

**Faculty Senate Fiscal Committee**  
**Updated May 21, 2020**

**TOPIC:**

Composite Benefit Rates for September 1, 2020 through August 31, 2021

**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 2020-2021 (as a percentage of salaries) are as follows:

*0% AMCP; Return \$36 Million to Hold Rates Flat*

<b>General University</b>					
	<b>Current Rates* (19-20)</b>	<b>Proposed Rates* (20-21)</b>	<b>% Change</b>	<b>Projected Benefit Costs</b>	<b>Calculated Rates (20-21)</b>
Faculty	24.6%	<b>24.6%</b>	0.0%	\$ 122,750,085	26.1%
Combined Staff	32.3%	<b>32.3%</b>	0.0%	242,605,412	34.0%
Specials	16.0%	<b>16.0%</b>	0.0%	16,203,307	15.9%
Students	0.5%	<b>0.5%</b>	0.0%	246,262	0.4%
Graduate Associates	10.6%	<b>10.6%</b>	0.0%	13,684,282	11.1%
<b>OSU Health System</b>					
Faculty**	33.3%	<b>33.3%</b>	0.0%	\$ 16,101,131	35.1%
Combined Staff	31.3%	<b>31.3%</b>	0.0%	294,096,950	33.0%
Specials	16.3%	<b>16.3%</b>	0.0%	15,032,583	16.2%
Students	0.9%	<b>0.9%</b>	0.0%	113,817	0.7%
Graduate Associates	11.0%	<b>11.0%</b>	0.0%	59,433	11.4%
<b>Faculty Group Practice</b>					
Clinical Appointments***	4.3%	<b>4.3%</b>	0.0%	\$ 13,675,884	4.5%

\* Current (2019-2020) benefit rates have been reduced to return \$33 million in surplus benefits cash to the units. To hold the benefit rates flat in 2020-2021, the university is proposing to return an additional \$36 million to the units. See additional details on page 13.

\*\* Faculty rate group for the Health System consists primarily of medical residents.

\*\*\* Excludes retirement contributions

**ADDITIONAL DETAIL:**

- Summary of Actual and Projected Benefit Costs by Component
- Methodology for Benefit Rate Calculations and Definitions for Rate Groups
- 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 – FY2018 and FY2019
- Additional Detail on Benefit Administration Costs – FY2018 and FY2019
- Cash to be Returned to Units via Reductions in 2020-2021 Proposed Benefit Rates
- Projections of Future Composite Rates and Target vs Actual Cash through August 31, 2023

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

**Global Assumptions:**

<b>Headcount</b>	Assume stable benefit-eligible FTE (AU2018 actual)
<b>Average Pay Increase</b>	Assume guideline increases of <b>2.5%</b> in FY2020 and <b>0%</b> in FY2021.
<b>Structure of Benefit Rate Groups</b>	Assume same rate groups as 19-20 salary year
<b>Composition of Benefit Package</b>	Assume same components as prior year
<b>Target for Benefit Cash Balances</b>	Cash equal to fully funded benefit liabilities, plus \$28 million Medical Plan Reserves

**Summary of Actual and Projected Costs by Component:**

			FY19		FY21	
	Primary	FY19 Total	Actual Rate/	FY21 Total	Projected Rate/	Notes
	Cost Driver	Actual Cost	Cost per FTE	Projected Cost	Cost per FTE	
STRS	Salary \$	108,639,693	14.79%	108,811,235	14.05%	(1)
OPERS	Salary \$	266,755,555	13.75%	280,415,283	14.05%	(2)
Medicare	Salary \$	37,772,416	1.41%	38,564,318	1.39%	(3)
Group Life	Salary \$	4,805,454	0.20%	4,981,112	0.20%	
Disability	Salary \$	6,837,666	0.28%	7,342,798	0.29%	
Unemployment Comp	Salary \$	697,025	0.03%	721,862	0.03%	
Workers Comp-UNIV/OSP	Salary \$	3,231,108	0.17%	3,327,118	0.17%	
Workers Comp-Health Syst	Salary \$	4,846,662	0.47%	4,549,221	0.43%	
Benefits Administration	Salary \$	7,164,191	0.25%	7,365,129	0.25%	
Graduate Associate Health	Salary \$	12,994,344	11.16%	13,222,565	10.71%	
Medical Plans	Headcount	269,325,989	8,621	294,073,056	9,414	(4)
Affordable Care Act Fees	Headcount	150,617	5	150,981	5	(5)
Vision	Headcount	1,788,013	57	1,933,667	62	
Dental	Headcount	14,417,251	461	15,293,303	490	
Employee Tuition	Headcount	23,831,012	763	27,792,933	890	(6)
Dependent Tuition	Headcount	9,751,633	312	10,144,300	325	
<b>Totals</b>		<b><u>773,008,628</u></b>		<b><u>818,688,881</u></b>		

