

Annual FY21 Benefits Report

Office of Human Resources
University System of New Hampshire
December 2021

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Summary

Overall

- The University System continues to face significant financial challenges, despite significant strategic efforts initiated in FY2020
- Benefits continue to represent a significant cost to the University System
 - In FY21, benefits, after employee contributions, cost the University System \$135.0M¹
 - Healthcare and retirement benefits are the main drivers, accounting for 46% and 22% of total costs, respectively¹
- A comprehensive benefits benchmarking study conducted in 2018 revealed that the University System's benefits are much more generous than higher education peers. These benchmarking results were validated when this data was refreshed in January 2021.

Health Plans

- USNH's claims costs have decreased slightly (April '20-March '21 vs. April '20-March '21): 4.0% PMPM decrease in aggregate, driven by a 18.7% PMPM decrease in inpatient facility costs²
- Costs are projected to increase in future: trend in 2022 is projected to be +7-8%³

Retirement Plans

- USNH contributed \$29.6M into employee accounts in FY21¹

Outlook

- The University System will continue to evaluate changes to reduce the benefit expenses in 2022 and beyond
- All changes will be competitive with benchmark, aligned with industry norms, efficient to administer and financially sustainable

HR & Benefits Strategic Direction

Key Program Components

- Offer equitable, harmonized benefits to employees
- Maintain a financially sustainable program for USNH and employees
- Mitigate USNH's exposure to federally imposed taxes, as applicable
- Align with Higher Education peers and be an employer of choice
- Manage population health and drive health improvement
- Deliver meaningful choices to USNH's diverse workforce
- Provide superior service, resources and tools to employees to help drive optimal decision making
- Achieve operational and administrative efficiency
- Ensure employees are equipped for retirement
- Provide equitable, competitive total compensation

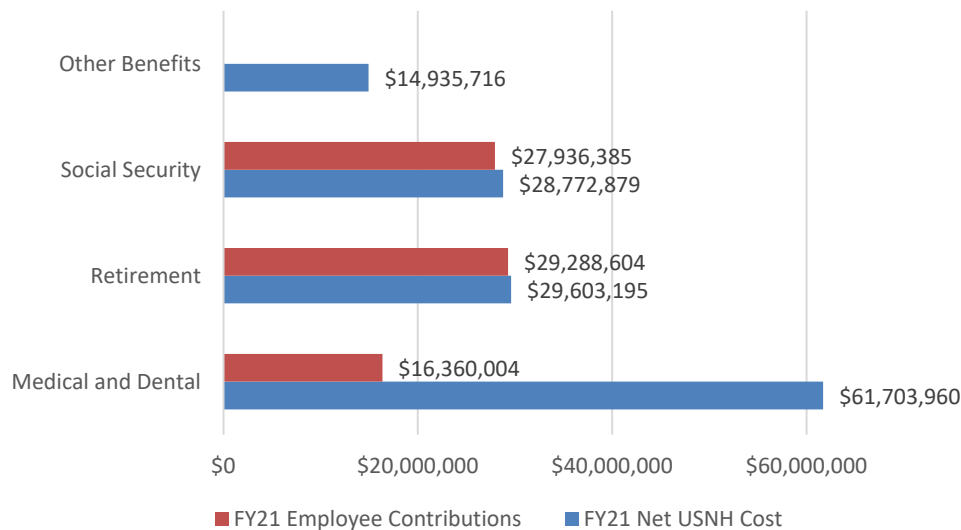
Outlook: FY22 and Beyond

- Significant financial challenges will continue to be a key consideration for USNH
- Financial actions taken in FY2020 to mitigate rising costs must continue to provide high-quality education to our students and jobs to our faculty & staff
- Benefits represent a significant, and growing, cost to the University System
- Our benefits are much more generous than our higher education peers
- Despite significant changes to benefits in FY20, additional actions will need to be thoroughly evaluated to ensure the financial longevity and growth of our institution

