



# Annual FY17 Benefits Report

Office of Human Resources  
University System of New Hampshire

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# Executive Summary

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## Health & Welfare Plans

- Medical plan costs represent the largest component of USNH's benefit costs.
- USNH costs trended favorably for calendar year 2016 compared to local and national norms.
- In 2017, USNH transitioned to Cigna (medical) and OptumRx (prescription drug) and adopted a triple option medical plan offering.
  - Overall, the transition has been smooth and has resulted in significant savings to USNH and employees.
  - USNH's largest union, AAUP, adopted the new medical program offering as well.

## Retirement Plans

- USNH has \$1.5B in plan assets.
- Employee funds include: 56% TIAA; 35% Fidelity; 9% split.

# HR & Benefits Strategy

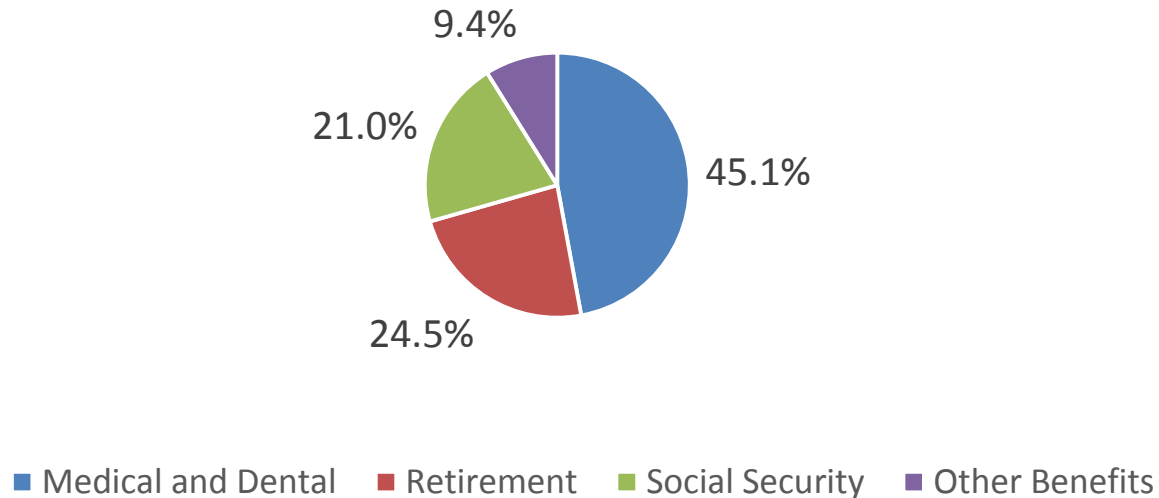
## Key Components

- Offer equitable, harmonized benefits to employees
- Align with Higher Ed 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
- Maintain a financially sustainable program for USNH and employees

