

The Texas A&M System Employee Benefits Office

Texas A&M University

May 27, 2011

Employee Benefits

The System administers employee benefit plans for the employees and retirees of the System and its members. These offerings are primarily in the areas of:

- *Health, Dental, and Life Insurance*
- *Retirement Programs*
- *Ancillary insurance such as LTD and ADD*
- *Other value added employee benefits*

Employee Benefits Operations

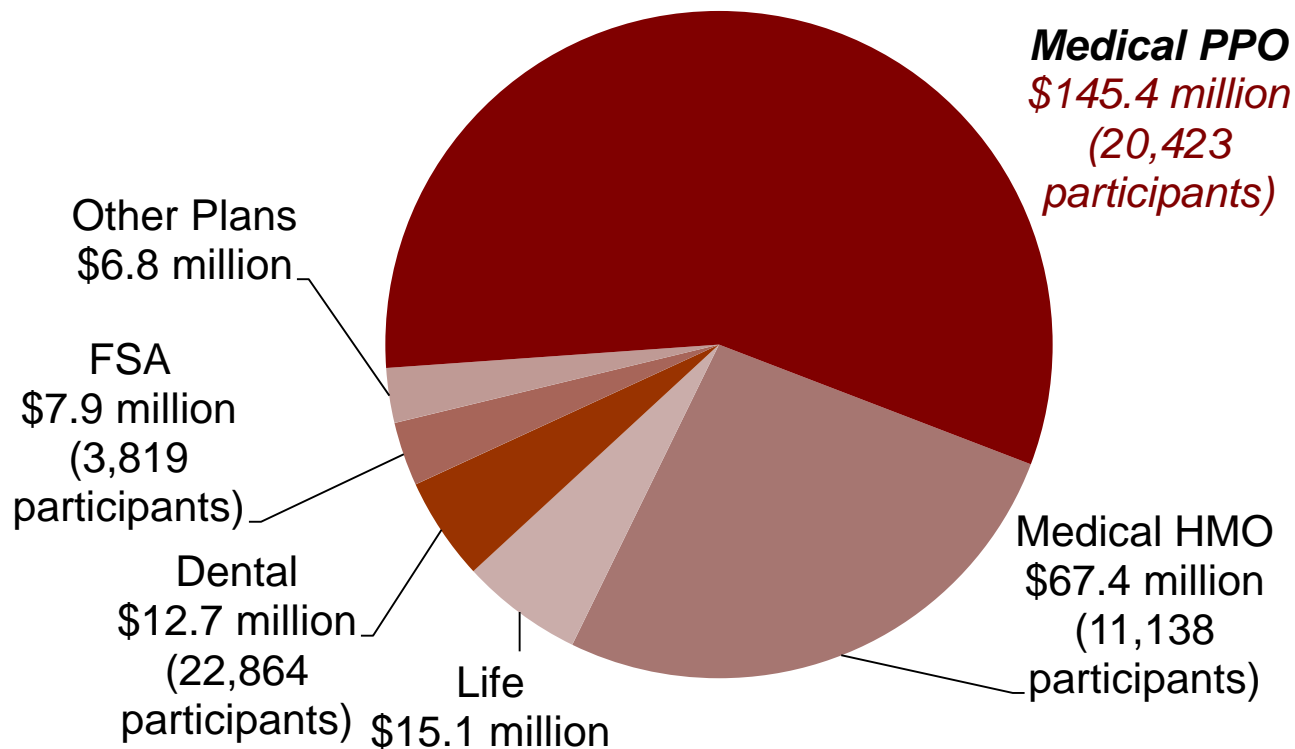
TAMUS - Strategic

- Developing, Bidding, and Contracting Benefit Plans
- Financial/Actuarial Analysis
- Accountability
 - Compliance with State and Federal Regulations
Medicare Secondary Payer, HIPAA, COBRA, etc.
 - Eligibility vendor file feeds
 - Maintain imaging system and policies and procedures for all Members
- Systemwide Benefit Plan Communications and Enrollment Programs

Group Insurance Programs

Employer & Employee Contributions – FY 2010

Total Contributions - \$255.3 million



Enrollment

- A&M System offers Group Insurance Plans to its employees and retirees
- Health Plan Offerings:

	Employees	Retirees
A&M Care Plan:	14,350	5,820
Scott & White:	4,150	1,235
First Care:	1,287	104