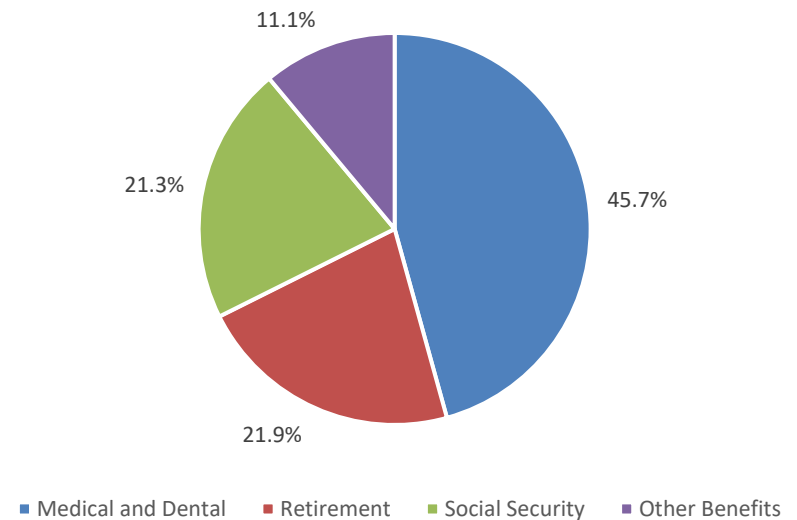
FY21 Actual USNH & Employee Benefit Costs

- FY21 benefits cost the University System \$135.0M, after employee contributions, shown below
- Medical and Dental accounts for nearly half of all benefit costs

FY21 Benefit Spend



Percent of Benefit Spend

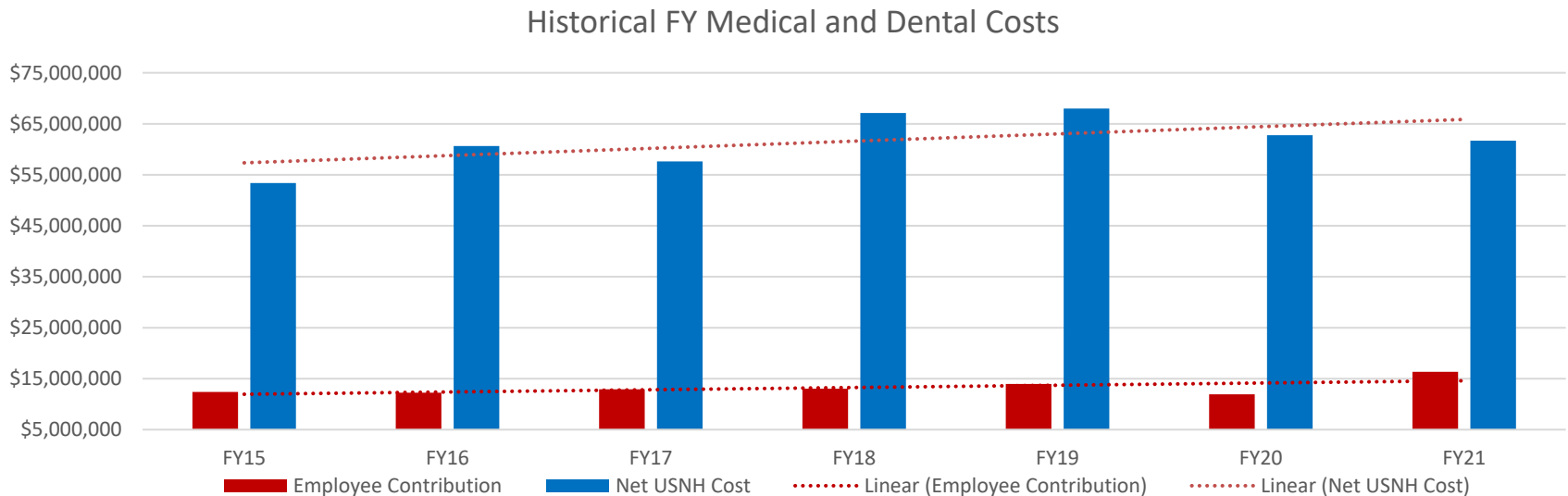


Medical includes Rx (prescription drug)

