Cost Share Adjustment Scenarios

UBAC
February 20, 2014
Process for Today’s Meeting

- **Review Scenarios** for each category: dependent tuition remission, retirement savings, and health insurance

- **Illustrations are for Discussion only;** all actual scenarios are the subject of collective bargaining

- **Our Question:** Changing cost-share in which category(s) of benefits (medical, retirement, or dependent tuition remission) would have the least negative impact? The most negative impact?
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.
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 Costs\(^1\) Are Shared with Employees

**UVM & Employee Shares of Total Benefits Costs**

\(^1\) Estimated General Fund Costs to UVM
Faculty and Staff Feedback:

Some Emerging Themes

- Changes should affect both faculty and staff
- Implement changes only for new hires
- Benefit contributions should remain income-sensitive (protect lower-paid employees)
- Current benefit contribution levels important to total compensation
- Changes may impact recruitment/retention
- Dependent tuition remission is highly valued
Cost Sharing:

- UVM pays 70–97% of premium, based on employee salary
- In FY2014, UVM will pay $39,210,000 from the general fund
(1) Increase Employee Cost Share by (33%):
UVM GF Cost Savings $1,566,583

Salary = $24,000/year
Current Share = 4% of monthly premium
New Share = 5.32% of monthly premium

Single: $23.98 vs. $31.89 (+$ 7.91/mo.)
EE + Spouse: $47.96 vs. $63.79 (+$15.83/mo.)
EE + Children: $49.84 vs. $66.29 (+$16.45/mo.)
Family: $69.18 vs. $92.02 (+$22.84/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $32,000/year

Current Share = 8% of monthly premium
New Share = 10.64% of monthly premium

<table>
<thead>
<tr>
<th>Plan</th>
<th>Current Share</th>
<th>New Share</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$47.96</td>
<td>$63.79</td>
<td>+$15.83/mo.</td>
</tr>
<tr>
<td>EE + Spouse</td>
<td>$95.92</td>
<td>$127.57</td>
<td>+$31.65/mo.</td>
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<tr>
<td>EE + Children</td>
<td>$99.68</td>
<td>$132.58</td>
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<tr>
<td>Family</td>
<td>$138.37</td>
<td>$184.03</td>
<td>+$45.66/mo.</td>
</tr>
</tbody>
</table>
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $55,000/year

Current Share = 14% of monthly premium
New Share = 18.62% of monthly premium

Single: $83.93 vs. $111.63  (+$27.70/mo.)
EE + Spouse: $167.86 vs. $223.25 (+$55.39/mo.)
EE + Children: $174.44 vs. $232.01 (+$57.56/mo.)
Family: $242.14 vs. $322.05 (+$79.91/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $70,000/year

Current Share = 16% of monthly premium
New Share = 21.3% of monthly premium

Single: $95.92 vs. $127.69  (+$31.77/mo.)
EE + Spouse: $191.84 vs. $255.38  (+$63.54/mo.)
EE + Children: $199.36 vs. $265.40  (+$66.04/mo.)
Family: $276.74 vs. $368.40  (+$91.66/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $85,000/year

Current Share = 20% of monthly premium
New Share = 26.6% of monthly premium

Single: $119.90 vs. $159.46  (+$ 39.56/mo.)
EE + Spouse: $239.80 vs. $318.93  (+$ 79.13/mo.)
EE + Children: $249.20 vs. $331.44  (+$ 82.24/mo.)
Family: $345.92 vs. $460.07  (+$114.15/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $150,000/year

Current Share = 29% of monthly premium
New Share = 38.6% of monthly premium

Single: $173.86 vs. $231.41  (+$ 57.55/mo.)
EE + Spouse: $347.71 vs. $462.81  (+$115.10/mo.)
EE + Children: $361.35 vs. $480.96  (+$119.61/mo.)
Family: $501.58 vs. $667.63  (+$166.05/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

(2) Increase Employee Cost Share by 30%:
UVM GF Cost Savings $1,425,129

Salary = $24,000/year

Current Share = 4% of monthly premium
New Share = 5.2% of monthly premium

Single: $23.98 vs. $31.17 (+$ 7.19/mo.)
EE + Spouse: $47.96 vs. $62.35 (+$ 14.39/mo.)
EE + Children: $49.84 vs. $64.79 (+$ 14.98/mo.)
Family: $69.18 vs. $89.93 (+$ 20.75/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $32,000/year

