

**Health Care Update #1
November 30, 2017
Revenues and Expenditures, 2015-2017**

The University of Northern Iowa has a self-insured health care plan, administered by Wellmark Blue Cross Blue Shield. Being self-insured means that we must bring in sufficient revenues to cover our expenditures and that each of our plans must remain solvent. Our **revenues** are composed of premiums paid by the university and premiums paid by employees. Our **expenditures** primarily cover the cost of the claims that are submitted, though a small portion also covers Wellmark administrative fees, network access fees, stop-loss fees and federal Affordable Care Act fees.

UNI has self-insured three health plans over the past several decades. The first, established in the 1970's, is the comprehensive major medical plan historically referred to as **UNI Health**. As the healthcare industry experienced dramatic changes over the years, the plan became extremely costly with expenditures greatly outweighing revenues. In response to this, the University added an additional plan option that more closely aligned with a common healthcare industry offering, a health maintenance organization (HMO). Subsequently, in 2011 a third plan option, a preferred provider organization (PPO), was established. Through an arbitrator ruling that same year, the PPO plan became the base plan for setting employee and employer premiums and the UNI Health plan was closed to new enrollments. In the years following, many individuals transferred to other university health plans because of the continually increasing cost of the UNI Health plan.

Each year we track revenues and expenditures and make adjustments to individual plans to maintain their solvency. In addition to **Revenues** and **Expenditures**, you will also notice a line for **Net Transfers**. We move funds between all of our plans in order to keep individual plans solvent. With the UNI Health Plan, you will notice that a little over \$7 million was transferred in because of the gap between revenues and expenditures. These funds came from the other plans (we transferred funds out of the other plans to cover the costs of the UNI Health plan).

Data from the past three fiscal years for each health plan has been presented to Faculty Senate and they encouraged a broader dissemination of the information. This update provides the same information presented at Faculty Senate.

The **UNI Health** plan is considered an unusually expensive health plan, or "Cadillac plan", due to the low degree of cost-sharing incurred by participants. As demonstrated below, expenditures have greatly outweighed revenues for the past several years on this plan. As shown in the Net Transfers section, the University has transferred funds into this account in order to maintain its solvency.

	FY 2015	FY 2016	FY 2017
UNI Health			
Revenues	12,520,044	8,190,249	2,395,796
Expenditures	(14,574,643)	(12,698,287)	(3,227,515)
Net Transfers	-	-	7,068,980
Net Increase/(Decrease)	(2,054,599)	(4,508,038)	6,237,261
Ending Net Assets	(1,887,601)	(6,395,639)	(158,378)

The **Blue Advantage HMO** plan requires members to designate a Personal Doctor who becomes the gate keeper for health care. Referrals to specialists outside of the Blue Advantage network must be coordinated by the Designated Personal Doctor. Because the plan works within an established regional network, the costs are contained. Specifically, all Iowa hospitals, including the University of Iowa Hospitals and Clinics are covered, but the Mayo Clinic is not covered. The participant cost-sharing component of this plan also contributes to controlling overall plan costs. You will notice below that with the Blue Advantage plan, revenues exceed expenditures, largely because of these cost containment measures.

Blue Advantage	FY 2015	FY 2016	FY 2017
Revenues	4,323,893	4,817,154	5,873,487
Expenditures	(3,630,982)	(4,026,529)	(4,625,670)
Net Transfers	-	-	(3,950,000)
Net Increase/(Decrease)	692,911	790,625	(2,702,183)
Ending Net Assets	2,849,859	3,640,484	938,301

The **Alliance Select PPO** has contracts with a national network of "preferred" providers. Individuals do not need to select a Designated Personal Doctor and do not need referrals to see other providers in the network. 99% of physicians and 100% of hospitals in Iowa are covered in the network, and 92% of physicians and 96% of hospitals participate nationwide. This plan includes access to the Mayo Clinic. As demonstrated below, the Alliance Select PPO revenues have exceeded expenditures, just not to the degree of the Blue Advantage HMO plan.

PPO	FY 2015	FY 2016	FY 2017
Revenues	3,514,614	5,972,072	12,071,969
Expenditures	(2,813,060)	(5,942,383)	(11,444,798)
Net Transfers	-	-	(2,659,000)
Net Increase/(Decrease)	701,555	29,689	(2,031,829)
Ending Net Assets	2,617,525	2,647,214	615,385

Finally, we also have two **dental plans** which are fairly self-contained, meaning that the revenues cover the costs. These plans are not nearly as expensive as the health care plans.

Dental Plan I was tied to enrollment in the UNI Health plan which has been discontinued; therefore, it has only one active employee enrolled. No additional employees can be added to this plan as it phases out.

Dental I	FY 2015	FY 2016	FY 2017
Revenues	574,550	400,542	131,991
Expenditures	(590,268)	(405,335)	(131,029)
Net Transfers	-	-	(180,880)
Net Increase/(Decrease)	(15,718)	(4,793)	(179,918)
Ending Net Assets	198,603	193,810	13,892

Dental II			
Revenues	562,623	1,301,564	482,937
Expenditures	(449,865)	(650,765)	(931,767)
Net Transfers	-	-	(279,100)
Net Increase/(Decrease)	112,759	650,800	(727,931)
Ending Net Assets	405,229	1,056,029	328,098

Because we are self-insured, Finance and Operations must watch the bottom line for all the plans combined, making certain that we have sufficient revenues to cover the expenditures. We also try to maintain approximately 20% in **Reserves** in order to cover claims in excess of Wellmark projections and up to the point in which stop-loss coverage kicks in. Over the last several years, the University has increased its total contribution toward premiums, yet our reserves have decreased tremendously due to increasing expenditures. In the last fiscal year, we increased the University's contribution significantly in order to bring our reserves up to 8.5%. These contributions primarily come from the General Fund, which means that we could be using these funds for faculty and staff positions, supplies and services, travel, building maintenance, etc., but because we wanted to invest in our employees, we chose to increase the University's share of the costs of health care.

Total - All Plans	FY 2015	FY 2016	FY 2017
Revenues	21,495,725	20,681,582	20,956,180
Expenditures	(22,058,817)	(23,723,299)	(20,360,780)
Net Transfers	-	-	-
Net Increase/(Decrease)	(563,092)	(3,041,717)	595,400
Ending Net Assets	4,183,614	1,141,897	1,737,297
% Net Assets to Total Expense	19.0%	4.8%	8.5%

The final lines ("Ending Net Assets" and "% Net Assets to Total Expense") are our reserves.

In the next update, I will provide information on the percentage of contributions covered by the employer and the employee within our two ongoing health plans, as well as information about total percent of our health care costs covered by the institution. Again, as health care costs increase and as the university covers more of those costs, we have less funding for other activities and for hiring new employees.

Detailed plan information is located on the HRS site at <https://hrs.uni.edu/mybenefits>.