Other benefits include workers compensation, compensated absences, tuition benefits, life and AD&D, long term disability, and unemployment

Source: USNH Finance as of 9/21/21

Historical FY Actual Medical and Dental Costs

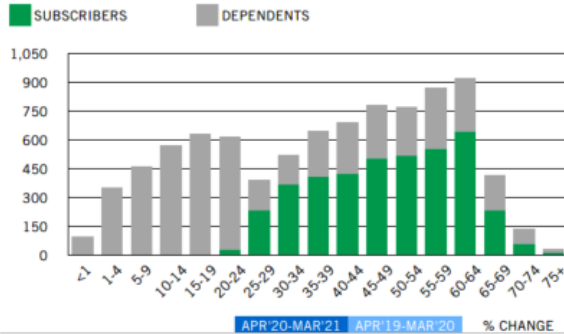


- The portion that the University System contributes toward Medical costs has increased at more than 2x the rate of employee contributions. In FY21, the University System did not contribute towards Dental costs from January 2021 – June 2021
- Despite a modest decrease in FY21(-2% over FY20), the University System's costs continue to rise
- USNH's 5-year Medical/Rx trend of 6.5% exceeds the trend of other higher education peers²
- USNH's medical plan performance is shown on the following dashboards

Medical Plan Dashboard

MEDICAL ENROLLMENT

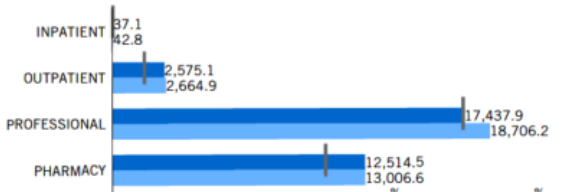
SUBSCRIBERS AND DEPENDENTS BY AGE BAND, APR'20-MAR'21



| | APR'20-MAR'21 | APR'19-MAR'20 | % CHANGE |
|------------------------------|---------------|---------------|----------|
| AVERAGE SUBSCRIBERS | 4,021 | 4,116 | -2.3% |
| AVERAGE DEPENDENTS | 4,877 | 4,997 | -2.4% |
| AVERAGE MEMBERS | 8,898 | 9,113 | -2.4% |
| AVERAGE CONTRACT SIZE | 2.21 | 2.21 | -0.1% |
| AVERAGE AGE (YEARS) | 38.1 | 38.1 | -0.1% |
| AVERAGE EMPLOYEE AGE (YEARS) | 48.9 | 48.8 | 0.1% |
| % OF FEMALES | 53.4% | 53.5% | -0.1% |
| % OF FEMALES (20-44 YEARS) | 17.7% | 17.9% | -1.1% |
| DEMOGRAPHIC INDEX | 0.9992 | 0.9985 | 0.1% |

