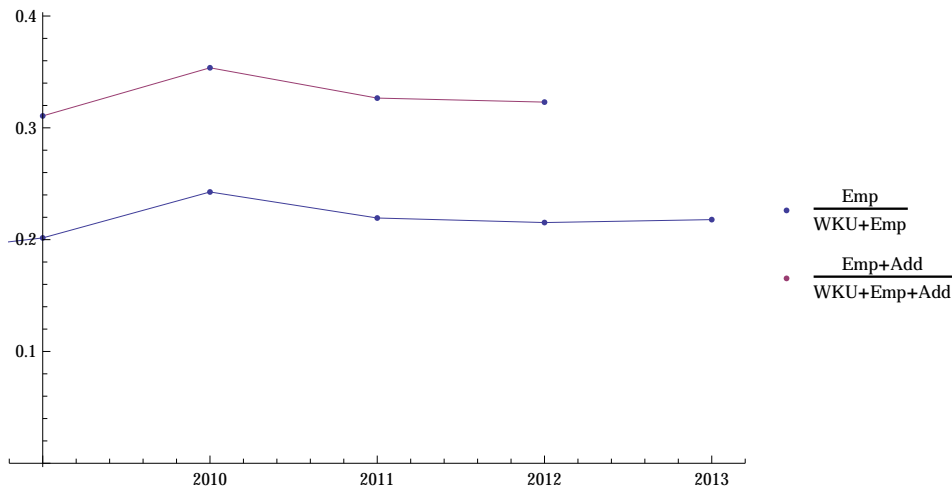


The next figure shows the actual cost employees pay is even higher.

The actual cost sharing of Employee vs WKU. (This is only 4 years -older data is not available)

The top curve includes the premiums and co-pays, co-insurance, deductibles etc. The bottom curve are premiums only.

(The number for 2013 is an estimate)



## Example of a plan summary 2012

WKU contributions \$11,722,000

Employee premiums \$3,216,000

Employee co-pay, deductibles etc. \$2,377,000

Medical cost \$10,754,000

Prescription + Drug \$3,382,000

Plan result total a deficit of \$149,000

Dental, eye, mental, wellness are listed as separate expenses, but none of these is significant in the overall picture.

## History of benchmark data

A studies on benchmark was done last in the winter 2010. This showed the we are not competitive with our benchmarks!

This has not changed since then!

Key Findings in 2010 were:

- A random (information readily available) survey of 8 WKU benchmark institutions reveals that only one institution has a fixed funding philosophy (Missouri State University); the 7 other surveyed institutions have dependent subsidies (variable contribution) in place.
- Of the 7 benchmark institutions having variable contributions, the average employer contribution (across all plans) is \$703/employee/month. This is significantly above WKU's fixed employer contribution of \$418.
- As an example, Middle Tennessee State University's average employer contribution is \$753/employee/month. For the PPO plan MTSU contributes 84% toward the cost of "employee only" coverage while contributing 80% toward the cost of "family" coverage.

Our key recommendations from this study were not followed - the result were shared with the senate's committee on faculty welfare.

## Going forward

Plans for 2014 are set - no senate action can change this at this late time in the year!

If the Senate wants to address health insurance it needs to focus on 2015 - budget actions that set the

base for this are made in the spring 2014.

The Benefits Committee is looking at redesigning, rather than modifying, the current insurance plans. Despite increased contributions by WKU and employees for 2014 our projection for 2013/2014 is a significant draw down of our reserves despite new revenue coming in (see below).

Excise tax of the affordable care act could affect us by the end of the current decade.

(The Problem: According to Sibbson consultants (WKU hired them to advise us about the Affordable Aare Act), everyone will eventually hit the excise tax at some point.)

The problem: Not anyone can be a winner - no matter what we do.

## Ball park numbers for 2014

The current balance of the reserve is about 4.25 million.

We need about 3 million for "run-out claims"

We will lose somewhere between 1.5- 2.0 million this calender year.

If we did nothing in 2014 losses would range from 3 - 4.5 million in 2014, possibly exceeding the reserve.

Agreement for 2014

Raising about 1.3 million from WKU in contribution increases

Raising about 1.3 million from employess through a mixture of premium increases and plan design changes.

This should allow us to keep a positive reserve balance for 2014.

Details will be released shortly

## Questions for the Senate:

Should the senate

- (i) Leave insurance to the benefits committee and let the committee negotiate with the administration?
- (ii) Exert political pressure to increase WKU contributions in insurance to benchmark level vs. increase of salary vs. new positions etc.?
- (iii) Is our current model of single contribution regardless of family status appropriate? How much can a new faculty member pay for family insurance? Are we competitive enough in the market place? (For example: A family plan currently costs anywhere from \$337 to \$602 a month)
- (iv) Should WKU consider no longer being self-insured?
- (v) Do you have suggestions for directions the benefits committee should explore.