

**The Ohio State University  
Faculty Senate Fiscal Committee  
Updated February 11, 2021**

**TOPIC:**

Composite Benefit Rates for September 1, 2021 through August 31, 2022

**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 2021-2022 (as a percentage of salaries) are as follows:

*Assumes 2% AMCP, 4.5% Medical Trend*

<b>General University</b>					
	<b>Current Rates* (20-21)</b>	<b>Proposed Rates (21-22) Return \$20M via Rates and \$36M via Cash Transfer</b>	<b>% Change</b>	<b>Projected Benefit Costs</b>	<b>Calculated Rates (21-22)</b>
Faculty	24.6%	<b>26.0%</b>	5.7%	\$ 131,901,186	26.7%
Combined Staff	32.3%	<b>34.3%</b>	6.2%	264,681,284	35.0%
Specials	16.0%	<b>15.9%</b>	-0.6%	15,959,448	15.9%
Students	0.5%	<b>0.4%</b>	-20.0%	197,237	0.4%
Graduate Associates	10.6%	<b>11.3%</b>	6.6%	14,611,159	11.3%
<b>OSU Health System</b>					
Faculty**	33.3%	<b>35.2%</b>	5.7%	\$ 17,245,498	35.5%
Combined Staff	31.3%	<b>33.2%</b>	6.1%	316,541,896	34.4%
Specials	16.3%	<b>16.2%</b>	-0.6%	15,801,989	16.2%
Students	0.9%	<b>0.7%</b>	-22.2%	88,458	0.7%
Graduate Associates	11.0%	<b>11.6%</b>	5.5%	47,375	11.6%
<b>Faculty Group Practice</b>					
Clinical Appointments***	4.3%	<b>4.5%</b>	4.7%	\$ 15,357,633	4.6%

\* Current (2020-2021) benefit rates have been reduced to return \$36 million in surplus benefits cash to the units.

\*\* 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 – FY2019 and FY2020
- Additional Detail on Benefit Administration Costs – FY2019 and FY2020
- Return of Surplus Funds Scenarios and Projected Future Rates
- Additional Information on Medical Trend Rate Assumptions

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

**Global Assumptions:**

<b>Headcount</b>	Assume stable benefit-eligible FTE (AU2019 actual)
<b>Average Pay Increase</b>	Assume guideline increases of 0% in FY2021 and 2% in FY2022.
<b>Structure of Benefit Rate Groups</b>	Assume same rate groups as prior 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:**

		FY20		FY21		FY22		
	Primary Cost Driver	FY20 Total Actual Cost	Actual Rate/ Cost per FTE	FY21 Total Projected Cost	Projected Rate/ Cost per FTE	FY22 Total Projected Cost	Projected Rate/ Cost per FTE	Notes
STRS	Salary \$	116,576,522	15.17%	111,106,730	14.05%	113,328,864	14.05%	(1)
OPERS	Salary \$	285,353,911	13.85%	289,637,869	14.05%	295,430,626	14.05%	(2)
Medicare	Salary \$	40,204,257	1.42%	41,101,327	1.44%	41,923,353	1.44%	(3)
Group Life	Salary \$	5,805,932	0.22%	5,857,000	0.22%	5,974,140	0.22%	
Disability	Salary \$	7,796,116	0.30%	8,391,917	0.32%	8,559,756	0.32%	
Unemployment Comp	Salary \$	1,095,529	0.04%	1,104,429	0.04%	1,126,518	0.04%	
Workers Comp-UNIV/OSP	Salary \$	3,424,205	0.17%	3,427,172	0.17%	3,495,715	0.17%	
Workers Comp-Health System	Salary \$	5,136,307	0.49%	4,924,816	0.47%	5,023,312	0.47%	
Benefits Administration	Salary \$	6,902,132	0.23%	6,906,032	0.23%	7,044,152	0.23%	
Graduate Associate Health Insur	Salary \$	13,518,319	10.93%	13,862,502	10.93%	14,139,752	10.93%	
Medical Plans	Headcount	305,920,922	9,424	319,687,364	9,848	334,032,131	10,291	(4)
Affordable Care Act Fees	Headcount	156,549	5	151,000	5	150,981	5	(5)
Vision	Headcount	894,964	28	941,411	29	967,873	30	
Dental	Headcount	11,629,246	358	11,978,643	369	12,335,947	380	
Employee Tuition	Headcount	26,343,404	812	28,469,567	877	30,723,161	947	(6)
Dependent Tuition	Headcount	10,348,807	319	10,582,758	326	10,765,572	332	
<b>Totals</b>		<b>841,107,121</b>		<b>858,130,537</b>		<b>885,021,855</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 6.5% medical trend rate for 2021-2022).
- (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 FY2020 actual FTEs and FY2020 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, 2022. 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 2021, what rates will be required to cover costs and provide sufficient benefit cash balances for the benefit “year” ending August 31, 2022.