**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 4.5% per year (Aon recommended 6% medical trend rate).

(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 FY2019 actual FTEs and FY2019 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, 2021. 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 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 2020, what rates will be required to cover costs and provide sufficient benefit cash balances for the benefit “year” ending August 31, 2021.

### **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 FY2019 must be incorporated in the FY2021 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. For Health System, the faculty rate group consists primarily of medical residents.

**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.

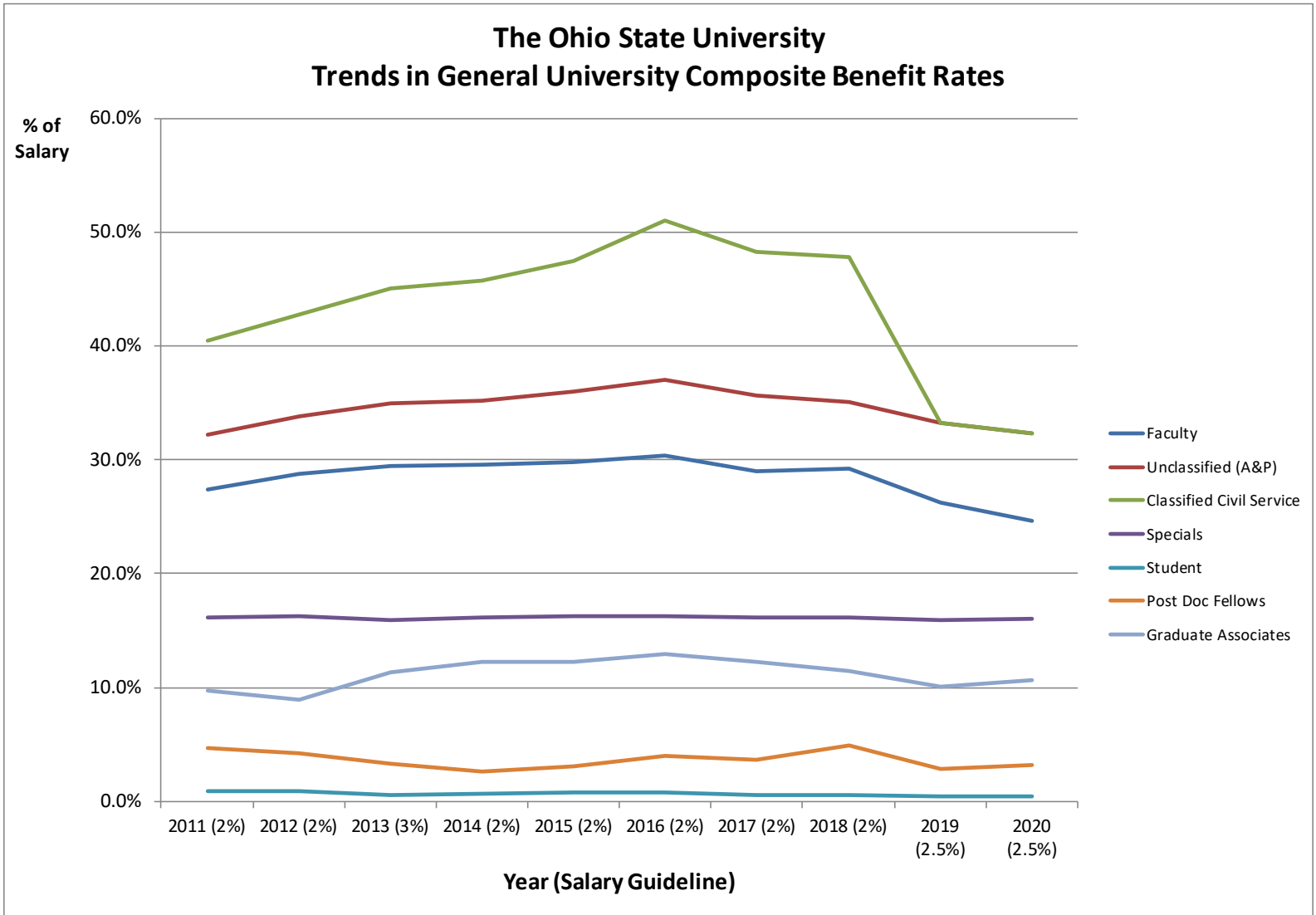
**Non-Student Specials** – Includes lecturers and part-time staff who are not eligible for full benefit package (rate consists primarily of retirement contributions). This rate is also applied to overtime pay for unclassified and CCS staff, supplemental compensation and off-duty quarter support.