- In addition, 25,400 dependents are covered

Controlling Medical Cost

- Contracting: Seek to evaluate cost savings/improved outcomes through contracting for the Group Insurance Program
- Adherence: Working with Blue Cross and Medco to identify undiagnosed conditions or non-compliance with standards of care for diagnosed conditions
- Wellness: A healthy group is a less expensive group

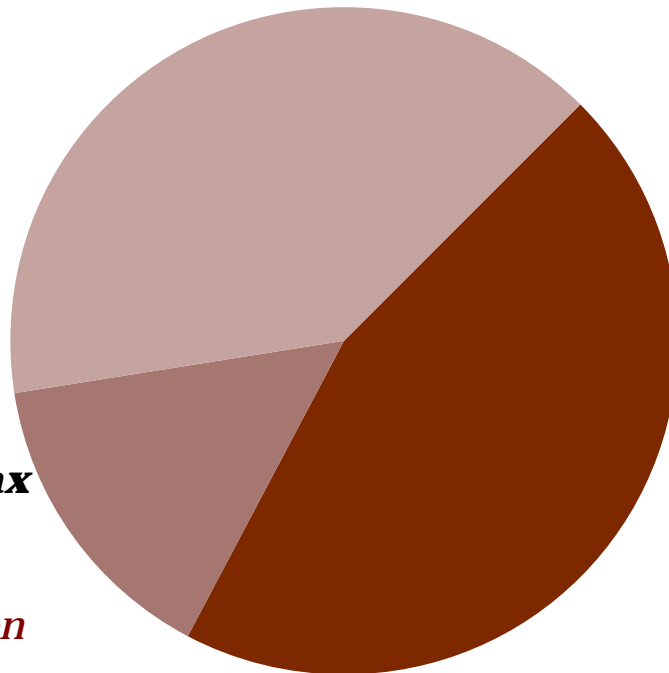
Retirement Programs

Employer & Employee Contributions – FY 2010

Total Contributions - \$203.4 million

**Optional
Retirement
Program**
*\$81.4 million
(5,679
participants)*

**Elective Tax
Deferred
Accounts**
*\$30.0 million
(3,364
participants)*



**Teacher
Retirement
System**
*\$92.0 million
(15,826
participants)*

FY2012 Planning

Group Insurance Environment

- A&M Care Plan 350 and A&M Care Plan 1250 experienced a 9.5% increase in cost last year
- State Group Insurance Program funding has been reduced for the next two years by 5%
- With an increase in trend and a decrease in funding, the employee contribution to the premium would increase significantly if no plan design changes were made

Why Consolidate Plan Offerings

- Group Insurance is less expensive than individual coverage because it diversifies risk across the population, avoiding adverse selection
- The more plans being offered, the more likely that adverse selection will impact the plans
- An example of adverse selection would be when healthy individuals elect the cheapest premium, regardless of the insurance plan being offered

Why Consolidate Plan Offerings

- Offering only two plans in the future will decrease the cost to the group as a whole
- To that end, the A&M System will offer the following plans for Fiscal Year 2012:
 - **A&M Care Plan:** A self-insured PPO plan administered through the Blue Cross Blue Shield of Texas Network
 - **Scott & White:** A fully-insured HMO plan offering through the Scott & White Health Plan

Consolidated Plan Offerings

- In general, the impact will be:
 - Employees in the current A&M 350 Plan will see an increase in deductible to \$700 with a minimal change in premium
 - Employees in the current A&M 1250 Plan will see a decrease in deductible to \$700 with an increase in premium, although less than if the 1250 Plan would have continued as is
 - Employees in the Scott & White Plan will now have a deductible of \$350, increased copayments and no change in total premium

A&M Care Plans: What is NOT Changing

	Old Plans		New
	<u>A&M 350</u>	<u>A&M 1250</u>	<u>A&M Care</u>
Primary Care Copay	\$30	\$30	\$30
Specialist Copay	\$45	\$45	\$45
Pharmacy Deductible (Per person)	\$50	\$50	\$50
Pharmacy Copay (1 month)			
Generic	\$10	\$10	\$10
Brand-name Formulary	\$35	\$35	\$35
Brand-name Non-formulary	\$60	\$60	\$60

Cost Saving Opportunities:

Request generics when available.

Buy 90 day supply via mail order for only 2 Copays.

