



To: James Cogdell, Chair, Senate Fiscal Committee

From: Bruce A. McPheron, Executive Vice President and Provost *BM*
Michael Papadakis, Interim Senior VP & CFO, and University Treasurer *MP*

Date: April 10, 2018

Subject: Composite Benefit Rates for FY 2019 Approval

We have discussed the recommended proposal for the Composite Benefit Rates for FY 2019, and we have approved the proposal for implementation in Fiscal Year 2019.

If you have any questions, please contact Scott Klute at klute.6@osu.edu.

cc: Kris Devine
Brad Harris
Scott Klute
Tom Ewing
Senate Fiscal Committee



To: James Cogdell, Chair, Senate Fiscal Committee

From: Bruce A. McPheron, Executive Vice President and Provost *BA*
Michael Papadakis, Interim Senior VP & CFO, and University Treasurer *MP*

Date: April 10, 2018

Subject: Combining of Benefit Rates for FY 2019 Approval

We have discussed the recommended proposal for Combining Classified and Un-Classified Benefit Rates for FY 2019, and we have approved the proposal for implementation in Fiscal Year 2019.

If you have any questions, please contact Scott Klute at klute.6@osu.edu.

cc: Kris Devine
Brad Harris
Scott Klute
Tom Ewing
Senate Fiscal Committee



March 8, 2018

To: Bruce McPheron, Executive Vice President and Provost
Mike Papadakis, Interim Senior Vice President and Chief Financial Officer

From: James W. Cogdell, Chair
2017-2018 Senate Fiscal Committee

Subject: Composite Benefit Rates for FY 2019

Process

The College Finance Subcommittee (CFS) of Senate Fiscal reviewed the methodology for setting the Composite Benefit Rates at their October 27, 2017 meeting. They reviewed the proposed Composite Benefit Rate for FY 2019 during its meetings on January 23 and February 2, 2018, and considered the impact, scale, and timing of surplus return on the proposed FY 2019 benefit rates as well as the projected FY 2020 benefit rates. Additionally, CFS reviewed the recommendation to combine Unclassified and CSS benefit rates and the impact of these recommendations on future composite benefit rates.

The CFS brought their recommendations to the full Senate Fiscal Committee at their February 27, 2018, meeting where they were discussed. The Senate Fiscal Committee approved the recommendation to combine the Unclassified and CSS benefit rates and then approved the recommendation for the FY 2019 Composite Benefit Rates at that meeting.

Recommendations

1. The Unclassified and CSS benefit rates should be combined into a single rate.
2. The proposed Composite Benefit Rates for FY 2019, which incorporate recommendation 1, should be approved.



THE OHIO STATE UNIVERSITY

Please contact me at cogdell.1@osu.edu if you have any questions about these recommendations.

Cc: Kris Devine
Brad Harris
Scott Klute
Harald Vaessin
Joanne McGoldrick
Tom Ewiing

**Faculty Senate Fiscal Committee
February 2018**

TOPIC:

Composite Benefit Rates for September 1, 2018 through August 31, 2019

CONTEXT:

This is the annual calculation of rates charged to university departments for faculty/staff benefits, such as retirement, health care, tuition benefits, etc.

RECOMMENDATION:

Recommended composite benefit rates for 2018-2019 (as a percentage of salaries) are as follows:

Assumes 5% Medical Trend Rate; Return ~ \$32M of Surplus

| General University | | | | | | |
|-------------------------------|----------------------------------|---|---|-----------------|--------------------------------|-------------------------------------|
| | Current Rates (17-18) | Calculated Rates* (18-19) No Return of Surplus | Proposed Rates* (18-19) Return \$32M Surplus | % Change | Projected Benefit Costs | Proposed Combined Staff Rate |
| Faculty | 29.2% | 27.5% | 26.2% | -10.3% | \$ 117,220,170 | |
| Unclassified | 35.1% | 33.2% | 31.5% | -10.3% | 172,579,430 | 33.2% |
| Classified Civil Service | 47.8% | 44.7% | 42.5% | -11.1% | 42,020,270 | 33.2% |
| Specials | 16.1% | 15.9% | 15.9% | -1.2% | 15,130,749 | |
| Students | 0.6% | 0.5% | 0.5% | -16.7% | 279,492 | |
| Post-Doctoral Fellows | 4.9% | 2.9% | 2.9% | -40.8% | 45,202 | |
| Graduate Associates | 11.5% | 10.1% | 10.1% | -12.2% | 11,919,709 | |
| OSU Health System | | | | | | |
| Faculty | 38.4% | 36.0% | 34.2% | -10.9% | \$ 14,756,823 | |
| Unclassified | 34.3% | 32.1% | 30.5% | -11.1% | 212,887,307 | 32.2% |
| Classified Civil Service | 52.5% | 48.9% | 46.4% | -11.6% | 38,155,637 | 32.2% |
| Specials | 16.6% | 16.3% | 16.3% | -1.8% | 12,921,002 | |
| Students | 1.1% | 0.9% | 0.9% | -18.2% | 68,674 | |
| Post-Doctoral Fellows | 4.9% | 2.9% | 2.9% | -40.8% | - | |
| Graduate Associates | 12.0% | 10.5% | 10.5% | -12.5% | 7,843 | |
| Faculty Group Practice | | | | | | |
| Clinical Appointments** | 5.2% | 4.7% | 4.5% | -9.6% | \$ 12,122,466 | |

