University of Vermont
Benefit Cost Sharing

Background and Discussion

University Benefits Advisory Council
February 13, 2014
**Background**

- **UVM cost** equals total benefit cost less employee contributions

  - UVM contributes 10% of salary to retirement savings for employees who pay the minimum contribution (2% for staff; 3% for faculty)

  - UVM pays 100% of the cost of dependent tuition remission, regardless of employee salary level

  - UVM pays 70–97% of the premium cost for health insurance for active employees, depending on salary
Current UVM Cost Share

- In FY2014, UVM will pay $62,030,000 for these three benefits
- Employees will pay $7,687,000
Cost Sharing:

- University contributes 10% after 3 years of qualifying service
- Staff contribute 2%, Faculty 3%, to receive the University contribution
- For FY2014, UVM will contribute $17,820,000
Cost Sharing:

- 100% UVM-paid for benefits-eligible employees with qualified dependent children who are full-time undergraduate students

- For FY2014, UVM will pay $5,000,000
Current UVM Health Insurance Benefit

Cost Sharing:

- UVM pays 70–97% of premium, based on employee salary
- In FY2014, UVM will pay $39,210,000
UVM Must Evaluate How Its Benefit Costs\(^1\) Are Shared with Employees

Total Benefits Costs to be Shared with Employees

\(^1\) Estimated General Fund Costs to UVM
UVM Must Evaluate How Its Benefit Costs¹ Are Shared with Employees

UVM & Employee Shares of Total Benefits Costs

¹ Estimated General Fund Costs to UVM
The University Benefits Advisory Council (UBAC) serves in an advisory capacity to the Administration concerning policies and decision-making processes that bear on the full range of employee benefits programs at UVM...within institutional constraints of projected budget allocations and available resources.
The following Guiding Principles will serve as a framework for evaluating proposed options for cost-sharing changes to the University’s Retirement Savings, Dependent Tuition Remission and Health Insurance benefits.

- Protect current employees and retirees from undue financial burden.
- Sustain access to benefits that are adequate for current employees, regardless of length of service.
- Preserve an income-sensitive premium cost-sharing structure for current employees.
Continue to offer benefit programs that are competitive with those of peer institutions.

Consider the impact of benefit cost-sharing changes on recruitment and retention of both faculty and staff.

Support active employee participation in all UVM benefits, including health care, emphasizing prevention and management of chronic health conditions.

Educate employees and provide incentives to assist them in planning for their retirement, including medical care.

Consider and continuously review contracts, plan design, funding models and/or vendor changes to ensure that UVM has a full range of efficient, effective and high-quality benefit programs.
Discussion Question:

Changes in cost-share for which benefits would have the least negative impact? The most negative impact?
For Information: www.uvm.edu/costshare

Comments? e-mail costshare@uvm.edu

UBAC Meeting:

Thursday, February 20, 8–10 a.m.
Davis Center, Sugar Maple Ballroom