A&M Care Plans: What IS Changing

	Old Plans		New <u>A&M Care</u>
	<u>A&M 350</u>	<u>A&M 1250</u>	
Deductible	\$350	\$1,250	\$700
Coinsurance	20%	30%	30%
Out of Pocket Maximum	\$3,000	\$3,500	\$5,000 *
- Family Maximum	\$9,000	\$10,500	\$10,000

* Deductible does not count towards \$5,000 maximum out of pocket.

Cost Saving Opportunity:

Receive \$100 credit towards your deductible.

- \$50 for completing a Health Risk Assessment
- \$50 for having an annual physical

Scott and White

- Plan is renewed with the following major changes:
 - Deductible of \$350, previously there was no deductible
 - Co-Pay for Office Visits:
 - Primary Care: Increase to \$30 from \$25
 - Specialist: Increase to \$45 from \$25

2012 Plan Comparison

	A&M Care	S&W
● Deductible	\$700	\$350
● Out-of-pocket max (per person/maximum of 2/family)	\$5,000	\$3,000
● Office visit copay	\$30/\$45	\$30/\$45
● Coinsurance percent	70%/30%	80%/20%
● Drug copays	\$10/\$35/\$60	\$5/\$25/\$50 or 50%

Anticipated 2012 Premiums

FY2012 Plan Monthly Premiums

	FY2012 A&M Care Plan	FY2012 Scott & White
TOTAL PREMIUM		
Employee Only	\$ 462	\$ 498
Employee/Spouse	\$ 832	\$ 924
Employee/Children	\$ 693	\$ 733
Employee/Family	\$ 1,017	\$ 1,086
EMPLOYEE CONTRIBUTION		
Employee Only	\$ 99	\$ 135
Employee/Spouse	\$ 284	\$ 376
Employee/Children	\$ 215	\$ 255
Employee/Family	\$ 377	\$ 446

Comparison of A&M Care Plan Monthly Premiums FY2011 to FY2012

	FY2011 A&M Care Plans		FY2012 A&M Care	Change versus A&M Care	
	<u>350</u>	<u>1250</u>		<u>350</u>	<u>1250</u>
TOTAL PREMIUM					
Employee Only	\$ 478	\$ 419	\$ 462	\$ (16)	\$ 43
Employee/Spouse	\$ 861	\$ 755	\$ 832	\$ (29)	\$ 77
Employee/Children	\$ 717	\$ 629	\$ 693	\$ (24)	\$ 64
Employee/Family	\$ 1,052	\$ 923	\$ 1,017	\$ (35)	\$ 94
STATE CONTRIBUTION					
Employee Only	\$ 387	\$ 387	\$ 363	\$ (24)	\$ (24)
Employee/Spouse	\$ 572	\$ 572	\$ 548	\$ (24)	\$ (24)
Employee/Children	\$ 503	\$ 503	\$ 478	\$ (25)	\$ (25)
Employee/Family	\$ 664	\$ 664	\$ 640	\$ (24)	\$ (24)
EMPLOYEE CONTRIBUTION					
Employee Only	\$ 91	\$ 32	\$ 99	\$ 8	\$ 67
Employee/Spouse	\$ 289	\$ 183	\$ 284	\$ (5)	\$ 101
Employee/Children	\$ 214	\$ 126	\$ 215	\$ 1	\$ 89
Employee/Family	\$ 388	\$ 258	\$ 377	\$ (11)	\$ 119

Comparison of Scott & White Premiums FY2011 to FY2012

	<u>FY2011</u> <u>Scott & White</u>	<u>FY2012</u> <u>Scott & White</u>	<u>Change vs.</u> <u>FY2011</u>
TOTAL PREMIUM			
Employee Only	\$ 499	\$ 498	\$ (1)
Employee/Spouse	\$ 925	\$ 924	\$ (1)
Employee/Children	\$ 734	\$ 733	\$ (1)
Employee/Family	\$ 1,089	\$ 1,086	\$ (3)
STATE CONTRIBUTION			
Employee Only	\$ 387	\$ 363	\$ (24)
Employee/Spouse	\$ 572	\$ 548	\$ (24)
Employee/Children	\$ 503	\$ 478	\$ (25)
Employee/Family	\$ 664	\$ 640	\$ (24)
EMPLOYEE CONTRIBUTION			
Employee Only	\$ 111	\$ 135	\$ 24
Employee/Spouse	\$ 353	\$ 376	\$ 23
Employee/Children	\$ 231	\$ 255	\$ 24
Employee/Family	\$ 425	\$ 446	\$ 21