# FY17 USNH Benefit Cost Makeup

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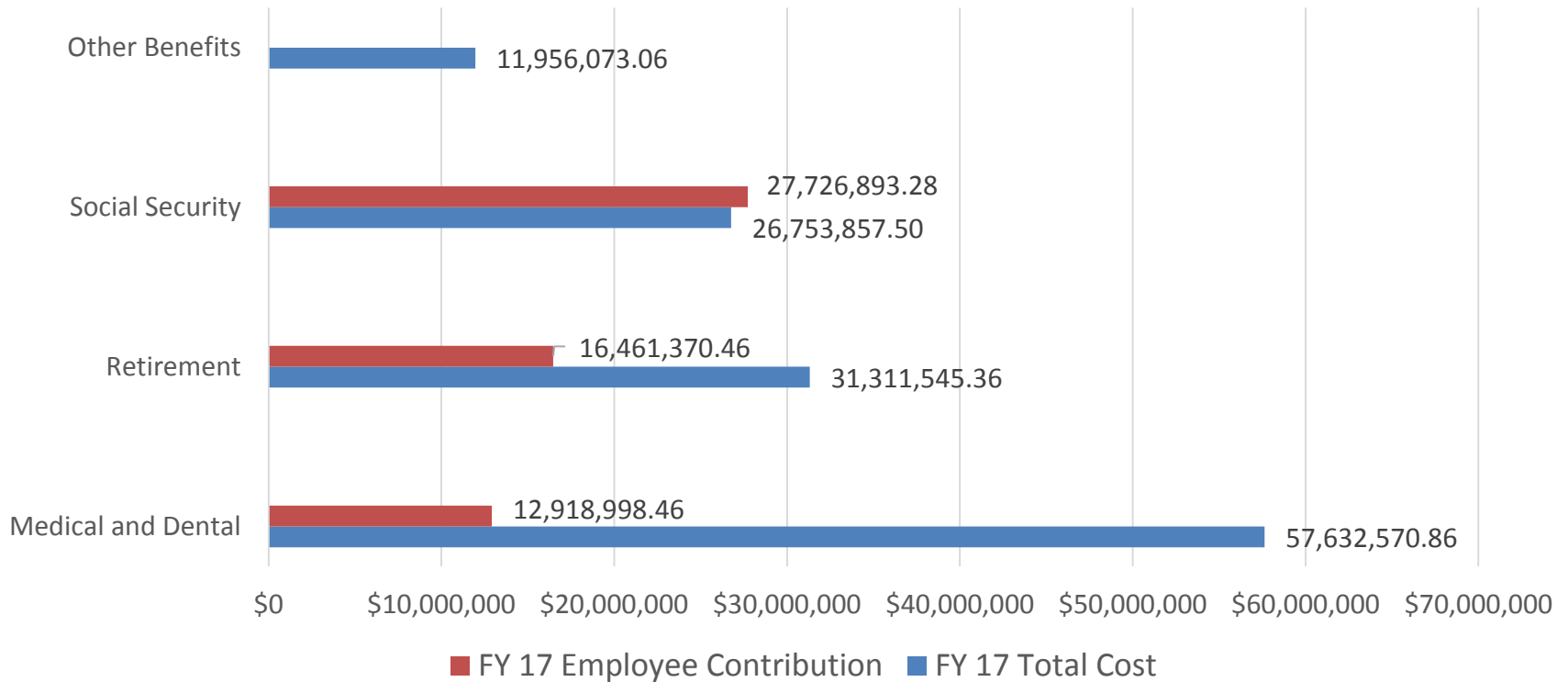
Medical and dental plan costs represent the largest component of USNH's spend.



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

# FY17 Actual USNH & Employee Benefit Costs

USNH Total FY17 Employer Costs = \$128M



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

# Medical Update

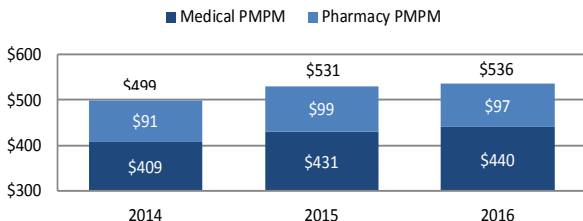
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- The USNH medical plans have consistently outperformed national norms over time. The plans stabilized between 2012 and 2014, however experienced a noticeable spike in per capita costs in 2015, trending more in line with the broader market.
- Recent experience in 2016 shows USNH's costs have stabilized. USNH experienced a lower per member per month trend increase, significantly better than New England and national trend averages.
- Key drivers include a reduction in pharmacy costs, inpatient utilization and high cost claimants.

# USNH Annual Dashboard

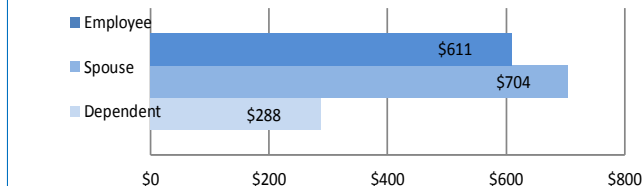
## Data - Incurred thru 4Q2016, Paid thru 1Q2017

### Benefits Paid PMPM



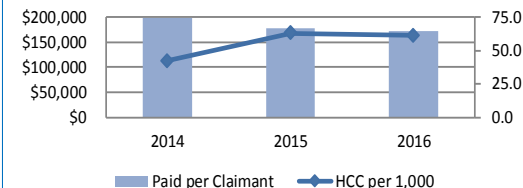
	2014	2015	2016
Medical PMPM	\$409	\$431	\$440
Pharmacy PMPM	\$91	\$99	\$97
Total PMPM	\$499	\$531	\$536
Trend		6.2%	1.1%

