Agenda: Benefit Issues and Fiscal Challenges

- Mark
  - Benefit financing at ISU
  - Design, programmatic and administrative issues
  - Future plans
- Mike
  - Benefit survey findings and metrics
  - Employee Assistance Benefits
- Dennis Dornick – Employee and Family Resources
  - Employee Assistance Program
- Summary
- Questions and Answers
Benefits: A Total Compensation Approach

- Total Compensation = Direct Wages + Indirect Wages
- In general, your DW is taxable income, and
- IW is the tax preferred “value” of your ISU provided benefits (ACA required reporting).
- Traditional benefits: Retirement, medical, Life, LTD, sick leave, vacation, etc
- Non-traditional: vision, hearing, flex time, etc
Benefit Spend at ISU

- Contributory Benefits (self-funded):
  - 2012 Medical (projected): $48,400,000; 90/10 sharing
  - 2012 Dental (projected): $3,600,000; 44/56 sharing

- Non-contributory Benefits (insured):
  - 2011 LTD: $1,700,000
  - 2011 Basic Life: $1,800,000

- TIAA/CREF 2011: $35,000,000 (ISU only)

- Other: $4,000,000
Self-Funding: Purpose and Importance

We self-fund Medical/Dental because:

- ISU has a large, well educated and healthy pool
- Claims exposure is predictable
- Efficient cash flow model
- Allows ISU to hold the reserve for claims and premium volatility (ISU assumes claim “risk”)
- ISU uses WMBCBS (medical), Medco (Rx), and Delta (Dental) as our “third-party” payers
  - Processes claims
  - Establishes health care provider “networks”
THIRD-PARTY PAYER MODEL

DELIVERY

Networks A, B,…

CONSUMPTION

TPA

Financing: Plan Sponsor
Wellness and Benefit Spend

- Long-term direct and indirect health risk mitigation
- Long-term positive impact on trend in health care costs
- Direct and indirect benefits through improved productivity
- More detail in later slides
Current Status: Wellness Initiative

- University Benefits Committee has been requested by Administration to begin the process of developing a proposal for a comprehensive and effective Wellness Program at ISU.
- A commitment of funds to establish a Wellness Program has been made in preliminary budget planning, but is subject to the outcome of FY 13 final budget.
Wellness Issues for the UBC

- Global Wellness Objective
- Identifying wellness costs/benefits
- Scope, scale, and design of the wellness program – pilot or phased program
- Integrating on-campus resources: infrastructure, expertise, opportunities
- Other resources: WMBCBS, MF/MGMC, Blue Zone, private infrastructures
Wellness Issues for the UBC (cont)

- **Financing wellness initiative:**
  - Direct ISU subsidy
  - Medical expense premium load
  - Short-run spend down of reserves (assumes health cost trend will slow)
  - PFG endowment
  - Funding needs to be sustainable
  - Others

- **Incenting employees’ participation**
  - Financial: premium offset, behavior based rating
  - Non-financial: engagement activities
Wellness Issues for the UBC (cont)

- Administration of a Wellness Program
- Identifying Wellness Metrics
- Program monitoring, data collection/analysis, and performance evaluation
- How to measure return on investment (ROI)
Targets

- Form a subcommittee and explore the use of an outside consultant

- Subcommittee provides a preliminary report to UBC in September, 2012

- Possible implementation July, 2013

- Mike will now provide some detail on risk factors, employee benefit perceptions, and EAP
The above graph notes the current distribution of Iowa State University's members along the health risk continuum. Iowa State University's members' health risk moved slightly from low to moderate from the prior period. Lifestyle habits influence where people are on the health risk continuum. If continued unchecked, high risk behavior turns into acute and chronic conditions like heart disease, diabetes, and certain cancers.

Of the members that were continuously enrolled from CY 2009 to CY 2010 (12,310 members), 1,951 members (15.8%) health risk worsened (1,371 members moved to right one risk level and 580 members moved to right two risk levels or more). 1,692 members (13.7%) health risk improved (1,176 improved one risk level and 516 members improved two risk levels). 8,667 (70.4%) members health risk remained the same for CY 2010 as it was in CY 2009.
The following graph represents the “top” diagnoses categories using claims paid for services obtained through all places of service, excluding pharmacy, comparing the current benefit period data to the prior benefit period data.