UTILIZATION AND PRICE TRENDS

SERVICES PER 1,000

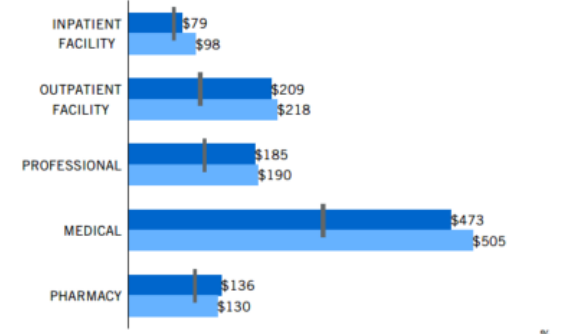


| | APR'20-MAR'21 | APR'19-MAR'20 | CHANGE | BENCHMARK | VARIANCE |
|----------------------------|---------------|---------------|--------|-----------|----------|
| INPATIENT FACILITY | | | | | |
| SERVICES/1000 | 37.1 | 42.8 | -13.3% | 52.4 | -29.2% |
| SERVICES/1000* | 19.1 | 21.9 | -12.8% | | |
| DAYS/1000 | 169.4 | 227.6 | -25.6% | 220.7 | -23.2% |
| PAID/SERVICE | \$25,667 | \$27,589 | -7.0% | \$15,435 | 66.3% |
| PAID/SERVICE* | \$12,262 | \$12,045 | 1.8% | | |
| PAID/DAY | \$5,621 | \$5,188 | 8.3% | \$3,663 | 53.5% |
| OUTPATIENT FACILITY | | | | | |
| SERVICES/1000 | 2,575.1 | 2,664.9 | -3.4% | 1,606.3 | 60.3% |
| SERVICES/1000* | 2,138.4 | 2,203.5 | -3.0% | | |
| PAID/SERVICE | \$976 | \$985 | -0.9% | \$793 | 23.1% |
| PAID/SERVICE* | \$675 | \$738 | -8.6% | | |
| PROFESSIONAL | | | | | |
| SERVICES/1000 | 17,437.9 | 18,706.2 | -6.8% | 17,397.1 | 0.2% |
| SERVICES/1000* | 15,460.0 | 16,725.3 | -7.6% | | |
| PAID/SERVICE | \$127 | \$120 | 5.8% | \$78 | 63.8% |
| PAID/SERVICE* | \$105 | \$102 | 3.1% | | |
| PHARMACY | | | | | |
| SERVICES/1000 | 12,514.5 | 13,006.6 | -3.8% | 10,577.2 | 18.3% |
| SERVICES/1000* | 11,459.5 | 11,985.0 | -4.4% | | |
| PAID/SERVICE | \$130 | \$119 | 9.1% | \$121 | 7.5% |
| PAID/SERVICE* | \$66 | \$61 | 7.2% | | |

*NET OF \$50K HCC

PAID CLAIMS BY SERVICE CATEGORY

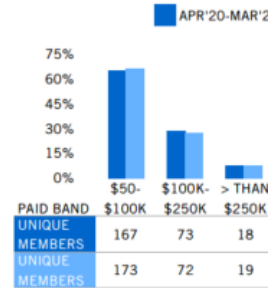
PAID PMPM BY SERVICE CATEGORY



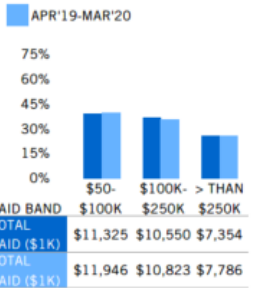
| | APR'20-MAR'21 | | APR'19-MAR'20 | | % CHANGE | | BENCHMARK | VARIANCE |
|--------------|---------------|-----------|---------------|-----------|-------------|-----------|-----------|-----------|
| | PAID (\$1K) | PAID PMPM | PAID (\$1K) | PAID PMPM | PAID (\$1K) | PAID PMPM | PAID PMPM | PAID PMPM |
| IP FACILITY | \$8,476 | \$79 | \$10,684 | \$98 | -20.7% | -18.7% | \$67 | 17.9% |
| OP FACILITY | \$22,341 | \$209 | \$23,838 | \$218 | -6.3% | -4.0% | \$106 | 97.2% |
| PROFESSIONAL | \$19,709 | \$185 | \$20,731 | \$190 | -4.9% | -2.6% | \$112 | 64.2% |
| MEDICAL | \$50,526 | \$473 | \$55,253 | \$505 | -8.6% | -6.3% | \$286 | 65.5% |
| PHARMACY | \$14,526 | \$136 | \$14,176 | \$130 | 2.5% | 5.0% | \$98 | 38.2% |
| TOTAL | \$65,052 | \$609 | \$69,429 | \$635 | -6.3% | -4.0% | \$384 | 58.5% |