### Benefits Paid PMPM by Relationship - 2016



	# Enrolled	Avg. Age	2015 Paid PMPM	2016 Paid PMPM	Trend
Employee	4,146	48.7	\$609	\$611	0.4%
Spouse	2,797	50.3	\$684	\$704	2.9%
Dependent	2,289	13.3	\$284	\$288	1.6%
Total	9,232	40.4	\$531	\$536	1.1%

### High Cost Claimant Summary Reflects Claimants >\$100,000



	2014	2015	2016
# HCC	42.0	63.0	61.0
Paid per Claimant	\$198,574	\$177,976	\$171,940

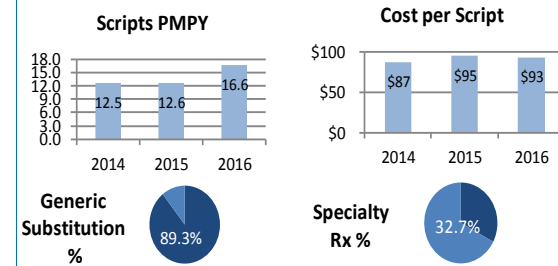
### Inpatient Utilization Highlights

	2014	2015	2016	Trend 2014 to 2015	Trend 2015 to 2016
Admission /1,000	40.1	54.5	51.2	35.8%	-6.0%
Avg. length of stay	4.6	4.4	4.3	-4.6%	-1.4%
Paid per admit	\$19,843	\$22,781	\$22,277	14.8%	-2.2%
Medical /1,000	13.4	20.1	14.7	50.0%	-26.9%
Surgical /1,000	11.3	14.6	12.7	29.2%	-13.0%
Maternity /1,000	9.9	14.9	16.7	50.5%	12.1%

### Outpatient Utilization Highlights

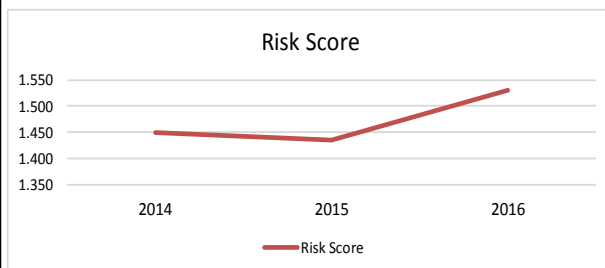
	2014	2015	2016	Trend 2014 to 2015	Trend 2015 to 2016
Office visits /100	531.5	515.3	504.2	-3.0%	-2.2%
Paid per office visit	\$134	\$140	\$142	4.3%	1.8%
ER /100	25.8	27.1	27.3	5.4%	0.7%
Paid per ER visit	\$919	\$691	\$692	-24.8%	0.1%
OP Surgery /100	99.4	100.0	107.4	0.7%	7.4%
Phys. paid per surg.	\$626	\$683	\$729	9.1%	6.6%
X-Ray /100	220.5	288.2	380.3	30.7%	32.0%
Lab /100	595.8	701.4	689.1	17.7%	-1.8%

### Pharmacy Utilization Highlights



### Claims Risk Scoring

Year	2014	2015	2016
Risk Score	1.449	1.434	1.530



### CY2015 Key Observations

- Increased per capita pharmacy payments driven by increased per script costs.
- Inpatient utilization increased, also driven by increased inpatient unit costs.
- Overall outpatient utilization increased with the exception of Office Visits, not including costs for ER visits which decreased.
- Plan costs per high cost claimant decreased; however, the number of claimants increased.

### CY2016 Key Observations

- Per member per month (PMPM) improvement largely driven by a drop in pharmacy spend. Pharmacy costs are down, driven by lower per script cost, although utilization for scripts on a per member per year (PMPY) basis is up over 2015.
- Generic utilization remains consistent, in line with the norm.
- USNH's inpatient utilization decreased over 2015 with fewer admissions and no change in average lengths of stay. Medical and surgical inpatient stays decreased with the exception of maternity which increased. Costs per admission remained relatively flat.
- The number of high cost claimants decreased slightly, further supported by a decrease in the cost per claimant.