**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.

**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  
FY2015 - FY2019

	FY2015		FY2016		FY2017		FY2018		FY2019		
Primary Cost Driver	Total Cost	Rate/Cost per FTE	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 \$	86,217,773	13.32%	92,582,672	14.17%	97,255,177	14.38%	102,994,649	14.62%	108,639,693	14.79%
OPERS	Salary \$	213,608,235	16.27%	224,198,260	14.01%	237,550,032	13.98%	250,367,406	13.80%	266,755,555	13.75%
Medicare	Salary \$	27,732,227	1.28%	33,132,102	1.47%	31,299,314	1.32%	35,544,765	1.41%	37,772,416	1.41%
Group Life	Salary \$	4,846,621	0.24%	6,256,206	0.30%	5,951,192	0.27%	4,529,164	0.20%	4,805,454	0.20%
Disability	Salary \$	5,601,396	0.28%	5,770,230	0.28%	6,011,636	0.27%	6,310,555	0.27%	6,837,666	0.28%
Unemployment Comp	Salary \$	1,576,066	0.07%	1,079,817	0.05%	820,212	0.03%	786,023	0.03%	697,025	0.03%
Workers Comp-UNIV/OSP	Salary \$	5,092,138	0.33%	4,423,198	0.28%	4,210,443	0.25%	3,960,062	0.22%	3,231,108	0.17%
Workers Comp-Health System	Salary \$	7,638,207	1.00%	6,634,797	0.81%	6,315,665	0.72%	5,940,093	0.63%	4,846,662	0.47%
Benefits Administration	Salary \$	6,476,925	0.28%	7,005,061	0.29%	6,710,635	0.26%	7,085,029	0.26%	7,164,191	0.25%
Graduate Associate Health Insurance	Salary \$	12,013,656	11.27%	12,141,166	11.67%	10,824,215	10.00%	11,745,320	10.56%	12,994,344	11.16%
Medical Plans	Headcount	263,176,856	9,531	272,358,091	9,686	256,678,900	8,705	263,165,296	8,718	269,325,989	8,621
Affordable Care Act Fees	Headcount	3,088,741	112	2,228,490	79	1,419,113	48	110,360	4	150,617	5
Vision	Headcount	1,729,533	63	1,494,774	53	1,349,697	46	1,714,950	57	1,788,013	57
Dental	Headcount	15,376,695	557	14,863,030	529	13,531,275	459	13,788,643	457	14,417,251	461
Employee Tuition	Headcount	17,510,419	634	19,384,627	689	20,936,844	710	21,699,053	719	23,831,012	763
Dependent Tuition	Headcount	9,492,108	344	9,272,163	330	9,255,792	314	9,539,301	316	9,751,633	312
<b>Totals</b>		<b><u>681,177,596</u></b>		<b><u>712,824,683</u></b>		<b><u>710,120,142</u></b>		<b><u>739,280,670</u></b>		<b><u>773,008,628</u></b>	
<b>Benefit Over (Under) Recoveries:</b>											
Amounts Charged to Departments		693,536,902		746,458,794		768,426,612		807,471,741		789,008,712	
Actual Costs		<u>681,177,596</u>		<u>712,824,683</u>		<u>710,120,142</u>		<u>739,280,670</u>		<u>773,008,628</u>	
<b>Over (Under) Recoveries</b>		<b><u>12,359,306</u></b>		<b><u>33,634,110</u></b>		<b><u>58,306,470</u></b>		<b><u>68,191,071</u></b>		<b><u>16,000,084</u></b>	



**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.
- Unclassified and CCS rates were combined in single Combined Staff rate in 2018-2019 salary year to simplify the rate structure and to facilitate classification and compensation redesign.

