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TO: Dr. Jon Bauer

DATE: September 26, 2016

FROM: Wendy Hartmann

SUBJECT: 2017 Employee Insurance Benefits Renewal

The Insurance and Wellness Benefits Committee has worked with J.W. Terrill for the 2017 employee insurance benefits renewal. The insurance benefits include medical, dental, vision, life/AD&D and long-term disability and the renewals are outlined below.

**Medical**

The College has had medical coverage through Anthem Blue Cross Blue Shield since January 1, 2014. Anthem’s original renewal included a proposed 6.61% increase. J.W. Terrill has negotiated a 3% increase to our Anthem medical insurance premium for 2017 which is lower than the budgeted 5% premium cost increase. The renewal was based on 205 employees.

Employees will continue to have a choice of plan options:

* The Base Plan has a lower deductible and includes copays while the High Deductible Plan (HDP) has a higher deductible but has the Health Savings Account (H.S.A.) option which allows employees to save for medical expenses for self and/or family on a pre-tax basis. The College offers a financial incentive for employees choosing the HDP due to savings in the premium which can be contributed to a health savings account or applied to the dependent premiums.
* The employee has the flexibility of selecting from two different provider networks - BJC and non-BJC. BJC includes Barnes Jewish Christian providers and Mercy providers. The College offers a financial incentive for employees choosing the non-BJC network (includes Mercy providers) due to savings in the premium. The contribution is either to the employees FSA, H.S.A. or dependent coverage premium.
* Option to purchase dependent coverage.
* The College will continue to purchase a Health Reimbursement Account (HRA) as part of the plans which reduces the overall premium costs and reduces the deductible for the employees.

2017 Estimated Medical Insurance Cost

$ 633.87 Monthly - Employee only (includes ACA fees, FSA, H.S.A. and HRA)

$ 129,942 Monthly - 205 employees

$ 1,559,302 Annual Cost based on 205 employees

The chart provides a breakdown of the overall costs associated with the medical insurance which includes the premium, HRA fee, HRA deductible, FSA, H.S.A. and dependent coverage contributions.

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|  | **Premium Rates** | **HRA Fee** | **HRA Deductible Exposure** | **FSA Contribution** | **H.S.A. Contribution** | **Dependent Coverage Contribution** | **College Cost** |
| Monthly | $92,864 | $923 | $9,510 | $1,982 | $19,436 | $5,228 | $129,942 |
| Annual | $1,114,363 | $11,070 | $114,119 | $23,784 | $233,232 | $62,734 | $1,559,302 |

**Dental**

In 2016, we moved to Delta Dental with a two year rate guarantee. Delta Dental has the largest network of providers in Missouri, annual Maximum Benefit at $1,250 and the Max Advantage Benefit.

2017 Estimated Dental Insurance Premium Cost

$ 33.60 Monthly - Employee only

$ 6,888.00 Monthly - 205 employees

$82,656.00 Annual Cost based on 205 employees

**Vision**

The College has been Vision Service Provider (VSP) for over ten years and have a rate lock with no premium increase through 2018.

2017 Estimated Vision Insurance Premium Cost

$ 6.04 Monthly - Employee only

$ 1,238.20 Monthly - 205 employees

$14,858.40 Annual Cost based on 205 employees

**Basic life/AD&D and long-term disability**

In 2016, we moved basic life/AD&D and long-term disability to Anthem Life Basic and have a rate lock with no premium increase in 2017.

2017 Estimated Life Insurance Premium Cost

$ .082 per $1,000 of coverage

$ 814.26 Monthly Employer Cost based on $9,930,000 volume

$ 9,771.12 Annual Employer Cost

2017 Estimated AD&D Insurance Premium Cost

$ .02 per $1,000 of coverage

$ 198.60 Monthly Employer Cost based on $9,930,000 volume

$ 2,383.20 Annual Employer Cost

2017 Estimated Long Term Disability Insurance Premium Cost

$ .225 per $100 of coverage

$ 1,723.84 Monthly Employer Cost based on $766,152 volume

$ 20,686.08 Annual Employer Cost

The final recommendation from J.W. Terrill is to accept the renewal from Anthem and continue under the rate guarantee contracts with Delta Dental, VSP, and Anthem Life. Staff members with the College are happy with the vendors, administration is painless, and moving to another carrier at this time is not warranted financially nor on a service level. This memorandum serves as a recommendation by the Insurance Committee for the Board of Trustees to approve employee insurance premium and providers for 2017.

Please let me know if you need any additional information.