MEMBER DISTRIBUTION AND HIGH COST CLAIMANTS

UNIQUE MEMBERS % BY PAID BAND



TOTAL PAID BY PAID BAND



CLAIMANTS WITH TOTAL PAID/CLAIMANT > \$50,000 APR'20-MAR'21

| LEADING ICD DIAGNOSTIC CATEGORY | CLAIMANTS | PAID (\$1K) | % OF CLAIMANTS | TOTAL PAID/CLAIMANT |
|---------------------------------|------------|-----------------|----------------|---------------------|
| FACTORS INFLUENCING... | 33 | \$5,295 | 12.8% | \$160,465 |
| NEOPLASMS | 29 | \$4,063 | 11.2% | \$140,087 |
| MUSCULOSKELETAL SYS... | 41 | \$3,341 | 15.9% | \$81,495 |
| CIRCULATORY SYSTEM | 24 | \$2,791 | 9.3% | \$116,272 |
| NERVOUS SYSTEM | 22 | \$2,143 | 8.5% | \$97,418 |
| INJURY, POISONING A... | 14 | \$2,143 | 5.4% | \$153,038 |
| DIGESTIVE SYSTEM | 23 | \$2,126 | 8.9% | \$92,414 |
| ENDOCRINE, NUTRITIO... | 9 | \$967 | 3.5% | \$107,498 |
| GENITOURINARY SYSTE... | 12 | \$932 | 4.7% | \$77,648 |
| MENTAL, BEHAVIORAL ... | 6 | \$790 | 2.3% | \$131,740 |
| ALL OTHER | N/A | \$4,638 | N/A | \$103,065 |
| SUMMARY | 258 | \$29,229 | 100.0% | \$113,289 |

Key Points

- Claims experience in the current period shows the University System's costs have experienced a 4.0% PMPM decrease, driven by a 18.7% PMPM decrease in inpatient facility costs
- The number of high cost claimants has remained consistent between periods, while the severity (cost) has decreased.
- USNH's top 2 ICD diagnostic categories by claimants were musculoskeletal issues and neoplasms (cancer)
- Services/1,000 decreased between all service categories for the current period.

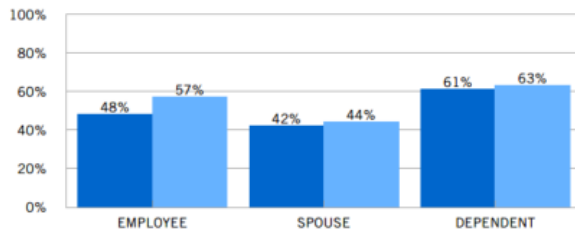
Prior Period: Incurred 2Q2019 – 1Q2020, Paid thru 2Q2021

