

Saint Mary's College

2007 Employee Benefits



November 15, 2006



2007 Employee Benefits

Current Healthcare Environment:

A study by PriceWaterhouseCoopers, LLP projects that 2007 healthcare costs will rise 11.8% for HMO plans. This is due to:

- > New treatments, technologies, drugs and diagnostic equipment
- > Increased demand for services
- > Obesity, aging and declining health status.



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Current Healthcare Environment:

>Kaiser renewal in '06 was 6.5%; '07 is 9.3% (\$15 co-pay plan) and 18.7% (\$20 co-pay plan).

>Health Net renewal in '06 was 19.6%; '07 is 10.5% (\$15 co-pay plan and POS) and 10% (\$20 co-pay plan).

>College's claims experience remains relatively high.



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For 2006 many changes were made to the program:

- Healthcare allowance was set up for the College's contribution.
- \$20 co-pay plans by Kaiser and Health Net were introduced to expand choice.
- Safeguard added as a dental and vision option.
- Part-time benefits were defined (prorated formula).
- New voluntary employee-paid plans were offered.



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Employee Contributions in 2006 were of concern because:

Current budgeted College health plan allowance is the same for all full-time employees, regardless of dependent status or plan choice.

Costs, especially for dependent coverage, have risen to the point that it is far less affordable, especially for families, even with the College subsidy.

Lower-paid and more junior members of the College community are especially affected by these rising costs.

Question: Is there a more equitable way to allocate SMC's contribution to health coverage than the current allowance concept ?



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To address this question a “Health Insurance Review Group” was formed consisting of:

- >Faculty Welfare Committee
- >Staff Council Comp and Benefits Committee
- >Human Resources
- >Outside Consultants (facilitator)



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The “Health Insurance Review Group” was guided by the following principles:

- Treat all members of the College community with fairness; and support our families.
- Align with Lasallian principles.
- Employee choice to fit their specific circumstances.
- Decision tools so informed choices are made.
- Communicate the value of benefits as part of total compensation.



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The “Health Insurance Review Group” will continue to provide ongoing input and direction to the College’s health insurance program in the future.

Tentative Strategic Schedule and Ideas

Plan Year 2006 – Define the SMC Contribution toward the Health Plan (completed).

Plan Year 2007 – Evaluate and implement a consistent employee cost share model (roll out).

Plan Year 2008 – Review enrollment results; consider four-tier rates, paid opt out (future).

Plan Year 2009 – Review strategy, re-evaluate and re-assess (future).

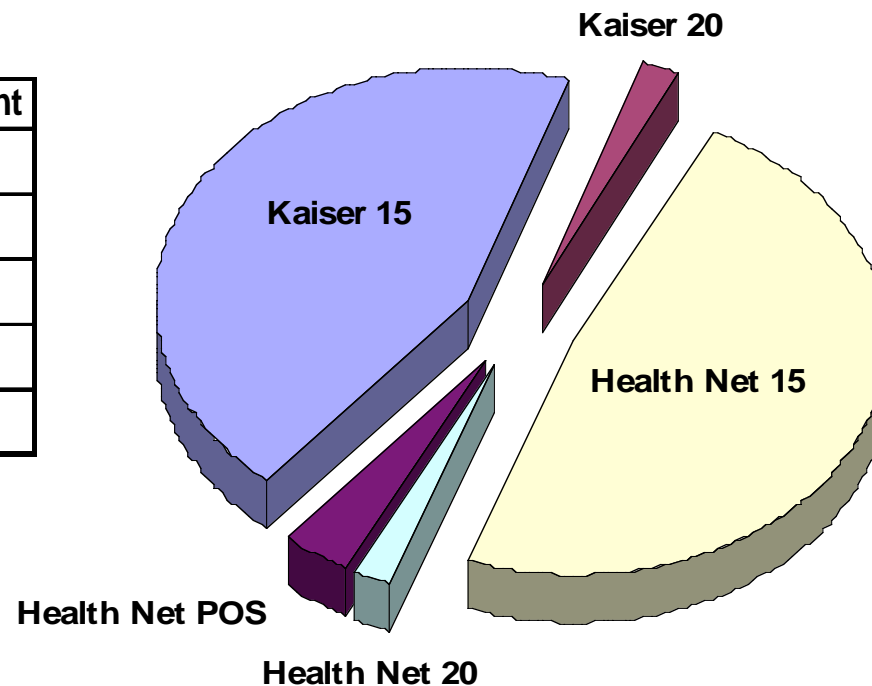


2007 Employee Benefits

About SMC's Current Program

Enrollment by Plan

Plan	Enrollment	Percent
Kaiser 15	249	44%
Kaiser 20	11	2%
Health Net 15	274	48%
Health Net 20	11	2%
Health Net POS	20	4%



