

# Health Insurance: Planning for Next Year

- How accurate were this year's estimates?
- What will be the university's commitment for next year?
- What are the costs for next year's plan?
- How are premiums and other costs likely to be affected?
- What is the impact of these cost increases in the climate of minimal salary changes?

# How accurate were last years estimates?

- University contribution was budgeted before the plan costs were known at \$4.8 million
- Number of enrolled employees was greater than the previous year (1350 vs. 1458), so the university investment much less/employee than needed
- Total claims were higher since more employees in the plan and the claims/employee were greater than anticipated
- Estimated shortfall in claims is in part balanced by new additional premiums from extra employees
- Very approximate shortfall estimates at ~\$500,000

# What is the universities contribution for next year?

	<u>Total Dollars</u>	<u>per capita</u>
Last year		
estimated	\$4.8 million	\$3555
actual	\$4.8 million	\$3450
This year	\$5.7 million	\$4098
Total increase	20%	
relative to estimate		<b>15%</b>
relative to actual		19%

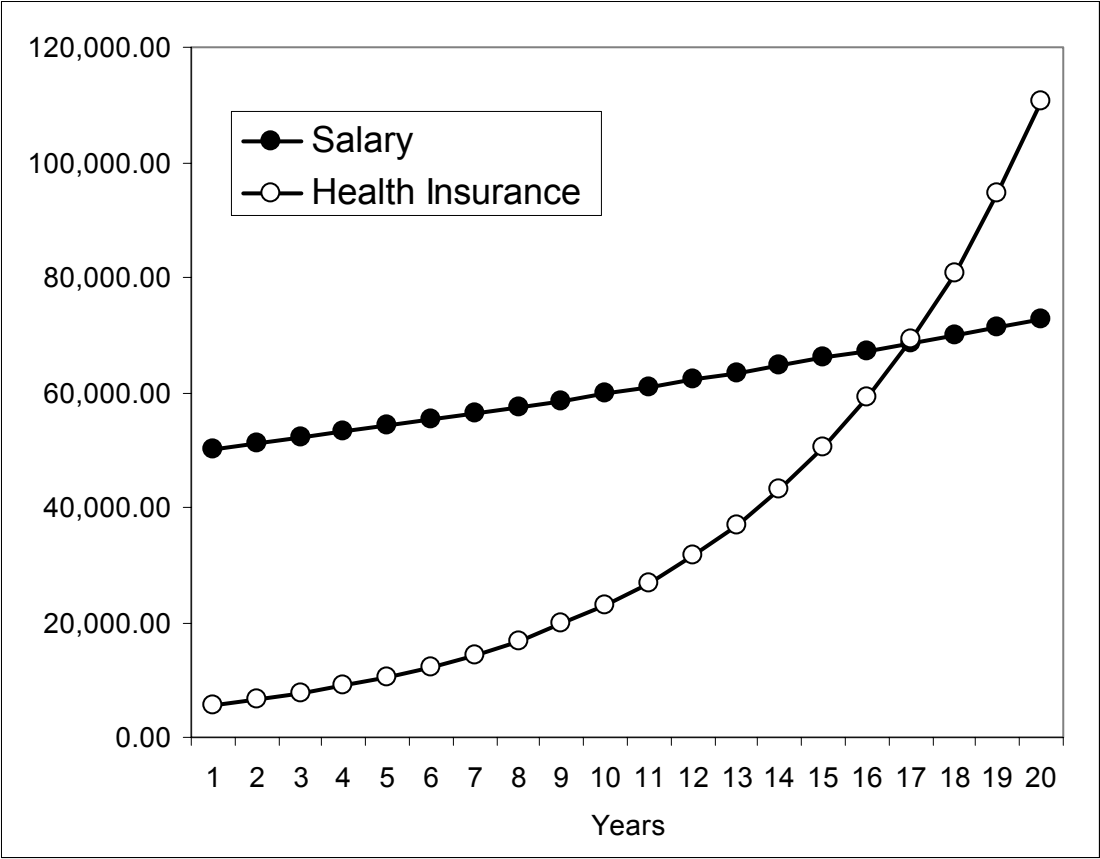
# What are the estimated changes in costs for next years plan?

This year total cost:	\$7.95 million
Initial estimate for next year:	\$10.3 million
Percentage increase	30%
University contribution	
Total	\$5.7 million
% of total costs	55%
Employee contribution (remainder)	\$4.6 million
To cover additional costs either	
reduce range of coverage (cost shifting)	
increase premiums	~27-36% to balance
<b>OR a combination of both</b>	

# Why are estimated costs so much higher for next year?

- National average is 17% increase
- Last year was an immature year and this is mature (costs 23% more)
- Next year would be a long year (14 months) (costs 4% more)
- Cost estimates were slightly low for last year
- IBNR (Incurred But Not Reported) increased estimate by \$1 million dollars

# Costs over time starting with a \$50,000 annual salary



From Larry Daniels

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