Current Period: Incurred 2Q2020 – 1Q2021, Paid thru 2Q2021

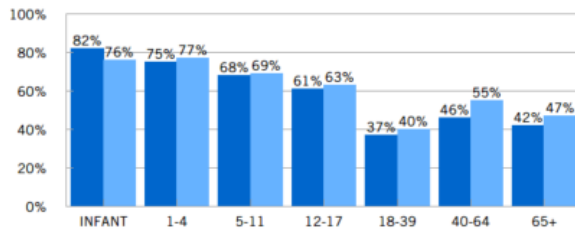
Medical Plan Dashboard

PREVENTIVE VISITS

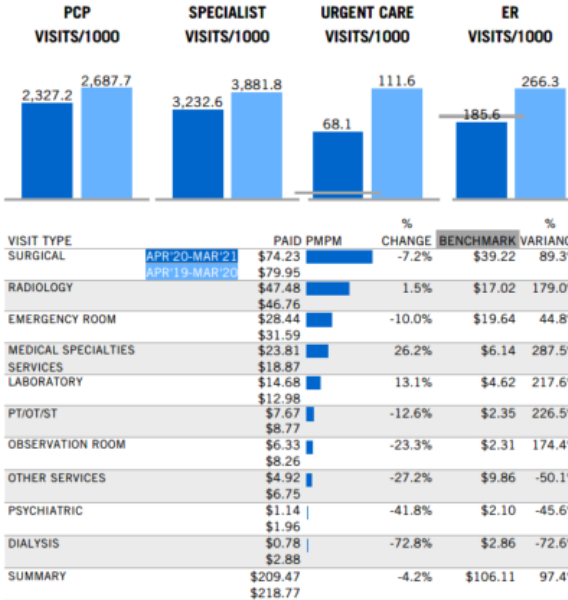
% OF MEMBERS WITH A PREVENTIVE VISIT - MEMBER TYPE