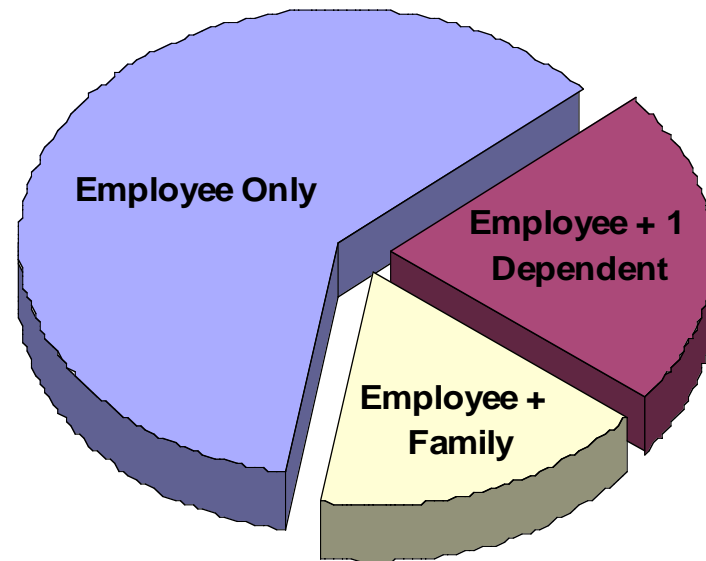


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About SMC's Current Program

Medical Enrollment by Tier

Tier	Enrollment	Percent
Employee Only	344	61%
Employee + 1 Dependent	123	22%
Employee + Family	98	17%





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Health Insurance Review Group Process

- Over the course of 3 meetings, a total of 10 scenarios and about 24 different options were considered, discussed and debated.
- Meetings were collaborative and consultative.
- Consensus was reached.
- Decisions were guided by the agreed-upon principles.



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The Scenarios Considered:

- 1. Maintain Current Allocation
- 2. Full Re-Allocation
- 3. Partial Re-Allocation
- 4. Base Plan Benchmarking (2 versions)
- 5. Defined Benefit Approach (2 versions)
- 6. Grade/Rank Based (4 levels)
- 7. Grade/Rank Based and Plan Based (4 levels)
- 8. Grade/Rank Based (5 levels) (2 versions)
- 9. Grade/Rank Based and Plan Based (5 levels) (4 versions)
- 10. Grade/Rank Based and Plan Based (3 levels) (2 versions)



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For 2007 the following decisions have been made:

- >No changes to current carriers or plan designs.
- >The College's total contribution will increase 10%.
- >A new model was developed for distribution of the College's contribution.
- >Employee contributions will be set based on a new methodology.



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For Employee Contributions, Scenario 4.2 was chosen – Modified Benchmarking

The College contribution is benchmarked to a base plan and is consistent across all plans. The College will:

- Pay 100% of Kaiser 15 and 20 single rate.
- Pay 91% of Health Net 15 single rate for all Health Net plans.
- Pay 81% of dependent cost, based on the Kaiser 15 plan.
- Dental / Vision modeled the same, with Delta and VSP as the base plans.
- Prorated formula will continue for benefit-eligible part-time staff.



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What does this change mean (to me) ?

- Cost for dependent coverage, and particularly family coverage, will generally stay the same or be less than 2006.
- Contributions will be more aligned with premium costs.
- Some single participants will now have a contribution.
- A no-cost option for single participants will remain available.
- The College's allocation will be more equitably spread across the entire group.



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2007 Health Program Cost Chart

