Employee Healthcare Program
Indiana University
Employee Healthcare Program
Budgets FY 98/99 through FY11/12

Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget (Millions)</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>98/99</td>
<td>$34.7</td>
<td>14,040 ees</td>
</tr>
<tr>
<td>99/00</td>
<td>$43.0</td>
<td>14,344 ees</td>
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<tr>
<td>00/01</td>
<td>$52.4</td>
<td>14,673 ees</td>
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<tr>
<td>01/02</td>
<td>$61.1</td>
<td>14,948 ees</td>
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<tr>
<td>02/03</td>
<td>$74.2</td>
<td>15,422 ees</td>
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<tr>
<td>03/04</td>
<td>$92.1</td>
<td>16,005 ees</td>
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<tr>
<td>04/05</td>
<td>$93.6</td>
<td>16,411 ees</td>
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<tr>
<td>05/06</td>
<td>$98.1</td>
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<td>06/07</td>
<td>$110</td>
<td>16,626 ees</td>
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<td>07/08</td>
<td>$121.1</td>
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<td>08/09</td>
<td>$140.9</td>
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<td>09/10</td>
<td>$152</td>
<td>17,560 ees</td>
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<td>10/11</td>
<td>$176</td>
<td>17,685 ees</td>
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<tr>
<td>11/12</td>
<td>$186.6</td>
<td>17,723 ees</td>
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</table>
All four medical plans - 2012

- Comprehensive coverage
  - No lifetime limits
- “Preferred provider” networks
  - Preferential pricing
  - Credentialing of providers
  - Referrals to other preferred providers, provider submission of claims, utilization management, data and reporting, etc.

- Utilization management
- Disease and case management
- Coverage of “wellness” services
- Claims adjudication and customer services are outsourced
Self-funded healthcare plans

- No purchase of “insurance”
- No state taxes on “premiums”
- Reserves managed by IU
- No brokerage or commission fees
- Flat “per employee per month” fee for third-party services
- All “preferred provider” discounts passed on to plan & members
- Claims adjudication and customer services are outsourced
- Third-party audits of claims processing, customer services, etc.
Self-funded Medical Plan

94% of medical plan dollars go toward the payment of provider charges

- Underwriting $
- Premium Taxes $
- Third-party Administration $
- Provider Services $

94%
0%
0%
6%
University Contributions -- Retirees

Under 65 retirees -- non-Medicare eligible
- Optional enrollment in PPO $900 Deductible plan, at COBRA rates
- Implied IU subsidy under GASB rules

Retirees 65 and above -- Medicare eligible
- Optional Medicare supplement plan; separate insurance pool
- No IU contributions
Employee Healthcare Program

Projected Healthcare Cost Increase Factors

- **Provider expectations** = increase payments from “paying patients”
  - New capital projects
  - Growth in freestanding specialty care facilities
  - Increase in indigent and uninsured population
  - Reductions/freeze in payments from Medicare and Medicaid

- New, more expensive technology, procedures and treatments
- Aging population with chronic and catastrophic medical problems
- Lack of transparency for quality of outcomes, pricing and costs
- Fee-for-service financial system
- U.S. Healthcare Reform
Estimate of Combined PPACA and Reconciliation Bills, 2010–2019

System Savings: $517 billion

New Revenue: $564 billion

Total Cost of Expanded Coverage: $938 Billion
Net Budget Impact: $143 Billion reduction to the deficit
Healthcare Reform – PPACA

Impact on IU’s Employee Plans

- **2011**
  - Cover children up to age 26
  - No cost sharing for preventive services
  - No lifetime limits; No restrictive annual limits
  - Additional provider “cost shifting”

- **2012**
  - Employer “Quality of Care” reports to HHS
  - Uniform Summary of benefits for all plans
  - “Comparative Effectiveness Fee”
  - Additional provider “cost shifting”

- **2013**
  - Annual contributions to flexible spending accounts (FSA) capped at $2,500; indexed to CPI
  - Value of healthcare for 2012 on W4 form
  - Additional provider “cost shifting”
Healthcare Reform – PPACA

Impact on IU’s Employee Plans

- **2014**
  - Coverage for approved clinical trials
  - Annual limits prohibited
  - Coverage of all “full-time” employees (FT = at least 30 hours per week) – *Free-rider penalty*
  - Automatic enrollment of employees
  - “Free Choice” vouchers
  - Additional provider “cost shifting”
# Indiana University Employee Healthcare Program - 2012

## Medical Plans

<table>
<thead>
<tr>
<th>Medical Plans</th>
<th>January 2011 Employee Enrollments</th>
<th>January 2012 Employee Enrollments</th>
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</thead>
<tbody>
<tr>
<td>PPO HDHP &amp; HSA</td>
<td>1,505</td>
<td>7,930</td>
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<tr>
<td>IU Health Quality Partners</td>
<td>812</td>
<td>1,068</td>
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<tr>
<td>PPO $900 Deductible</td>
<td>4,071</td>
<td>2,020</td>
</tr>
<tr>
<td>PPO $400 Deductible</td>
<td>10,571</td>
<td>5,184</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>16,884</strong></td>
<td><strong>16,202</strong></td>
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</table>

**Non-use of Tobacco Affidavit**

- 12,985 employees & 7,038 spouses

**Dental Plan**

- 16,650

* Medical Residents are in a separate PPO plan: GME PPO Plan with 1,036 Residents enrolled