Annual Report to the University Senate on Benefits Committee Issues

Patricia Minter, Senate Representative to the Benefits Committee

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I am pleased to report that for the plan year 2010, WKU's self-insurance plan finished the year with a surplus of funds of $911,151 (collected both from university contribution and employee premiums). This means that we did not have to use any of the money in the insurance reserve fund to pay claims. Furthermore, the data show that the total number of plan member visits to doctors (excluding hospital or emergency room visits) is down, even though the number of total members covered under the plan remained relatively constant. Preliminary analysis suggests that the cost shifts to the employees in the form of higher co-pays may account for both the decreased utilization and the generation of surplus funds, neither of which I view as positive trends. The comparative data shows an average cost shift of 5% to employees across all categories of coverage (high, standard, and economy plans).

2010 Totals

2, 138 Subscribers (meaning benefits-eligible employees) in the plan

4.030 Members (meaning employees and their dependents) enrolled in the plan

1457 full-time staff members (66% of FT WKU employees)

735 full-time faculty (34% of FT WKU employees; includes both tenure-line and non-tenure line faculty)

Comparative Data from 2009 to 2010

Cost Sharing of Premium Expense between WKU and Employees:

2009 WKU paid 81% of premium costs; employees (on average, across plans) paid 19%

2010 WKU paid 76% of premium costs; employees (on average, across plans) paid 24%

This is a 5% increase in premium costs shifted to employees (averaged across plans)

2010 Average Out-of-Pocket increase per plan holder was $684

As previously reported to the Senate, the Benefits Committee considered and voted affirmatively to implement variable-contribution rates for 2011; this was not implemented for the 2011 plan year. **Because the effect of cost-shifting impacts plan holders with dependents more than single plan holders, the average projected out-of-pocket costs if variable contribution is implemented would be $174 per plan holder.** Accordingly, the Benefits Committee plans to pursue this strategy again as we design the 2012 plan structure, as it clearly creates the greatest good for the greatest number of employees. As the data above clearly show, for most employees there was a decrease in total compensation (unless an employee waived their insurance benefit). This trend needs to stop; furthermore, it should be reversed to the extent possible.