Medical	Kaiser 15			Dental	Delta Dental				
	Monthly Premium	College Share	Employee Share (Per Pay Period)		Monthly Premium	College Share	Employee Share (Per Pay Period)		
	Single Employee	428.60	428.60		0.00	Single Employee	66.98	66.98	0.00
	Employee + 1 Dependent	767.41	621.60		72.90	Employee + 1 Dependent	87.77	71.09	8.34
	Employee + 2 or more Dependents	1,021.23	827.20		97.02	Employee + 2 or more Dependents	122.42	99.16	11.63
	Kaiser 20				PMI Dental				
	Monthly Premium	College Share	Employee Share (Per Pay Period)		Monthly Premium	College Share	Employee Share (Per Pay Period)		
	Single Employee	408.49	408.49		0.00	Single Employee	27.30	27.30	0.00
	Employee + 1 Dependent	731.40	621.60		54.90	Employee + 1 Dependent	48.74	39.48	4.63
	Employee + 2 or more Dependents	973.31	827.20		73.06	Employee + 2 or more Dependents	72.83	58.99	6.92
Health Net 15			Safeguard Dental						
Monthly Premium	College Share	Employee Share (Per Pay Period)	Monthly Premium	College Share	Employee Share (Per Pay Period)				
Single Employee	518.12	473.60	22.26	Single Employee	25.90	25.90	0.00		
Employee + 1 Dependent	927.70	621.60	153.05	Employee + 1 Dependent	48.50	39.29	4.61		
Employee + 2 or more Dependents	1,234.54	827.20	203.67	Employee + 2 or more Dependents	72.08	58.38	6.85		
Health Net 20			VSP						
Monthly Premium	College Share	Employee Share (Per Pay Period)	Monthly Premium	College Share	Employee Share (Per Pay Period)				
Single Employee	484.18	473.60	5.29	Single Employee	8.40	8.40	0.00		
Employee + 1 Dependent	866.91	621.60	122.65	Employee + 1 Dependent	12.50	10.13	1.19		
Employee + 2 or more Dependents	1,153.64	827.20	163.22	Employee + 2 or more Dependents	18.28	14.81	1.74		
Health Net POS			Safeguard Vision						
Monthly Premium	College Share	Employee Share (Per Pay Period)	Monthly Premium	College Share	Employee Share (Per Pay Period)				
Single Employee	739.13	473.60	132.77	Single Employee	9.73	8.40	0.67		
Employee + 1 Dependent	1,619.07	621.60	498.73	Employee + 1 Dependent	18.97	10.13	4.42		
Employee + 2 or more Dependents	2,034.96	827.20	603.88	Employee + 2 or more Dependents	27.24	14.81	6.22		
			Vision						



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Employee Examples:

Example One	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Health Net 15	Single	234.50	22.26
	Delta Dental	Single	29.00	0.00
	VSP	Single	4.20	0.00
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
Employee Contribution Per Pay Period			0.00	22.26

Example Two	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Kaiser 15	Single	196.04	0.00
	Delta Dental	Single	29.00	0.00
	VSP	Single	4.20	0.00
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
Employee Contribution Per Pay Period			0.00	0.00



2007 Employee Benefits Update

Example Three	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Health Net 15	Family	558.62	203.67
	Delta Dental	Family	53.00	11.63
	VSP	Family	9.14	1.74
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
	Employee Contribution Per Pay Period		315.26	217.04

Example Four	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Kaiser 15	Family	467.11	99.16
	Delta Dental	Family	29.00	11.63
	VSP	Family	4.20	1.74
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
	Employee Contribution Per Pay Period		194.81	112.53



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Example Five	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Kaiser 15	Single	196.04	0.00
	Delta Dental	Family	53.00	11.63
	VSP	Family	9.14	1.74
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
	Employee Contribution Per Pay Period		0.00	13.37

Example Six	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Health Net 15	EE + 1	419.78	153.05
	Delta Dental	EE + 1	38.00	8.34
	VSP	EE + 1	6.25	1.19
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
	Employee Contribution Per Pay Period		158.53	162.57



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Example Seven	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Health Net 20	EE + 1	394.05	54.90
	Delta Dental	EE + 1	38.00	8.34
	VSP	EE + 1	6.25	1.74
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
	Employee Contribution Per Pay Period		132.80	64.97

Example Eight	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Health Net POS	Single	334.45	132.77
	Delta Dental	Family	53.00	11.63
	VSP	Family	9.14	1.74
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
	Employee Contribution Per Pay Period		91.09	146.13



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Example Nine	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Kaiser 20	Family	409.96	73.06
	Delta Dental	Single	29.00	0.00
	VSP	Single	4.20	0.00
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
	Employee Contribution Per Pay Period		137.66	73.06

Example Ten	Plan	Tier	2006 Cost per pay period	2007 Contribution per pay period
	Kaiser 20	Family	409.96	73.06
	Delta Dental	Family	53.00	11.63
	VSP	Family	9.14	1.74
	<i>less SMC Allowance</i>		<i>-305.50</i>	<i>Included</i>
	Employee Contribution Per Pay Period		166.60	86.42



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Summary of what's happening for 2007

- >No changes to current carriers or plan coverage.
- >The College's total contribution will increase 10%.
- >New employee contribution model.
- >One-on-one counseling and enrollment sessions, with total compensation statements.
- >Voluntary Employee Paid plans:
 - Critical Illness
 - Interest Sensitive Whole Life
 - NEW** Accident Insurance



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Benefits 2007 Open Enrollment

Monday – Friday

November 27 to December 1

8:00 am – 5:00 pm

SODA Center

Refreshments Provided/No Appointment Necessary



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Questions ?



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Thank you !