Benefits Review Subcommittee Report
March 2010

The Benefits Review Subcommittee for Fiscal Year 2011 consisted of the following people from the following constituencies:

Dr. Stephanie Chamberlain  Faculty Senate
Jim Cook  Director, Human Resources and Subcommittee Chair
Dr. Bill Eddleman  Chairpersons’ Forum
Kim Fees  Professional Staff Council
Angie Grissom  Clerical/Technical/Service Staff Council
Dr. Linda Heitman  Tri-Chair, Ad Hoc Committee on Medical Insurance
Dr. Hamner Hill  Faculty Senate
Dr. Sophia Scott  Faculty Senate
Lynda Seabaugh  Professional Staff Council
Dr. Rick Sebby  Faculty Senate
Leann Stinson  Clerical/Technical/Service Staff Council
Laura Stock  Tri-Chair, Ad Hoc Committee on Medical Insurance
Alissa Vandeven  Assistant Director, Human Resources and Tri-Chair, Ad Hoc Committee on Medical Insurance

The Benefits Review Subcommittee began meeting in December 2009 to discuss the anticipated financial outlook and associated budgetary shortfalls projected in FY11 and FY12. Since this initial meeting, Human Resources compiled benefit plan design and cost comparisons from several benchmark institutions. The University’s benefit costs are the second highest of all Missouri schools surveyed but are generally lower than the out-of-state comparable institutions. With the exception of dependent medical subsidies, the University’s benefit structure is in line with benefit structures at other institutions. Additionally, 2009 medical plan utilization data indicates that claim utilization is down.

The Subcommittee proposes that the University strive to maintain its current medical plan cost level as it transitions into calendar year 2011. In order to meet this goal, the Subcommittee recommends that the University plan on a 0% renewal cost increase for FY11. The University is scheduled to bid its medical, dental and vision insurance plans for calendar year 2011. Based upon the continued favorable medical plan utilization, the bid process will likely result in a low, if not 0%, premium increase. A 0% renewal would result in a cost of continuing savings of approximately $285,000 in FY11 and $285,000 in FY12.
The Subcommittee also recommends that current medical benefit plan design and cost structure be reviewed for possible changes to promote cost control. Specifically, plan design and cost changes for consideration are prioritized as follows:

a. Proposals from other providers and various combinations of services for medical and/or prescription services
b. Point of Service (POS) or Health Maintenance Organization (HMO) plan design options to reduce costs and improve outcomes
c. University subsidized family premiums to lower costs by encouraging more dependent participation
d. A medical plan buy-up approach with employee cost share (which includes making medical plan B the base plan with sliding scale medical plan premiums based on salary)
e. Plan deductible increases and/or premium cost sharing
f. Decrease or eliminate University provided cafeteria plan funding

As identified through the University Budget Brainstorming Sessions conducted in early 2009, other benefit cost savings ideas are listed below (not in priority order).

g. Suspend vacation buyback ($113,218 in projected savings)
h. Reduce salaries by one day of pay (0.27% - $224,366 in projected savings)
i. Eliminate one paid holiday ($224,366 in projected savings, assuming the eliminated holiday occurs during the academic year)
j. Decrease dependent tuition reimbursement benefit by 10% ($39,913 in projected savings)
k. Decrease employee fee waiver benefit by 10% ($17,947 in projected savings)