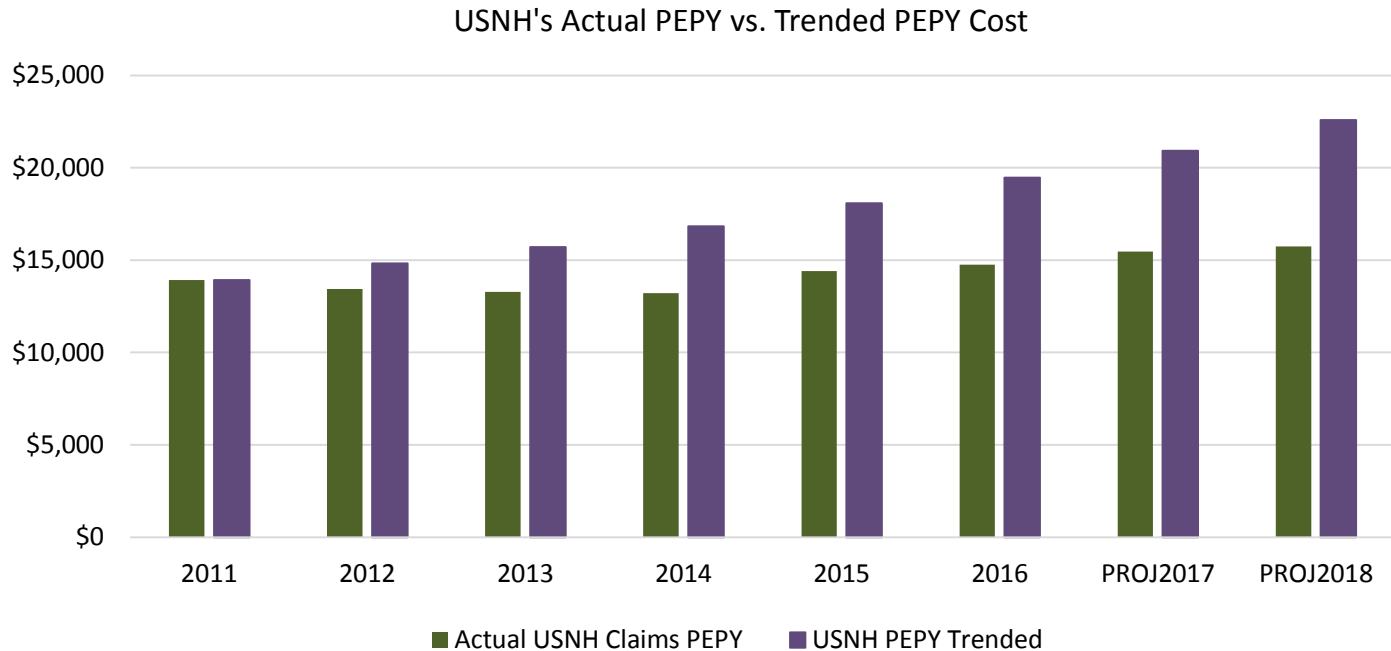


# Deeper Dive: Cost and Utilization by Relation

Demographic Profile	Employee	Spouse	Children
Average Age	48.7	50.3	13.3
% Female	57.5%	50.2%	50.7%
Demographic Risk Factor	1.61	1.67	0.58
Utilization Highlights	Employee	Spouse	Children
Inpatient Admissions /1,000	45.3	59.0	40.8
Office Visits per Member	5.3	5.5	4.3
Scripts per Member	14.9	16.7	5.3
High Cost Claimant % (>\$100K)	0.7%	1.0%	0.3%

- A key driver of USNH's trend is medical costs for spouses, who are more costly on average than employee on a per capita basis.
  - Spouses have had more hospital admissions, more office visits, and more scripts per capita than employees.
  - Spouses also experienced a higher payment trend year-over-year (2.9% vs 0.4%) than employees (see prior slide).
- Total paid Per Member Per Month (PMPM) for children increased 1.6% and is significantly lower than the adults, which is expected.
- ***In 2017, USNH adopted a 4-tier medical contribution approach to more equitably charge employees and dependents based upon their actual costs. As such, spouse tiers pay equitably more for coverage in 2017 versus 2016.***

# Strategy Impact on 2018 Trend



- Over the period, annual medical trend in New England has averaged 7.2% (purple).
- Over the same period, USNH's overall trend and Per Employee Per Year (PEPY) costs remain well below what they would have been if USNH trended with the broader market.