* *Unclassified and CCS rates shown separately for prior-year comparison purposes. Rates to be combined in single staff benefit rate.*

** *Excludes retirement contributions*

ADDITIONAL DETAIL:

- Summary of Actual and Projected Benefit Costs by Component
- Methodology for Benefit Rate Calculations and Definitions for Rate Groups
- Five-Year Trends in Actual Benefit Costs and Charges
- Ten-Year Trends in Composite Benefit Rates
- Target vs Actual Cash Balances in Benefits Funds
- Additional Detail on Medical Costs – FY2016 and FY2017
- Additional Detail on Benefit Administration Costs – FY2016 and FY2017

**The Ohio State University
Summary of Key Assumptions
Used in Benefit Rate Calculations**

Global Assumptions:

| | |
|---|---|
| Headcount | Assume stable benefit-eligible FTE (FY2017 actual) |
| Average Pay Increase | Assume guideline increases of 2% in FY2018 and FY2019. |
| Structure of Benefit Rate Groups | Assume implementation of combined Staff rates |
| Composition of Benefit Package | Assume same components as prior year |
| Target for Benefit Cash Balances | Cash equal to fully funded benefit liabilities, plus the \$13 million Medical Plans Reserve |

Summary of Actual and Projected Costs by Component:

| | Primary Cost Driver | FY17 Total Actual Cost | FY17 Actual Rate/ Cost per FTE | FY19 Total Projected Cost | FY19 Projected Rate/ Cost per FTE | Notes |
|----------------------------|----------------------------|-------------------------------|---------------------------------------|----------------------------------|--|--------------|
| STRS | Salary \$ | 97,165,318 | 14.37% | 98,849,840 | 14.05% | (1) |
| OPERS | Salary \$ | 237,330,548 | 13.97% | 248,324,266 | 14.05% | (2) |
| Medicare | Salary \$ | 31,299,314 | 1.32% | 32,563,806 | 1.32% | (3) |
| Group Life | Salary \$ | 5,951,192 | 0.27% | 6,191,620 | 0.27% | |
| Disability | Salary \$ | 6,011,636 | 0.27% | 6,481,971 | 0.28% | |
| Unemployment Comp | Salary \$ | 820,212 | 0.03% | 853,348 | 0.03% | |
| Workers Comp-UNIV/OSP | Salary \$ | 4,210,443 | 0.25% | 4,388,796 | 0.25% | |
| Workers Comp-Health System | Salary \$ | 6,315,665 | 0.72% | 6,207,195 | 0.68% | |
| Benefits Administration | Salary \$ | 7,019,978 | 0.28% | 7,312,618 | 0.28% | |
| Student Insurance | Salary \$ | 10,824,215 | 10.00% | 11,325,051 | 9.60% | |
| Medical Plans | Headcount | 256,678,900 | 9,128 | 282,988,488 | 10,064 | (4) |
| Affordable Care Act Fees | Headcount | 1,419,113 | 50 | 341,250 | 12 | (5) |
| Vision | Headcount | 1,349,697 | 48 | 1,459,832 | 52 | |
| Dental | Headcount | 13,531,275 | 481 | 14,355,329 | 510 | |
| Employee Tuition | Headcount | 20,936,844 | 745 | 24,420,735 | 868 | (6) |
| Dependent Tuition | Headcount | 9,255,792 | 329 | 9,629,726 | 342 | |
| Totals | | 710,120,142 | | 755,693,871 | | |

NOTES:

- (1) - STRS rate to be applied to all Faculty and Specials salaries. Projected cost increases are primarily due to guideline salary increases.
- (2) - OPERS rate to be applied to all Unclassified and CCS salaries. Projected cost increases are primarily due to guideline salary increases.
- (3) - Medicare 1.45% statutory rate applied to all salaries.
- (4) - Reflects projected cost increases of 5% per year.
- (5) - ACA fee projection includes PCORI fee only.
- (6) - Reflects increased utilization of employee tuition benefits and increases in graduate fees

Methodology for Composite Rate Calculations:

- Cost projections are based on the actual costs of the last full fiscal year, incremented for known and/or anticipated changes in costs.
- A primary cost driver is identified for each component of the rate and is used consistently for allocation of actual and projected cost to benefit rate groups. There are two primary cost drivers – salary dollars and benefit-eligible headcounts, which are expressed in terms of full-time equivalents (FTEs). OPERS, STRS and most of the smaller benefit components are allocated to benefit-eligible rate groups based on salary dollars; health care costs and employee/dependent tuition are allocated based on benefit-eligible FTEs.
- To ensure consistency in the calculation of composite rates, we use FY2017 actual FTEs and FY2017 actual salaries, incremented across all rate groups for guideline wage increases. The costs to be recovered are variable costs (as covered salary dollars and benefit-eligible FTEs go up or down, the benefit costs and associated composite rate charges to the departments go up or down accordingly).
- Employee contribution rates for health coverage will not be set until Autumn Semester and are effective January 1, 2019. The current composite-rate calculations assume that the employee's share of projected costs will equal employee contributions. To the extent that employee contributions are set below their projected share of health care costs, the additional costs would need to be recovered via the composite rates charged to the departments.
- A complicating factor in the rate-setting process is the multiple "years" associated with employee benefits. University budgets and Office of Sponsored Programs (formerly OSURF) rates are on a July-June fiscal year, salary increases and University/Health System composite benefit rates are on a September-August year, and medical benefit plan designs and employee contribution levels are on a calendar (January-December) year. We need to predict, by February 2018, what rates will be required to cover costs and provide sufficient benefit cash balances for the benefit "year" ending August 31, 2019.

University/Health System Rates vs. OSP Sponsored Program Rates:

- University/Health System rates are determined by OSU; OSP rates are proposed by OSU and are subject to negotiation with the federal government (DHHS).
- For University/Health System rates, OSU has discretion to pursue rate stability, particularly related to maintaining targeted cash balances and amortizing over/under-recoveries over multiple periods. For OSP rates, the federal government requires full amortization of over/under-recovery in next even/odd year (for example, all over/under-recoveries for FY2017 must be incorporated in the FY2019 rate calculation).
- The lock-step amortization of under/over-recoveries under the federal rate-setting rules increases the likelihood of abrupt increases or decreases in OSP benefit rates.

Definitions for Rate Groups:

University faculty and staff are divided into the following groups for benefit rates:

Faculty – Includes nine-month, 12-month and clinical faculty members eligible for full benefit package, including retirement, subsidized health care, life insurance, disability and tuition benefits.

Combined Staff – Includes administrative and professional (Unclassified) staff, non-exempt (Classified Civil Service) staff and post-doctoral researchers eligible for full benefit package, including retirement, subsidized health care, life insurance, disability and tuition benefits.

Non-Student Specials – Includes lecturers and part-time staff who are not eligible for full benefit package (rate consists primarily of retirement contributions). This rate is also applied to overtime pay for unclassified and CCS staff, supplemental compensation and off-duty quarter support.