**The Ohio State University**  
**Summary of Target vs Actual**  
**Benefits Cash Balances at 3/31/2020**

	<b>Actual</b>	<b>Target/Reserve</b>	<b>Difference</b>	<b>Methodology</b>
Retirement	32,536,507	30,000,000	2,536,507	One to two months estimated expenses (varies based on timing on month-end OPERS payments)
Medical	133,966,042	34,500,000	99,466,042	6/30/19 IBNR calculated by external actuarial consultant for year end financials, plus \$3 million in accrued fees payable to OSU Health Plan.
Medical Plan Reserve	15,000,000	15,000,000	-	Medical and ACA/Pandemic reserves, in total, are based on one month of average total claims, per external benefit consultant.
ACA/Pandemic Reserve	13,000,000	13,000,000	-	
Dental	2,124,204	1,800,000	324,204	One month estimated expenses based on historical trend.
Vision	1,084,568	465,000	619,568	One month estimated expenses based on historical trend.
Workers Comp	5,821,297	3,982,000	1,839,297	Current portion of 6/30/19 IBNR calculated by external actuarial consultant.
Life	7,510,518	2,000,000	5,510,518	Estimated claims liability
Other*	(1,759,501)	3,691,343	(5,450,844)	
	<b>209,283,636</b>	<b>104,438,343</b>	<b>104,845,293</b>	

\* Actual cash is negative primarily due to the timing of posting of employee and dependent fee authorizations (charges to the benefit funds for Spring semester occur up front, and the cash in the funds returns to around \$0 by the end of the fiscal year).

**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.
- At March 31, 2020, the University's benefit plans had cash balances of \$209 million, which is approximately \$104 million higher than our target cash balances.
- Surplus has decreased \$34 million compared to December 31, 2018, primarily due to return of surplus cash to departments (via rates) and employees (via premiums) and higher than anticipated medical costs in FY2020.



**Additional Information on Medical Costs:**

Additional detail on university medical plan costs for FY2018 and FY2019 are provided below:

	<u>FY18 Actual</u>	<u>FY19 Actual</u>
<b>Medical Plans Detail:</b>		
Claims, net of employee premiums	\$ 240,523,285	\$ 244,845,080
OSU Health Plan (including Care Coordination, Health Coaching, etc.)	10,073,632	10,604,208
University Health Connection	918,428	841,835
Equifax (ACA Administration)	227,384	231,936
OPPOC (Network Access)	156,460	158,540
Impact (Employee Asst Provider)	636,368	665,792
Truven (Informed Enrollment)	179,822	175,302
Trustmark - formerly NGS (claims processing)	5,337,725	5,513,953
ESI (pharmacy benefit manager)	1,130,049	1,317,329
Global Care (out-of state claims and medical evacuation)	1,284,206	1,460,993
Hewitt (Benefits consulting)	776,107	270,806
MindsOn (YP4H Communications Consultant)	26,122	13,095
Alight (Dependent Certification)	-	103,875
TASC (HRA Admin)	479,451	563,789
HRA payments	778,315	1,315,677
Limeade (YP4H Incentives)	(21,051)	-
Virgin Pulse (YP4H Fees)	446,008	756,162
Virgin Pulse (YP4H Incentives)	125,399	410,325
Design Agency (OE Design)	12,895	11,225
Mercer (Medical IBNR)	5,000	5,000
YP4H (Events, Supplies, etc)	15,833	7,779
Other medical admin costs	53,857	53,291
	<u>263,165,296</u>	<u>269,325,989</u>
<b>Total Medical Costs</b>	<b>\$ 263,165,296</b>	<b>\$ 269,325,989</b>
	<u>8,718</u>	<u>8,621</u>
<b>Medical Costs per FTE*</b>	<b>\$ 8,718</b>	<b>\$ 8,621</b>
* Decrease in medical costs per FTE relate primarily to favorable medical claims experience in FY2019.		