# Other Benefits Initiatives

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## **Medical Consumer Resources**

- USNH continues to invest in tools and resources to help employees find high quality, cost effective medical providers.
- In 2017, USNH partnered with Healthcare Bluebook, which helps employees find the highest quality providers at the best price. Employees save on out-of-pocket costs and can earn incentives.
- In addition, USNH will continue to make available the Cigna Plan Comparison tool which helps employees pick the medical plan that best meets their health and financial needs.

## **Vision**

- In 2018, USNH's vision premiums will decrease through VSP.
- In addition, the frame allowance will increase from \$150 to \$200.

## **BenefitHub**

- USNH will make available BenefitHub in 2018, which offers discounts and voluntary benefits to employees.

## **Life and AD&D Insurance**

- USNH conducted a Life bid process, due to a higher than expected renewal increase from Voya.
- The Standard provided the most competitive overall proposal, with a three year rate guarantee and \$1,074,000 in savings on Basic Life/AD&D (over three years) compared to the Voya renewal.
- As such, USNH will be implementing with The Standard for a 1/1/18 effective date.

# Wellness Update

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USNH continues to support wellness initiatives in 2017 and beyond through Cigna.

USNH's MyPath2Wellness program continues to be very successful, with high participation (58% in 2016):

- The program features up to a \$400 medical premium credit incentive to participate in biometric screenings and completion of an online Health Risk Assessment (HRA).
- Members are also eligible to receive \$500 per year through the fitness benefit program.

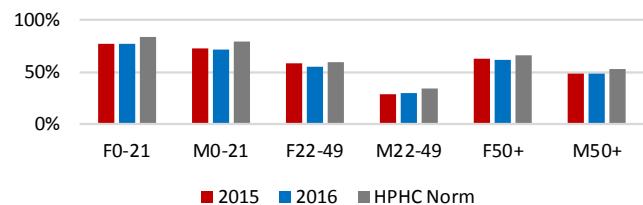
In 2016 and 2017, USNH:

- Improved the fitness benefit program by replacing old facilities with newer facilities and enhancing administration.
- Continued to facilitate onsite Biometric Screenings and Health Risk Assessment (HRA) evaluations leveraging Cigna's state-of-the-art online platform achieving high participation levels of 63% and 58%.
- For 2018, USNH is exploring enhanced incentive strategies that will require additional action by employees that promote preventive care, annual screenings, and health coaching.

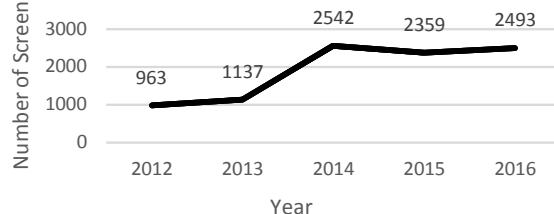
# USNH Wellness Dashboard

## CY2016 - 1Q2017

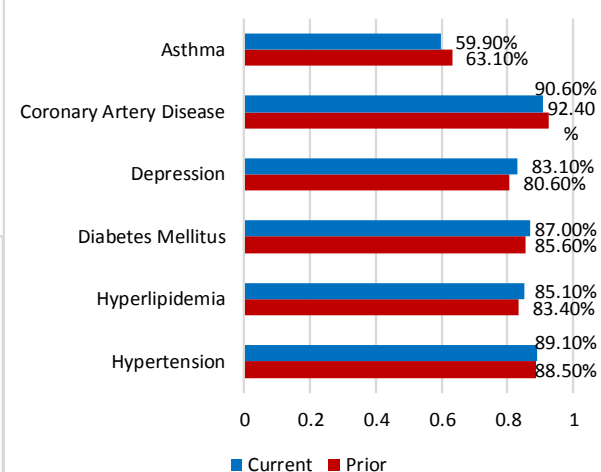
### Preventive Visits by Gender/Age Group