## **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 FY2020 must be incorporated in the FY2022 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.

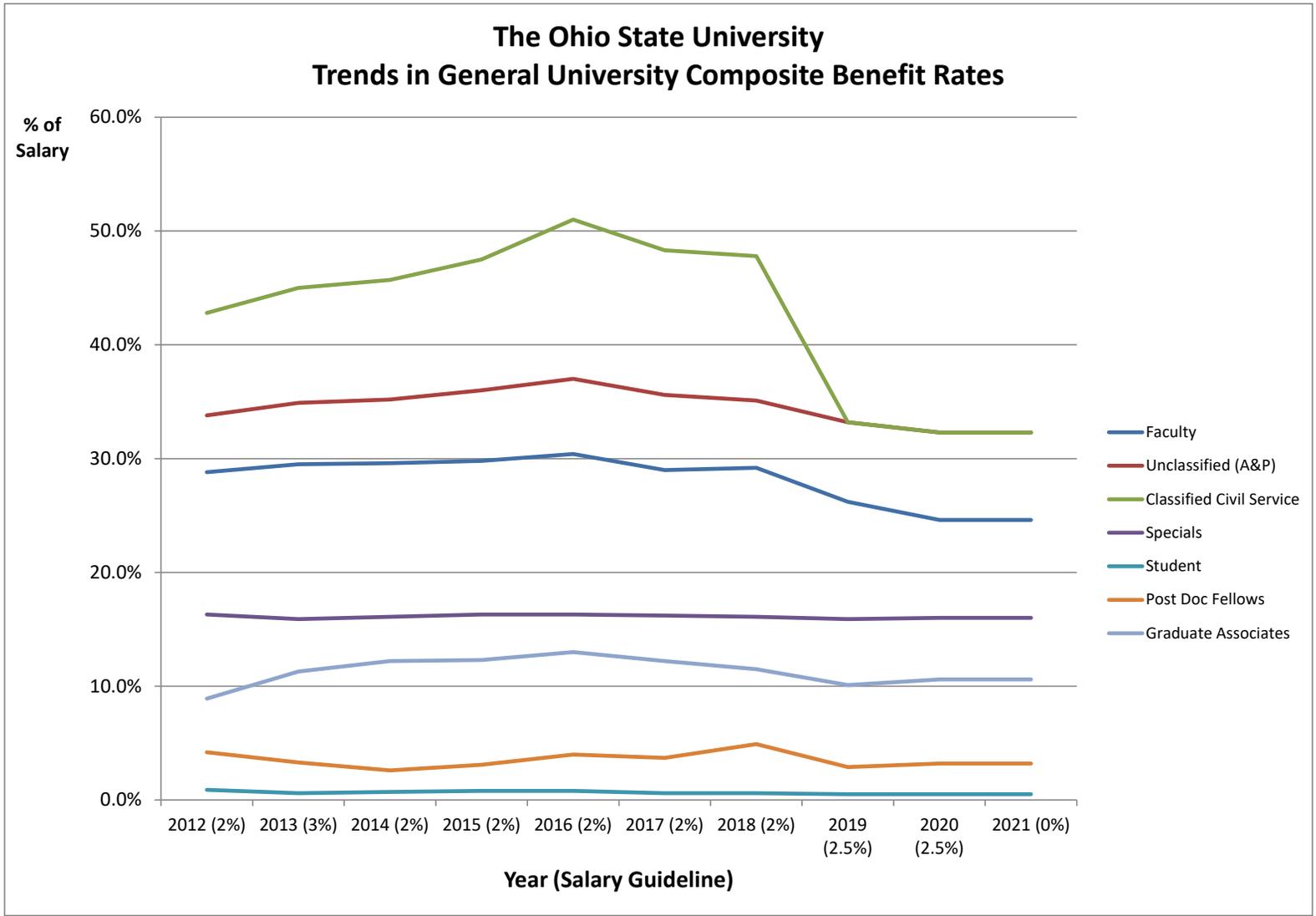
**Non-Student Specials** – Includes lecturers and part-time staff who are not eligible for full benefit package (rate consists primarily of retirement contributions). This rate is also applied to overtime pay for unclassified and CCS staff, supplemental compensation and off-duty quarter support.