**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>FY18 Actual</u>	<u>FY19 Actual</u>
<b>Benefits Administration Detail:</b>		
Salaries	\$ 4,091,346	\$ 4,275,237
Benefits	1,547,590	1,471,428
HR System & Ben Admin	977,235	977,235
Adoption	87,598	33,570
Retirement Plan Fees to IRS	-	28,000
Appligent (Accessibility Services)	8,715	6,625
Fireproof (Document scanning)	24,864	-
Design Agency (Forms Design)	1,925	2,400
Hewitt (Retirement Consulting)	53,100	180,000
Talx (EE verification)	11,846	15,510
Legal Fees (OLA)	99,551	86,944
Other Expenses	181,259	87,243
<b>Total</b>	<b><u>\$ 7,085,029</u></b>	<b><u>\$ 7,164,191</u></b>

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

Salary Expense	FY17	FY18	FY19	Est FY20	FY17 FTE	FY18 FTE	FY19 FTE	Est FY20 FTE
<b>Customer Service:</b> <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>	\$ 357,175	\$ 402,379	\$ 391,283	\$ 421,147	8.0	9.4	8.5	8.9
<b>Health &amp; Welfare 1:</b> <i>Provide for the accurate administration of the university health &amp; 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>	\$ 262,346	\$ 221,304	\$ 255,314	\$ 260,960	5.1	4.4	5.1	5.0
<b>Retirement:</b> <i>Provide for the accurate administration of the university retirement programs, which include Ohio Public Retirement (OPERS), &amp; 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>	\$ 485,361	\$ 544,818	\$ 617,386	\$ 652,593	10.0	10.8	11.8	12.0
<b>Integrated Disability 3 :</b> <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>	\$ 960,460	\$ 1,122,605	\$ 1,152,386	\$ 1,172,316	15.7	19.0	18.8	18.3
<b>Benefit Consultants 1 :</b> <i>Conduct new employee benefit orientations; open enrollment forums; individual faculty &amp; staff benefit consultations; pre-employment and recruitment benefit consultations &amp; other benefit-related departmental presentations by request. Resolve benefit appeals and escalated customer service issues.</i>	\$ 91,839	\$ 89,580	\$ 101,889	\$ 104,353	2.0	1.8	2.0	2.0
<b>Benefit Technical Support 2 :</b> <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>	\$ 297,007	\$ 91,879	\$ 94,701	\$ 95,967	4.1	1.0	1.0	1.0
<b>Benefits Personnel on Workday :</b> <i>Provides support to the completion of the transition of the HR system from PeopleSoft to Workday. Assists in the design of the Benefit processes in Workday. Assists in the determination of the reports necessary for Benefits staff to complete work that includes data entry, processing, and payment of vendors.</i>	\$ -	\$ 252,741	\$ 256,359	\$ 256,783	-	4.0	4.0	4.0
<b>Benefit Communications Support :</b> <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>	\$ 98,354	\$ 100,206	\$ 105,112	\$ 107,277	1.0	1.0	1.0	1.0
<b>Benefit Legal Support:</b> <i>Provides legal consultation and guidance for benefit and tax-related compliance issues.</i>	\$ 181,848	\$ 187,094	\$ 296,817	\$ 249,586	1.0	1.0	1.8	1.4
<b>YP4H:</b> <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>	\$ 189,626	\$ 193,399	\$ 197,235	\$ 202,947	3.0	3.0	3.0	3.0
<b>Benefit Administration 1 :</b> <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>	\$ 845,958	\$ 879,654	\$ 806,756	\$ 713,280	7.8	7.6	6.8	5.8
<b>Students:</b> <i>Provides clerical, data entry and administrative support to Benefit Processing staff.</i>	\$ 6,532	\$ 5,687	\$ -	\$ 1,628	0.5	0.5	0.5	0.1
<b>TOTAL</b>	<b>\$ 3,776,505</b>	<b>\$ 4,091,346</b>	<b>\$ 4,275,237</b>	<b>\$ 4,238,835</b>	<b>58.2</b>	<b>63.4</b>	<b>64.3</b>	<b>62.4</b>

## **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.

**NOTE:** In October 2019, Senate Fiscal recommended approval of three additional benefits administration positions to support retirement compliance and the Workday and ServiceNow implementations. A significant portion of the additional costs will be offset by the vacant AVP position. Total estimated FTE for FY2020 is 62.4 (down 1.9 FTE from prior year).