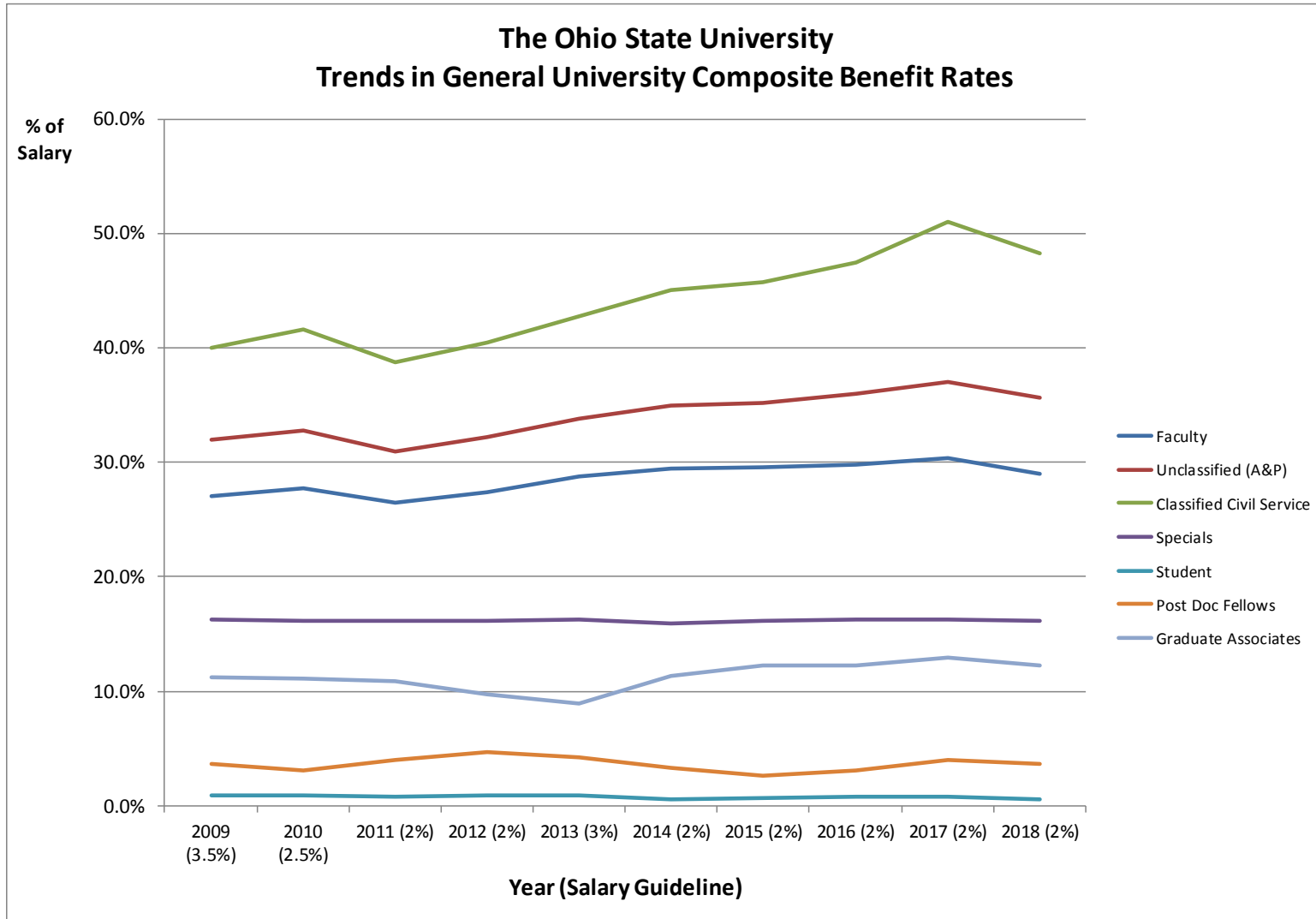
Students – Includes hourly student employees who are not eligible for benefits (rate consists primarily of required Medicare, workers compensation and unemployment contributions). This rate is also applied to additional pay that is not eligible compensation for retirement contributions.

Post-Doctoral Fellows – Includes non-employee fellows who receive a stipend from the university and are generally not eligible for benefits (post docs are offered health care, as permissible under certain grants).

Graduate Associates – Includes graduate teaching, research and administrative associates eligible for an 85% employer subsidy on student health insurance coverage (full-time students have the option to choose to be exempt from retirement contributions, and most choose to be exempt). Tuition benefits are provided to graduate associates through separate fee authorization charges to the departments.