**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  
FY2016 - FY2020

		FY2016		FY2017		FY2018		FY2019		FY2020	
Primary Cost Driver	Total Cost	Rate/Cost per FTE									
STRS	Salary \$	92,582,672	14.17%	97,255,177	14.38%	102,994,649	14.62%	108,639,693	14.79%	116,576,522	15.17%
OPERS	Salary \$	224,198,260	14.01%	237,550,032	13.98%	250,367,406	13.80%	266,755,555	13.75%	285,353,911	13.85%
Medicare	Salary \$	33,132,102	1.47%	31,299,314	1.32%	35,544,765	1.41%	37,772,416	1.41%	40,204,257	1.42%
Group Life	Salary \$	6,256,206	0.30%	5,951,192	0.27%	4,529,164	0.20%	4,805,454	0.20%	5,805,932	0.22%
Disability	Salary \$	5,770,230	0.28%	6,011,636	0.27%	6,310,555	0.27%	6,837,666	0.28%	7,796,116	0.30%
Unemployment Comp	Salary \$	1,079,817	0.05%	820,212	0.03%	786,023	0.03%	697,025	0.03%	1,095,529	0.04%
Workers Comp-UNIV/OSP	Salary \$	4,423,198	0.28%	4,210,443	0.25%	3,960,062	0.22%	3,231,108	0.17%	3,424,205	0.17%
Workers Comp-Health System	Salary \$	6,634,797	0.81%	6,315,665	0.72%	5,940,093	0.63%	4,846,662	0.47%	5,136,307	0.49%
Benefits Administration	Salary \$	7,005,061	0.29%	6,710,635	0.26%	7,085,029	0.26%	7,164,191	0.25%	6,902,132	0.23%
Graduate Associate Health Insurance	Salary \$	12,141,166	11.67%	10,824,215	10.00%	11,745,320	10.56%	12,994,344	11.16%	13,518,319	10.93%
Medical Plans	Headcount	272,358,091	9,686	256,678,900	8,705	263,165,296	8,718	269,325,989	8,621	305,920,922	9,424
Affordable Care Act Fees	Headcount	2,228,490	79	1,419,113	48	110,360	4	150,617	5	156,549	5
Vision	Headcount	1,494,774	53	1,349,697	46	1,714,950	57	1,788,013	57	894,964	28
Dental	Headcount	14,863,030	529	13,531,275	459	13,788,643	457	14,417,251	461	11,629,246	358
Employee Tuition	Headcount	19,384,627	689	20,936,844	710	21,699,053	719	23,831,012	763	26,343,404	812
Dependent Tuition	Headcount	9,272,163	330	9,255,792	314	9,539,301	316	9,751,633	312	10,348,807	319
<b>Totals</b>		<b>712,824,683</b>		<b>710,120,142</b>		<b>739,280,670</b>		<b>773,008,628</b>		<b>841,107,121</b>	
<b>Benefit Over (Under) Recoveries:</b>											
Amounts Charged to Departments		746,458,794		768,426,612		807,471,741		789,008,712		805,763,931	
Actual Costs		712,824,683		710,120,142		739,280,670		773,008,628		841,107,121	
<b>Over (Under) Recoveries</b>		<b>33,634,110</b>		<b>58,306,470</b>		<b>68,191,071</b>		<b>16,000,084</b>		<b>(35,343,190)</b>	