% OF MEMBERS WITH A PREVENTIVE VISIT - BY AGE

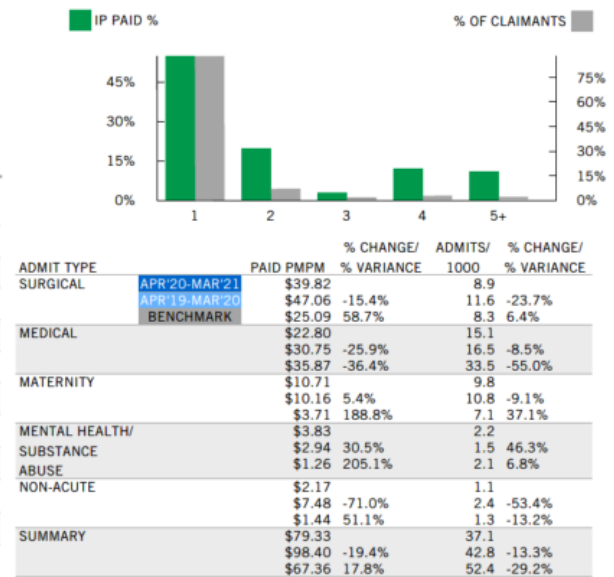


OUTPATIENT FACILITY DETAIL



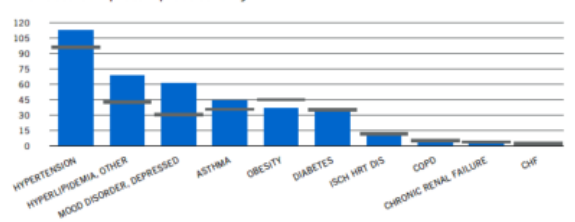
INPATIENT FACILITY DETAIL

IP PAID % AND % OF CLAIMANTS BY NUMBER OF ADMITS APR'20-MAR'21

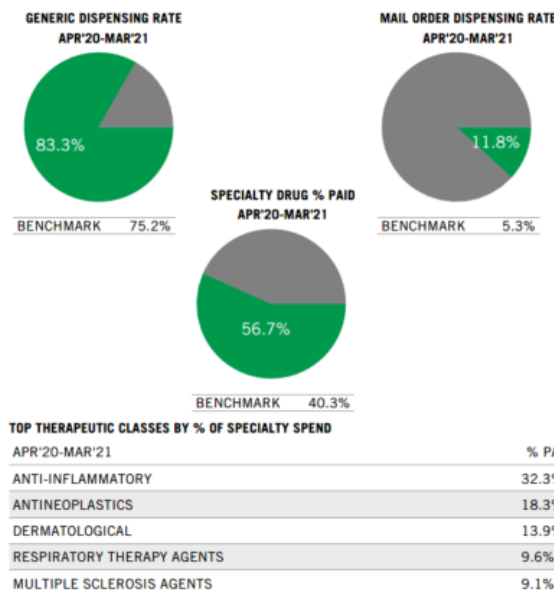


CHRONIC CONDITIONS PROFILE

EPISODES PER 1,000 BY ETG
Reflects Complete Episodes Only



PHARMACY DETAIL



Key Points

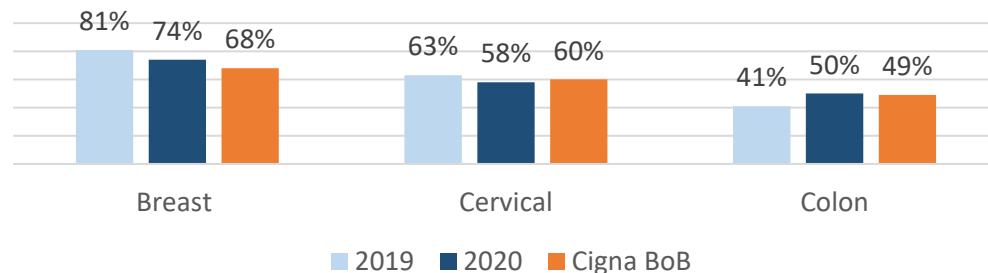
- Preventive visits have decreased significantly, especially for employees
- Hypertension and hyperlipidemia remain the top chronic conditions for USNH, followed by behavioral health conditions
- Rx costs are driven by specialty medications; anti-inflammatories continue to be the top therapeutic drug class

Prior Period: Incurred 2Q2019 – 1Q2020, Paid thru 2Q2021
Current Period: Incurred 2Q2020 – 1Q2021, Paid thru 2Q2021

Wellness Dashboard

| | 2019 | 2020 | Compare |
|-------------------------|-------|-------|---------|
| # Health Assessments | 2,227 | 2,026 | -9.0% |
| Top Health Risks | | | |
| Weight | 41.4% | 42.2% | 0.8% |
| Blood Pressure | 21.5% | 21.2% | -0.3% |
| Low HDL | 20.3% | 18.6% | -1.7% |
| Stress | 18.4% | 20.2% | 1.8% |

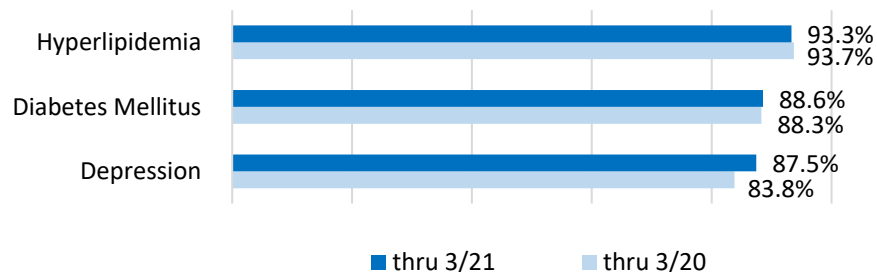
Preventative Screenings



Flu Shots



Medication Compliance Rate



Key Points

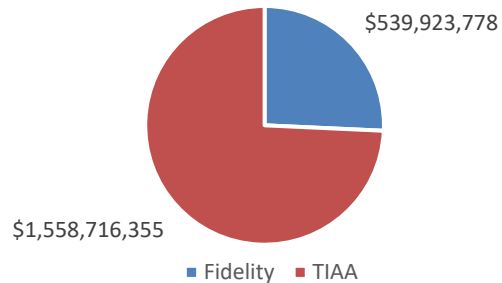
- Flu shot utilization and medical adherence increased in 2020
- Health assessment completions have decreased by 9% compared to the prior period

Prior Period: Varies; either 2019 or Incurred 2Q2019 – 1Q2020, Paid thru 2Q2021

Current Period: Varies; either 2020 or Incurred 2Q2020 – 1Q2021, Paid thru 2Q2021