The Ohio State University
Trends in Actual Benefit Costs
FY2013 - FY2017

| | | FY2013 | | FY2014 | | FY2015 | | FY2016 | | FY2017 | |
|---|------------|--------------------|------------|---------------------|------------|--------------------|------------|--------------------|------------|--------------------|--------|
| Primary Cost Driver | Total Cost | Rate/Cost per Head | Total Cost | Rate/Cost per FTE | Total Cost | Rate/Cost per FTE | Total Cost | Rate/Cost per FTE | Total Cost | Rate/Cost per FTE | |
| STRS | Salary \$ | 84,573,014 | 14.32% | 82,408,526 | 13.72% | 86,217,773 | 13.32% | 92,582,672 | 14.17% | 97,165,318 | 14.37% |
| OPERS | Salary \$ | 167,060,653 | 13.29% | 188,578,501 | 14.36% | 213,608,235 | 16.27% | 224,198,260 | 14.01% | 237,330,548 | 13.97% |
| Medicare | Salary \$ | 27,020,965 | 1.46% | 25,944,916 | 1.36% | 27,732,227 | 1.28% | 33,132,102 | 1.47% | 31,299,314 | 1.32% |
| Group Life | Salary \$ | 4,124,480 | 0.24% | 5,866,856 | 0.33% | 4,846,621 | 0.24% | 6,256,206 | 0.30% | 5,951,192 | 0.27% |
| Disability | Salary \$ | 4,647,528 | 0.27% | 5,061,071 | 0.28% | 5,601,396 | 0.28% | 5,770,230 | 0.28% | 6,011,636 | 0.27% |
| Unemployment Comp | Salary \$ | 1,709,492 | 0.09% | 1,656,403 | 0.09% | 1,576,066 | 0.07% | 1,079,817 | 0.05% | 820,212 | 0.03% |
| Workers Comp-UNIV/OSP | Salary \$ | 6,774,807 | 0.52% | 6,418,828 | 0.48% | 5,092,138 | 0.33% | 4,423,198 | 0.28% | 4,210,443 | 0.25% |
| Workers Comp-Health System | Salary \$ | 7,953,034 | 1.13% | 7,845,234 | 1.06% | 7,638,207 | 1.00% | 6,634,797 | 0.81% | 6,315,665 | 0.72% |
| Benefits Administration | Salary \$ | 4,783,216 | 0.24% | 6,118,220 | 0.29% | 6,476,925 | 0.28% | 7,005,061 | 0.29% | 7,019,978 | 0.28% |
| Student Insurance | Salary \$ | 11,101,253 | 10.49% | 12,000,000 | 11.16% | 12,013,656 | 11.27% | 12,141,166 | 11.67% | 10,824,215 | 10.00% |
| Medical Plans | Headcount | 232,231,028 | 8,518 | 259,978,711 | 9,703 | 263,176,856 | 9,531 | 272,358,091 | 9,686 | 256,678,900 | 9,128 |
| Affordable Care Act Fees | Headcount | | | | | 3,088,741 | 112 | 2,228,490 | 79 | 1,419,113 | 50 |
| Vision | Headcount | 1,875,448 | 69 | 1,642,949 | 61 | 1,729,533 | 63 | 1,494,774 | 53 | 1,349,697 | 48 |
| Dental | Headcount | 14,349,532 | 526 | 15,097,478 | 564 | 15,376,695 | 557 | 14,863,030 | 529 | 13,531,275 | 481 |
| Employee Tuition | Headcount | 13,509,396 | 496 | 15,586,516 | 582 | 17,510,419 | 634 | 19,384,627 | 689 | 20,936,844 | 745 |
| Dependent Tuition | Headcount | 9,146,673 | 335 | 9,407,949 | 351 | 9,492,108 | 344 | 9,272,163 | 330 | 9,255,792 | 329 |
| Totals | | 590,860,520 | | 643,612,158 | | 681,177,596 | | 712,824,683 | | 710,120,142 | |
| Benefit Over (Under) Recoveries: | | | | | | | | | | | |
| Amounts Charged to Departments | | 603,024,011 | | 630,350,862 | | 693,536,902 | | 746,458,794 | | 768,426,612 | |
| Actual Costs | | 590,860,520 | | 643,612,158 | | 681,177,596 | | 712,824,683 | | 710,120,142 | |
| Over (Under) Recoveries | | 12,163,491 | | (13,261,296) | | 12,359,306 | | 33,634,110 | | 58,306,470 | |



Notes on Trends in Benefits Rates:

- Rate increases in 2011 through 2016 relate primarily to medical costs, which were increasing at higher rates than Faculty, Unclassified and CCS salaries. Decreases in the 2017 and 2018 rates reflect reductions in projected medical costs.

| Cash Balances at 12/31/17 | Actual | Target/Reserve | Difference | Methodology |
|----------------------------------|--------------------|-----------------------|-------------------|---|
| Retirement | 50,078,476 | 46,220,000 | 3,858,476 | One month estimated expenses based on historical trend (12/31 reflects two months due to timing of end-of-month payment). |
| Medical IBNR | 116,830,542 | 29,900,000 | 86,930,542 | 6/30/17 IBNR calculated by external actuarial consultant for year end financials. |
| Medical Plan Reserve | 28,000,000 | 28,000,000 | - | Medical and ACA reserves, in total, are based on one month of average total claims, per external benefit consultant. |
| Dental | 4,183,844 | 1,891,000 | 2,292,844 | One month estimated expenses based on historical trend. |
| Vision | 1,088,240 | 426,000 | 662,240 | One month estimated expenses based on historical trend. |
| Workers Comp | 6,433,911 | 4,266,705 | 2,167,206 | Current portion of 6/30/17 IBNR calculated by external actuarial consultant. |
| Life | 3,192,375 | 3,267,890 | (75,515) | Maximum claims liability at 12/31/17 |
| Other | (8,328,846) | 3,481,020 | (11,809,865) | |
| | <u>201,478,543</u> | <u>117,452,615</u> | <u>84,025,928</u> | |