- The top three diagnostic categories accounted for 32% of claims paid in the current period.
- Claims related to obstetrical conditions increased $558,253 driven by 3 members totaling $438,345.
- Perinatal disorders claims paid increased $372,990 or 506% mostly due to 4 large claimants totaling $340,172.
The following table illustrates specific medical and lifestyle risks that have been identified by various health promotion organizations as having an impact on overall health and wellness. The last three columns reflect the actual number of Iowa State University’s Active members with diagnoses and the claims paid for conditions related to these diagnosis categories during the current reporting period.

- More of your Active members were impacted by nerves/eyes/ears and bones/muscles/ligaments conditions.
- On a per diseased member basis, the costs for benign/cancerous tumors were the most costly ($2,516) and impacted 1,283 members.
- Digestive followed with $1,689 claims paid per diseased member.
- A number of wellness assessment and educational opportunities are available to assist in lowering the risk to your members and improve their quality of life.

<table>
<thead>
<tr>
<th>Medical Risk</th>
<th>Lifestyle Risk</th>
<th>Medical Risk</th>
<th>Lifestyle Risk</th>
<th>Medical Risk</th>
<th>Lifestyle Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blood Pressure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cholesterol</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Triglycerides</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blood Glucose</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical Activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tobacco Use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dietary Fat Intake</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fruits/Vegetable Intake</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alcohol Use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stress</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seat belt Use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members Impacted</td>
<td>$3,437,278</td>
<td>$3,227,525</td>
<td>$2,516</td>
<td>$1,450,678</td>
<td>$925</td>
</tr>
<tr>
<td>Claims Paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims Paid per Diseased Member</td>
<td></td>
<td>$960,724</td>
<td>$427</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Your costs and the impact of different medical and lifestyle risks

- Bones/Muscles/Ligaments: $3,321, $3,437,278, $1,125
- Benign/Cancerous Tumors: $1,283, $3,227,525, $2,516
- Heart/Vessels: $1,293, $1,942,888, $1,503
- Digestive: $901, $1,521,518, $1,689
- Genital/Urinary: $1,601, $1,107,635, $692
- Injuries/Poisonings: $1,590, $1,470,187, $925
- Nose/Throat/Lungs: $3,231, $1,438,722, $445
- Nerves/Eyes/Ears: $4,075, $2,022,479, $496
- Glands/Metabolism/Immune System: $2,252, $960,724, $427
Other Impacts

- Increased use of sick time
- Increased instances of disability
- Lost productivity
- Presenteeism
- Increased workloads for other employees
2010 Wellness Survey Findings

- 95% of respondents self-reported being in good or excellent health
- 3% of respondents reported being tobacco users
- 46% of respondents self-reported being overweight or obese
- 90% of respondents had visited a physician’s office in the past year
- 73% of respondents had an annual physical in the last year
- 70% of respondents had an eye exam in the last year
- 90% of respondents had received dental preventative exams in cleaning in the last year
Survey respondents listed factors that would lead them to be more likely to participate in additional wellness programming:

- Time to participate
- More convenient
- More information on programs
- Cost-effective
- More incentives for participating
### 2010 Employee Benefit Survey

#### How would you rate your overall health?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Excellent</td>
<td>697</td>
<td>39%</td>
</tr>
<tr>
<td>2</td>
<td>Good</td>
<td>981</td>
<td>55%</td>
</tr>
<tr>
<td>3</td>
<td>Fair</td>
<td>93</td>
<td>5%</td>
</tr>
<tr>
<td>4</td>
<td>Poor</td>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,773</td>
<td>100%</td>
</tr>
</tbody>
</table>
# 2010 Employee Benefit Survey

## Do you use tobacco (any kind)?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>53</td>
<td>3%</td>
</tr>
<tr>
<td>2</td>
<td>Previous, but have quit</td>
<td>299</td>
<td>17%</td>
</tr>
<tr>
<td>3</td>
<td>Never</td>
<td>1,417</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,769</td>
<td>100%</td>
</tr>
</tbody>
</table>

---

The survey data illustrates the responses to the question 'Do you use tobacco (any kind)?' with the following breakdown:

- Yes: 53 responses (3%)
- Previous, but have quit: 299 responses (17%)
- Never: 1,417 responses (80%)