**The Ohio State University  
Cash to be Returned to Units  
through Benefit Rate Reductions  
for the Salary Year ending August 31, 2021**

	Projected Benefits Costs	Projected Salary/Wages	Calculated 2020-2021 Benefit Rates	Proposed 2020-2021 Benefit Rates (Hold Flat)	Cash to be Returned to Units
<b>University:</b>					
Faculty	122,750,085	470,608,335	26.1%	24.6%	6,980,435
Combined Staff	242,605,412	714,237,771	34.0%	32.3%	11,906,612
Specials	16,203,307	101,976,352	15.9%	16.0%	(112,910)
Students	246,262	58,472,761	0.4%	0.5%	(46,102)
Graduate Associates	13,684,282	122,897,194	11.1%	10.6%	657,179
<b>Health System:</b>					
Faculty	16,101,131	45,846,343	35.1%	33.3%	834,299
Combined Staff	294,096,950	890,405,067	33.0%	31.3%	15,400,164
Specials	15,032,583	93,075,806	16.2%	16.3%	(138,774)
Students	113,817	16,669,661	0.7%	0.9%	(36,210)
Graduate Associates	59,433	521,505	11.4%	11.0%	2,067
Faculty Group Practice	13,675,884	306,074,558	4.5%	4.3%	514,678
<b>Total Cash to be Returned to Units</b>					<b><u><u>35,961,438</u></u></b>

**The Ohio State University  
Summary of Projected Benefit Rates and  
Cash Surplus (Deficit)  
Through Benefit Year Ending August 31, 2023**

	<b>2019-2020 Current Rates*</b>	<b>2020-2021 Proposed Rates*</b>	<b>2021-2022 Projected Rates**</b>	<b>2022-2023 Projected Rates**</b>	<b>2020-2021 Calculated/ Unreduced Rates</b>
<b>General University</b>					
Faculty	24.6%	<b>24.6%</b>	27.3%	27.7%	26.1%
Combined Staff	32.3%	<b>32.3%</b>	36.1%	36.8%	34.0%
Specials	16.0%	<b>16.0%</b>	15.9%	15.9%	15.9%
Students	0.5%	<b>0.5%</b>	0.4%	0.4%	0.4%
Graduate Associates	10.6%	<b>10.6%</b>	11.1%	11.1%	11.1%
<b>Health System</b>					
Faculty	33.3%	<b>33.3%</b>	37.6%	38.3%	35.1%
Combined Staff	31.3%	<b>31.3%</b>	35.2%	35.9%	33.0%
Specials	16.3%	<b>16.3%</b>	16.2%	16.2%	16.2%
Students	0.9%	<b>0.9%</b>	0.7%	0.7%	0.7%
Graduate Associates	11.0%	<b>11.0%</b>	11.4%	11.4%	11.4%
<b>Faculty Group Practice</b>					
Clinical Appointments (excl. retirement)	4.3%	<b>4.3%</b>	4.8%	4.8%	4.5%

\* Current and proposed benefit rates are reduced to return surplus benefits cash to units; projected 2021-2022 and 2022-2023 rates are unreduced/full benefit rates.

\*\* Preliminary estimates, based on an 8% estimated actual increase in 2019-2020 medical costs, 6% medical trend in future years and a 2% annual salary increase. These assumptions will be updated in future years' rate calculations based on actual medical cost experience and AMCP guidance.

**Summary Projection of Cash Surplus (Deficit):**

<b>Target vs Actual Surplus at 3/31/20</b>	<b>104,845,293</b>
Cash to be returned through current 2019-2020 composite rates	(13,750,000)
Estimated under-recovery of medical costs (in excess of 3% trend assumption)	(5,610,958)
Estimated increase in unemployment claims related to COVID-19	(2,000,000)
<b>Projected Target vs Actual Surplus at 8/31/20</b>	<b>83,484,335</b>
Cash to be returned through proposed 2020-2021 composite rates (to hold rates flat)	(35,961,438)
Estimated under-recovery of medical costs in 2020-2021***	(15,015,000)
Cash to be returned to employees via 2021 premiums	(5,993,573)
<b>Projected Target vs Actual Surplus at 8/31/21</b>	<b>26,514,323</b>
Cash to be returned to employees via 2021 premiums	(2,996,787)
Amount available for return to units and employees in 2022 (return 1/3 of surplus per year)	(7,839,179)
<b>Projected Target vs Actual Surplus at 8/31/22</b>	<b>15,678,358</b>
Amount available for return to units and employees in 2023 (return 1/3 of surplus per year)	(7,839,179)
<b>Projected Target vs Actual Surplus at 8/31/23</b>	<b>7,839,179</b>

\*\*\* Assumes actual cost increases of 8% in 2020 and 6% in 2021 (vs. 4.5% trend assumption in 2020-2021 rates).