Agenda

• Healthcare Plans Renewal

• Landscape of Healthcare
Benefits Mission & Strategy

**Mission:**
Maintain *financially sustainable* benefit programs that allow Pace University to attract and retain our faculty and staff, while preserving *quality* and providing *flexible options* to meet their needs and those of their family.
Medical & Dental Plan Renewal

- CIGNA Medical Plan opening bid ~ 20.86%
- Plan marketed with Aetna – uncompetitive bid

What is driving this cost?

- Higher than normal large claims ($175,000+)
  - Typical number of large claims has been 4 to 7 claims per year historically (pre 2015)
  - 2014-2015 = 1.1 million in large claims
  - 2015-2016 = 4.99 million in large claims
  - YTD 2016-2017 = 5.07 million in large claims

- Based on our population demographic (actuarially) we should expect about 10 claims and 3 to 3.5 million.
The Economics of the Renewal
How is it calculated?

It starts with what the claims are projected to be in 2017-2018 based on medical trend (inflation) and our utilization.

- **Non-Large Claims**: 31.7 million (Projected 17/18 Claims + Admin)
- **Large Claims**: Projected total amount
- **Admin Fees**: 31.7 million (Projected 17/18 Claims + Admin)

Compare that PROJECTED total amount to what we ACTUALLY paid last year to get the increase %

What Pace PROJECTS to pay in 2017/2018

What Pace actually paid in 2016/2017

31.7 – 26.2 = 20.86%
The Good News and Bad News
Actual Costs – Prior 3 years
Renewal - a prediction of what the costs will be in the future

2014/2015
Non-Large Claims 20.24 mm
Large Claims 1.1 mm

2015/2016
Non-Large Claims 20.26 mm
Large Claims 4.9 mm

2016/2017
Non-Large Claims 20.59 mm
Large Claims 5.1 mm
Medical Plan Renewal Action Plan

• Final Cigna rate is 9.9%

No plan design changes were considered this year

• Two years of across the board increase in co-payments

• Other plan design changes over the last 5 years
  – Changes have impacted employee behavior
  – Faculty and staff are utilizing plan more efficiently
  – Plan point of service costs are more aligned with marketplace

• Limited options to further reduce cost without significant plan changes and disruption
Historical Medical Plan Renewal

Pace Healthcare Cost 2011 to 2017

Pace Healthcare Cost 2011 to 2017
## Medical Plan
### 2017-2018 Per Paycheck Rates

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>Employee</th>
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<th></th>
<th>Employee + 1</th>
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<th></th>
<th>Family</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Pace Contribution</td>
<td>Pace Subsidy</td>
<td></td>
<td>Pace Contribution</td>
<td>Pace Subsidy</td>
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<tr>
<td>Plan</td>
<td>Employee Contribution</td>
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<td>Employee Contribution</td>
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<tr>
<td>Consumer Core HDHP/HSA Plan</td>
<td>$25.13</td>
<td>$429.12</td>
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<td>Network Core ($30) Plan</td>
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<td>In-Net $50*</td>
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<td>100/70*</td>
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<td>67%</td>
<td>$609.42</td>
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<td>52%</td>
<td>$911.17</td>
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</table>

* Grandfathered plan - available only to those remaining in the plan
Dental & Other Plan Renewals

• PPO Plan (open access) = 4.55% renewal

• DHMO Plan (closed network) = rate remains the same

• Vision Plan = 3% renewal

• Life, Short-term and Long-Term Disability = year 3 of 3 year rate guarantee of 0% renewal

• No plan changes
Healthcare/Benefits Landscape – 2017 and beyond

- Trump Administration – Repeal and Replace – what impact to employers?
  - Reversal of required plan design changes:
    - Preventive Care – No Copayment
    - Pre-existing Condition
    - Annual/Lifetime Limits
    - Age 26
    - FSA will include over-the-counter medications

- Elimination of 2020 Cadillac Tax

- More uninsured American (younger one) and higher cost to poor and elderly

- Increase in Health Savings Accounts

- Elimination of pre-tax 401(k) / 403(b) with tax reform?