### Completed Biometric Screenings

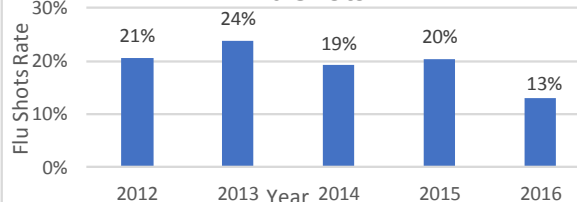


### Medication Compliance Rate

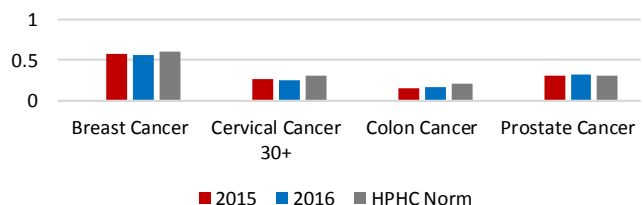


	2015	2016	HPHC *
Females 21 and younger	77%	77%	84%
Males 21 and younger	73%	72%	80%
Females 22 to 49	59%	55%	60%
Males 22 to 49	29%	30%	35%
Females 50+	63%	62%	66%
Males 50+	49%	49%	53%

### Flu Shots



### Screening Rates



	2015	2016	HPHC *
Breast Cancer	57%	57%	60%
Cervical Cancer 30+	26%	25%	31%
Colon Cancer	16%	16%	20%
Prostate Cancer	30%	32%	30%

	2015	2016	Compare
HRA Completions	2,470	2,286	-7%
Avg. Wellness Score	87.8	87.8	0%
Top Health Risks			
Body Weight	38.9%	39.0%	0%
Blood Pressure	31.0%	26.7%	-14%
Stress	19.6%	18.1%	-8%
Fitness Club Claims	10,802	10,505	-3%

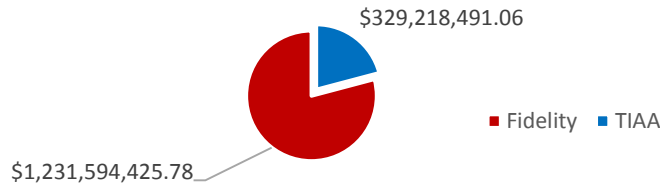
### Key Observations

- Preventive office visits and screening rates remained relatively flat, with the exception of preventive visits for Females 22 to 49 years of age
- USNH is slightly below benchmark for these measures across most categories, with the exception of prostate cancer and cervical cancer screenings
- USNH's Top Health Risks of Blood Pressure and Stress did decrease in 2016
- Biometric Screenings increased modestly

# Retirement Plan Update

Source: USNH  
Investments as of 6/30/2017. Participation as of 01/01/2017.

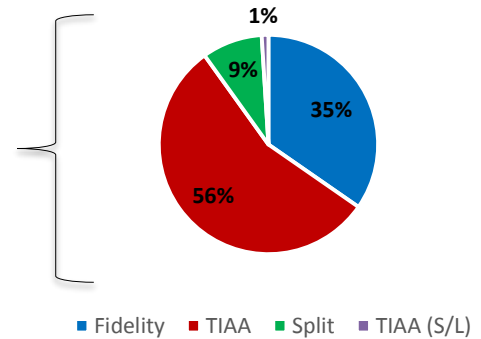
## Participant Investments



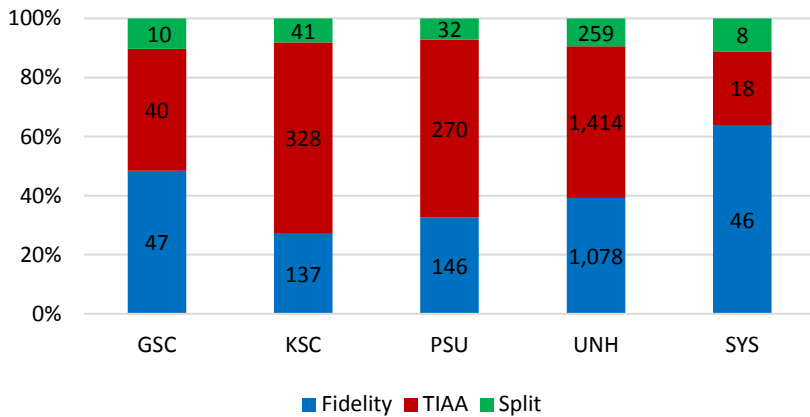
	\$ Invested	% Invested
403 (b)	\$1,536,725,145.17	98.5%
457 (b)	\$22,687,550.03	1.5%
401 (a)	\$1,400,221.64	0.1%
	<b>\$1,560,812,917</b>	<b>100%</b>

## Overall Participation

*~90% of eligible employees participate*



## 403(b) Participation by Campus



## 403(b) Participation by Level and Campus