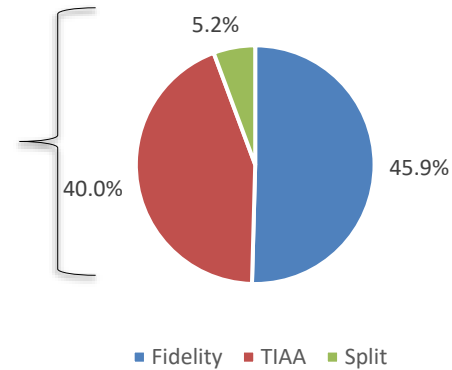
Retirement Plan Dashboard

Participant Investment



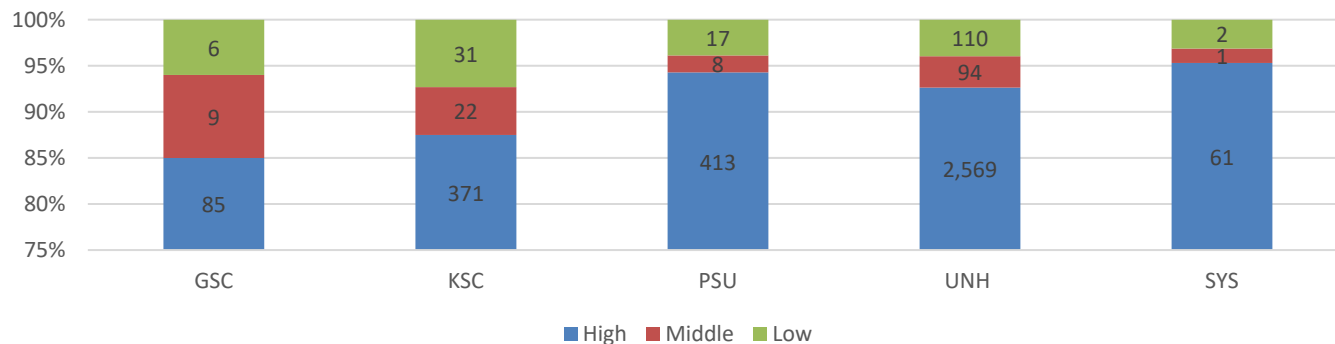
Overall Participation

~91% of eligible employees participate



| | \$ Invested | % Invested |
|---------|------------------------|------------|
| 403 (b) | \$2,062,171,886 | 98.3% |
| 457 (b) | \$34,809,930 | 1.7% |
| 401 (a) | \$1,658,317 | 0.1% |
| | \$2,098,640,133 | |

403(b) Participation by Level and Campus





Appendix

Summary of Benefit Changes in 2022 and Beyond

| Benefit Program | Changes ¹ |
|-----------------------------------|---|
| Health Insurance (Medical and Rx) | <ul style="list-style-type: none"> No change to plan designs or employee contributions in CY22 Copay assistance, implemented in CY21, has achieved savings of \$1.05M through October 2021. This figure exceeds the projected \$938K in savings that was projected at the time of implementation Competitive evaluation of the University System's administrator for medical benefits was conducted. Incumbent administrator, Cigna, was retained. Estimated CY22 savings total \$355K |
| Wellness | <ul style="list-style-type: none"> No changes to Wellness benefits in CY22 |
| Dental | <ul style="list-style-type: none"> No changes to Dental benefits in CY22 |
| 403(b) Retirement | <ul style="list-style-type: none"> Reduction to the University System's Standard contribution by 2% (new 8% standard contribution match) <i>announced in 2021 and to be implemented in 2023</i> Effective 2022, all new hires will transition to the new match structure noted above |
| Basic & Supp Life, and Disability | <ul style="list-style-type: none"> No change to Basic Life coverage (the University System pays 1.5x salary on your behalf) Competitive evaluation of the University System's administrator for life and disability benefits. The University System will transition to new vendor, Sun Life, effective 1/1/2022. This change will drive an estimated \$608K in savings |
| Paid Time Off & Leave | <ul style="list-style-type: none"> Ongoing labor negotiations have increased movement to UTime leave policies to increase University System alignment |
| Tuition | <ul style="list-style-type: none"> No change to Tuition benefits |
| Voluntary Benefits | <ul style="list-style-type: none"> No change to Voluntary Benefits |