The total number of responses is 1,769, which constitutes 100% of the survey participants.
### How would you evaluate your current weight?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Underweight</td>
<td>23</td>
<td>1%</td>
</tr>
<tr>
<td>2</td>
<td>Normal</td>
<td>928</td>
<td>53%</td>
</tr>
<tr>
<td>3</td>
<td>Overweight</td>
<td>737</td>
<td>42%</td>
</tr>
<tr>
<td>4</td>
<td>Obese</td>
<td>79</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,767</td>
<td>100%</td>
</tr>
</tbody>
</table>
## How well do you feel you handle your stress?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Very well</td>
<td>263</td>
<td>15%</td>
</tr>
<tr>
<td>3</td>
<td>Well</td>
<td>1,169</td>
<td>66%</td>
</tr>
<tr>
<td>2</td>
<td>Not very well</td>
<td>314</td>
<td>18%</td>
</tr>
<tr>
<td>1</td>
<td>I need help</td>
<td>17</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>1,763</td>
<td>100%</td>
</tr>
</tbody>
</table>
Other Resources
Employee Assistance Program

Welcome to Your Employee Assistance Program (EAP)

Your employer has partnered with Employee & Family Resources to provide confidential services to you and your family members at no cost to you. Your EAP has caring counselors available to you around the clock to help with any life issue that may be interfering in your well-being.

Achieve Solutions is your wellness, behavioral health and work/life resource, providing extensive information on a multitude of issues including depression, anxiety, stress, addictions, relationships, wellness, work/life balance, work, financial and legal issues and more.

EAP Services for you and your immediate family.
Employee Assistance Program

You Are Here: EFR > Workplace > EAP > Your EAP > Achieve Solutions

Achieve Solutions

Achieve Solutions provides extensive information on a multitude of issues. It includes articles, interactive quizzes, depression inventories, financial calculators, resource listings, and more.

Among the multitude of topics are depression, anxiety, stress, addictions, relationships, wellness, work/life balance, and financial and legal issues.

Achieve Solutions is updated daily allowing you to continue to learn from this valuable resource.

Visit the Achieve Solutions web site.
Community Wellness
Community Wellness
9 characteristics you can start in your daily life to feel better, live longer, and be happier

Working with a team of scientists, author Dan Buettner discovered 9 common characteristics of the world's longest-lived people. The secret lies not in diets or exercise programs, but in creating the right surroundings.

Known as Power 9, these characteristics can help you look and feel younger at every age, even adding up to 12 good years to your life.

<table>
<thead>
<tr>
<th>MOVE NATURALLY</th>
<th>RIGHT OUTLOOK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. JUST MOVE.</strong>&lt;br&gt; We can get more physical activity naturally if we live in walkable communities, de-convenience our homes and grow gardens.</td>
<td><strong>2. KNOW YOUR PURPOSE.</strong>&lt;br&gt; People who know why they wake up in the morning live up to 7 years longer than those who don't.</td>
</tr>
<tr>
<td><strong>3. DOWN SHIFT.</strong>&lt;br&gt; To reverse inflammation related to every major age-related disease, find time each day to meditate, nap, pray or enjoy a happy hour.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EAT WISELY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4. 80% RULE.</strong>&lt;br&gt; It takes your stomach 20 minutes to tell your brain it is full, causing most people to accidentally overeat. Stop when you feel 80% full.</td>
</tr>
<tr>
<td><strong>5. PLANT SLANT.</strong>&lt;br&gt; Eat mostly beans, nuts and green plants. This is consistent with the USDA’s MyPlate recommendations to make fruits, vegetables and grains the majority of your intake.</td>
</tr>
<tr>
<td><strong>6. WINE AT 5.</strong>&lt;br&gt; If you have a healthy relationship with alcohol, 1 to 2 glasses of wine daily could help add years to your life, especially when consumed with a healthy diet.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONNECT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7. FAMILY FIRST.</strong>&lt;br&gt; Living in a thriving family is worth 6 extra years of life expectancy. Invest time in your kids, nurture a monogamous relationship and make your aging parents a regular part of your life.</td>
</tr>
<tr>
<td><strong>8. BELONG.</strong>&lt;br&gt; Recommit or reconnect to your faith community, or explore a new one. No matter which faith, studies found that people who devote time to their faith community 4 times a month live an extra 4-14 years.</td>
</tr>
<tr>
<td><strong>9. RIGHT TRIBE.</strong>&lt;br&gt; Your friends have a long-term impact on your health and longevity. Take stock in who your friends are and expand your social circle to include healthy minded, supportive people. This might be the most powerful thing you can do to add years to your life.</td>
</tr>
</tbody>
</table>
Questions?

Thanks for including us!