Current Share = 8% of monthly premium
New Share = 10.4% of monthly premium

Single: $47.96 vs. $62.34  (+$ 14.39/mo.)
EE + Spouse: $95.92 vs. $124.70  (+$ 28.78/mo.)
EE + Children: $99.68 vs. $129.59  (+$ 29.91/mo.)
Family: $138.37 vs. $179.88  (+$ 41.51/mo.)
**Health Insurance**
(Illustration for Discussion Purposes Only)

**Same Illustration: Salary = $55,000/year**

Current Share = 14% of monthly premium
New Share = 18.2% of monthly premium

**Single:** $83.93 vs. $109.11  (+$ 25.18/mo.)

**EE + Spouse:** $167.86 vs. $218.22  (+$ 50.36/mo.)

**EE + Children:** $174.44 vs. $226.78  (+$ 52.34/mo.)

**Family:** $242.14 vs. $314.79  (+$ 72.65/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $70,000/year

Current Share = 16% of monthly premium
New Share = 20.8% of monthly premium

Single: $95.92 vs. $124.70  (+$ 28.78/mo.)
EE + Spouse: $191.84 vs. $249.39  (+$ 57.55/mo.)
EE + Children: $199.36 vs. $259.27  (+$ 59.91/mo.)
Family: $276.74 vs. $359.76  (+$ 83.02/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $85,000/year

Current Share = 20% of monthly premium
New Share = 26.0% of monthly premium

Single: $119.90 vs. $155.87 (+$ 35.97/mo.)
EE + Spouse: $239.80 vs. $311.74 (+$ 71.94/mo.)
EE + Children: $249.20 vs. $323.97 (+$ 74.77/mo.)
Family: $345.92 vs. $449.70 (+$103.78/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $150,000/year

Current Share = 29% of monthly premium
New Share = 37.7% of monthly premium

Single: $173.86 vs. $226.01 (+$ 52.15/mo.)
EE + Spouse: $347.71 vs. $452.02 (+$104.31/mo.)
EE + Children: $361.35 vs. $469.75 (+$108.40/mo.)
Family: $501.58 vs. $652.06 (+$150.48/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

(3) Increase Employee Cost Share by 20%:
UVM GF Cost Savings $952,329

Salary = $24,000/year
Current Share = 4% of monthly premium
New Share = 4.8% of monthly premium

Single: $23.98 vs. $28.78 (+$ 4.80/mo.)
EE + Spouse: $47.96 vs. $57.55 (+$ 9.59/mo.)
EE + Children: $49.84 vs. $59.81 (+$ 9.97/mo.)
Family: $69.18 vs. $83.02 (+$13.84/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $32,000/year

Current Share = 8% of monthly premium
New Share = 9.6% of monthly premium

Single: $47.96 vs. $57.55  (+$ 9.59/mo.)
EE + Spouse: $95.92 vs. $115.10  (+$19.18/mo.)
EE + Children: $99.68 vs. $119.61  (+$19.93/mo.)
Family: $138.37 vs. $166.04  (+$27.67/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $55,000/year

Current Share = 14% of monthly premium
New Share = 16.8% of monthly premium

Single: $83.93 vs. $100.72 (+$16.79/mo.)
EE + Spouse: $167.86 vs. $201.43 (+$33.57/mo.)
EE + Children: $174.44 vs. $209.33 (+$34.89/mo.)
Family: $242.14 vs. $290.57 (+$48.43/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $70,000/year

Current Share = 16% of monthly premium
New Share = 19.2% of monthly premium

Single: $95.92 vs. $115.10 (+$19.18/mo.)
EE + Spouse: $191.84 vs. $230.21 (+$38.37/mo.)
EE + Children: $199.36 vs. $239.24 (+$39.88/mo.)
Family: $276.74 vs. $332.08 (+$55.34/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $85,000/year

Current Share = 20% of monthly premium
New Share = 24.0% of monthly premium

Single: $119.90 vs. $143.88  (+$23.98/mo.)
EE + Spouse: $239.80 vs. $287.76  (+$47.96/mo.)
EE + Children: $249.20 vs. $299.05  (+$49.85/mo.)
Family: $345.92 vs. $415.10  (+$69.18/mo.)
Health Insurance
(Illustration for Discussion Purposes Only)

Same Illustration: Salary = $150,000/year

Current Share = 29% of monthly premium
New Share = 34.8% of monthly premium

Single: $173.86 vs. $208.63  (+$  34.77/mo.)
EE + Spouse: $347.71 vs. $417.25  (+$  69.54/mo.)
EE + Children: $361.35 vs. $436.62  (+$  75.27/mo.)
Family: $501.58 vs. $601.90  (+$100.32/mo.)