Targets for Benefit Cash Balances:

- Benefit rate calculations are tied into an analysis of benefit cash balances.
- The absolute minimum/floor for benefit cash balances is an amount equal to the full-accrual liabilities for each component of the benefit rate.
- For the 18-19 benefit rate calculation, the target for benefit cash balances is an amount that includes both the full-accrual liabilities and the \$28million Medical Plan and ACA reserves.
- At December 31, 2017, the University's benefit plans had cash balances of \$201.5 million, which is approximately \$84 million higher than our target cash balances.

Additional Information on Medical Costs:

Additional detail on university medical plan costs for FY2016 and FY2017 are provided below:

| | <u>FY16 Actual</u> | <u>FY17 Actual</u> |
|--|------------------------------|------------------------------|
| Medical Plans Detail: | | |
| Claims, net of employee premiums | \$ 250,874,786 | \$ 234,890,211 |
| OSU Health Plan (including Care Coordination, Health Coaching, etc.) | 8,848,040 | 9,185,355 |
| University Health Connection | 821,532 | 926,608 |
| Equifax (ACA Consulting) | 231,385 | 219,219 |
| OPPOC (Network Access) | 147,875 | 137,570 |
| Impact (Employee Asst Provider) | 597,940 | 619,645 |
| Truven (Informed Enrollment) | 153,900 | 189,748 |
| NGS (claims processing) | 5,244,561 | 5,071,947 |
| ESI (pharmacy benefit manager) | 1,042,055 | 1,316,903 |
| Global Care (out-of state claims and medical evacuation) | 1,536,389 | 1,544,382 |
| Hewitt (Benefits consulting) | 668,978 | 819,750 |
| MindsOn (YP4H Communications Consultant) | 71,956 | 84,675 |
| Buck/Xerox (Dependent Certification) | 84,508 | 16,985 |
| TASC (HRA Admin) | - | 93,619 |
| HRA payments | - | 73,852 |
| Limeade (YP4H Vendor) | 851,764 | 872,930 |
| Limeade (YP4H Incentives) | 969,831 | 525,000 |
| Mercer (Medical IBNR & Sponsored Dependent pricing) | 15,000 | 5,000 |
| YP4H Prizes | 25,791 | - |
| YP4H Events | 26,756 | 34,476 |
| Other medical admin costs | 145,043 | 51,026 |
| Total | <u>\$ 272,358,090</u> | <u>\$ 256,678,900</u> |

Additional Information on Benefits Administration Costs:

The composite benefit rates provide funding for certain salary, benefit, IT system and purchased services costs that are related to the provision of University employee benefit programs. Salaries, benefits, IT costs and other general expenses are allocated broadly to all rate groups based on salary dollars. Actual benefits administration costs are summarized below:

| | <u>FY16 Actual</u> | <u>FY17 Actual</u> |
|--|----------------------------|----------------------------|
| Benefits Administration Detail: | | |
| Salaries | \$ 3,914,366 | \$ 4,085,848 |
| Benefits | 1,513,151 | 1,521,687 |
| HR System & Ben Admin | 977,235 | 977,235 |
| Adoption | 68,036 | 73,028 |
| Solutions Staffing (Temporary Ees) | 52,017 | 49,197 |
| Appligent (Accessibility Services) | 7,795 | 7,885 |
| Fireproof (Document scanning) | - | 7,464 |
| Design Agency (Forms Design) | - | 12,918 |
| Hewitt (Total Rewards Statements - refund in FY17) | 34,458 | (81,900) |
| Talx (EE verification) | - | 11,484 |
| Legal Fees (OLA) | 163,881 | 102,426 |
| Other Expenses | 274,122 | 252,706 |
| | <hr/> | <hr/> |
| Total | <u>\$ 7,005,061</u> | <u>\$ 7,019,978</u> |

The Ohio State University
Office of Human Resources
Benefit Pool Salaries with out benefits

| Salary Expense | FY15 | FY16 | FY17 | Proposed FY18 as of Dec 2017 | FY15 FTE | FY16 FTE | FY17 FTE | FY18 Proposed FTE |
|---|--------------|--------------|--------------|------------------------------|----------|----------|----------|-------------------|
| Customer Service: <i>Main point of contact for HR business partners, faculty and staff, and job seekers for a variety of HR-related questions, including all OSU faculty/staff benefit plans, Your Plan for Health (YP4H), employment, and human resources policies.</i> | \$ 307,738 | \$ 364,134 | \$ 357,175 | \$ 381,658 | 7.8 | 9.0 | 8.0 | 9.0 |
| Health & Welfare : <i>Provide for the accurate administration of the university health & welfare benefit programs, which include medical, dental and vision, tuition assistance, life insurance and short-term disability; includes ensuring compliance with federal and state regulations and university policy.</i> | \$ 220,065 | \$ 250,148 | \$ 262,346 | \$ 259,005 | 4.8 | 5.0 | 5.1 | 4.9 |
| Retirement: <i>Provide for the accurate administration of the university retirement programs, which include Ohio Public Retirement (OPERS), & State Teachers Retirement (STRS) Systems, Supplemental Retirement Accounts (SRA), Alternative Retirement Accounts (ARP) and the Retirement Continuation Plans (RCP); includes ensuring compliance with federal and state regulations and university policy.</i> | \$ 494,732 | \$ 450,484 | \$ 485,361 | \$ 552,892 | 10.6 | 9.9 | 10.0 | 11.0 |
| Integrated Disability : <i>Assists faculty and staff with applying for disability and workers' compensation benefits, coordinating leaves and providing consultation services for short-term disability, long-term disability, Workers' Compensation, transitional work services, remain at work services, physical therapy services, job development services, OPERS/STRS disability retirement, Unemployment compensation, and Classified Civil Service (CCS) disability separations.</i> | \$ 895,738 | \$ 929,864 | \$ 960,460 | \$ 990,045 | 16.0 | 16.1 | 15.7 | 16.0 |
| Benefit Consultants : <i>Conduct new employee benefit orientations; open enrollment forums; individual faculty & staff benefit consultations; pre-employment and recruitment benefit consultations & other benefit-related departmental presentations by request. Resolve benefit appeals and escalated customer service issues.</i> | \$ 98,010 | \$ 93,868 | \$ 91,839 | \$ 100,219 | 2.0 | 1.9 | 2.0 | 2.0 |
| Benefit Technical Support : <i>Provides direct support to the Benefits team, including setup, maintenance and administration of the PeopleSoft Benefits Administration module, including eBenefits. Researches and provides resolution for issues through training, communication or through system solutions. Provides business analysis and technical project management for benefit initiatives. Conducts regular data quality audits to identify issues and determine ways to improve the data accuracy and process efficiencies.</i> | \$ 319,671 | \$ 335,929 | \$ 297,007 | \$ 284,452 | 5.0 | 4.8 | 4.1 | 4.0 |
| Benefit Communications Support : <i>Provides content design and development for benefit-related print and electronic media, including forms, new hire and open enrollment materials, plan documents and summary descriptions, ads, articles, and presentation materials.</i> | \$ - | \$ 96,583 | \$ 98,354 | \$ 100,519 | 0.0 | 1.0 | 1.0 | 1.0 |
| Benefit Legal Support: <i>Provides legal consultation and guidance for benefit and tax-related compliance issues.</i> | \$ 163,955 | \$ 168,059 | \$ 181,848 | \$ 186,094 | 1.0 | 1.0 | 1.0 | 1.0 |
| YP4H: <i>Responsible for the successful development and execution of all engagement and communication strategies to support YP4H. Manages vendor relationships that provide YP4H services. Participates in the strategic planning process to continue evolving YP4H and measure the effectiveness of current YP4H programs. Provides content for and manages the YP4H website, including incentive program administration. Manages the development and execution of YP4H events and social media.</i> | \$ 181,815 | \$ 185,227 | \$ 189,626 | \$ 194,002 | 3.0 | 3.0 | 3.0 | 3.0 |
| Benefit Administration : <i>Responsible for design, implementation, and management of all University benefit programs, including budget and cost analysis, vendor selection and management, project management, communication and compliance. Provides leadership for Benefits staffing, development and performance management. Liaison to University leadership and constituencies on all benefit issues and initiatives. Also includes administrative support for entire Benefits Dept.</i> | \$ 1,038,408 | \$ 1,026,876 | \$ 845,958 | \$ 957,966 | 9.8 | 8.8 | 7.8 | 7.8 |
| Students: <i>Provides clerical, data entry and administrative support to Benefit Processing staff.</i> | \$ 39,547 | \$ 13,194 | \$ 6,532 | \$ 6,261 | 2.5 | 1.9 | 0.5 | 0.5 |
| TOTAL | \$ 3,759,678 | \$ 3,914,366 | \$ 3,776,505 | \$ 4,013,111 | 62.4 | 62.3 | 58.2 | 60.2 |

Composite Benefit Rates Administrative Position Review Process

Background

The Ohio State University (OSU) offers a comprehensive benefit package to meet its employee's needs. The comprehensive benefit package is evaluated annually and associated costs are reviewed. These costs for benefits provided are largely subsidized by the university, with employees also paying contributions to cover the cost of benefits not paid by the employer.

On an annual basis, the benefit costs paid by the employee and subsidized by OSU are reviewed. The portion that is subsidized by OSU is funded through utilizing composite rates that are charged to each college and units against their payroll dollars.

The composite benefit rates are reviewed and updated on an annual basis through the fiscal budgeting process. As a part of that review process, positions for staff who are charged against the benefit funds are reviewed for appropriateness so that their cost can be included in the composite rate calculation.

This annual position review process was created collaboratively between the Office of Human Resources and Business & Finance. The purpose is to ensure that only appropriate expenses are charged to benefit funds based on their direct correlation to administering the university's benefit plan offerings.

Process

The process for reviewing positions charged against the benefit funds consists of:

- Identifying benefit staff positions that relate to day-to-day benefit administration operations and comprise over 80% of the employee's job responsibilities.
- Identifying leadership positions that lend their oversight and strategic guidance to the plan establishment, governance review process, and President's Cabinet and Board of Trustee updates.
- Compiling the positions, FTE, and salaries identified through the above steps and comparing to prior fiscal year.
- Meet and review compiled data and historical trends and provide information, as requested, to respond to any variances in the year over year comparisons.
- Obtain approval on percentage of salary to be included in composite rates from the below. Salary percentages charged are representative of time and effort identified positions work on benefits operation.
 - AVP Total Rewards, OHR
 - SVP Talent, Culture & HR, OHR
 - VP Operations, B&F

FY16 Review Summary

OHR, following the steps identified above, reviewed the positions to be charged in 2017 – 2018 against the benefit funds with:

- Joanne McGoldrick - AVP Total Rewards, OHR, January 2017
- Kris Devine - VP Operations, B&F, January 2017
- Brad Harris – Assistant Provost and Chief Administrative Officer, OAA, January 2017

Faculty Senate Fiscal Committee
Additional Information on Projected 2019-2020 Benefit Rates and Cash Balances
February 2018

Projected benefit rates and estimated cash surplus through August 31, 2020, which are summarized below, are based on the following assumptions:

- Return of \$32 million surplus via reductions in 2018-2019 benefit rates
- 2% salary guideline for 2019-2020
- 5% medical trend for 2019-2020 (dental, vision and tuition benefits = current trend)
- Return of \$26 million surplus via reductions in 2019-2020 benefit rates

| | 2017-2018 Current Rates | 2018-2019 Proposed Rates | 2019-2020 Projected Rates |
|--|------------------------------------|-------------------------------------|--------------------------------------|
| General University | | | |
| Faculty | 29.2% | 26.2% | 26.8% |
| Combined Staff* | 36.9% | 33.2% | 33.9% |
| Specials | 16.1% | 15.9% | 15.9% |
| Students | 0.6% | 0.5% | 0.5% |
| Post-Doctoral Fellows | 4.9% | 2.9% | 3.0% |
| Graduate Associates | 11.5% | 10.1% | 10.1% |
| Health System | | | |
| Faculty | 38.4% | 34.2% | 35.3% |
| Combined Staff* | 36.2% | 32.2% | 33.1% |
| Specials | 16.6% | 16.3% | 16.3% |
| Students | 1.1% | 0.9% | 0.9% |
| Post-Doctoral Fellows | 4.9% | 2.9% | 3.0% |
| Graduate Associates | 12.0% | 10.5% | 10.5% |
| Faculty Group Practice | | | |
| Clinical Appointments (excl. retirement) | 5.2% | 4.5% | 4.6% |
| | 8/31/2018 | 8/31/2019 | 8/31/2020 |
| Estimated Cash Surplus | 84,025,928 | 51,966,140 | 25,982,269 |

* 2017-2018 Unclassified and CCS rates shown as combined for comparability.

NOTE: 2019-2020 projected rates are subject to revision, based on actual benefit collections from departments, actual benefit costs incurred and future guidance from senior leadership regarding cash targets and return of surplus funds to departments.