**Notes on Trends in Benefits Rates:**

- Rate increases in 2012 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.

<b>Cash Balances at 12/31/2020</b>	<b>Actual</b>	<b>Target/Reserve</b>	<b>Difference</b>	<b>Target/Reserve Methodology</b>
Retirement	44,053,153	30,230,000	13,823,153	One to two months estimated expenses based on historical trend
Medical	130,783,430	26,800,000	103,983,430	6/30/20 IBNR calculated by external actuarial consultant for year end financials.
Medical Plan Reserve	15,000,000	15,000,000	-	Medical and ACA 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	2,978,762	1,650,000	1,328,762	One month estimated expenses based on historical trend.
Vision	1,393,405	416,000	977,405	One month estimated expenses based on historical trend.
Workers Comp	5,073,260	5,900,000	(826,740)	Current portion of 6/30/20 IBNR calculated by external actuarial consultant.
Life	1,457,865	2,339,455	(881,590)	Estimated claims liability
Other*	(10,558,336)	6,502,067	(17,060,403)	
	<u>203,181,539</u>	<u>101,837,522</u>	<u>101,344,017</u>	

\* 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 December 31, 2020, the University's benefit plans had cash balances of \$203 million, which is approximately \$101 million higher than our target cash balances.



### 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>FY19 Actual</u>	<u>FY20 Actual</u>
<b>Benefits Administration Detail:</b>		
Salaries	\$ 4,275,237	\$ 4,259,474
Benefits	1,471,428	1,396,022
HR System & Ben Admin	977,235	977,235
Adoption	33,570	22,236
Retirement Plan Fees to IRS	28,000	-
Appligent (Accessibility Services)	6,625	9,579
Design Agency (Forms Design)	2,400	2,215
Hewitt (Retirement Consulting)	180,000	22,121
Talx (EE verification)	15,510	19,254
Legal Fees (OLA)	86,944	61,467
Other Expenses	87,243	132,530
<b>Total</b>	<b><u>\$ 7,164,191</u></b>	<b><u>\$ 6,902,132</u></b>

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

Salary Expense	FY18	FY19	FY20	FY21 Est	FY18 FTE	FY19 FTE	FY20 FTE	Est FY21 FTE
<i>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.	\$ 402,379	\$ 391,283	\$ 418,101	\$ 437,317	9.4	8.5	8.9	9.0
<i>Health &amp; Welfare 1:</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.	\$ 221,304	\$ 255,314	\$ 260,884	\$ 275,890	4.4	5.1	5.0	5.0
<i>Retirement:</i> Provide for the accurate administration of the university retirement programs, which include Ohio Public Retirement (OPERS), & State Teachers Continuation (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.	\$ 544,818	\$ 617,386	\$ 667,932	\$ 648,243	10.8	11.8	12.0	11.5
<i>Integrated Disability 3 :</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.	\$ 1,122,605	\$ 1,152,386	\$ 1,189,098	\$ 1,208,383	19.0	18.8	18.3	18.0
<i>Benefit Consultants 1 :</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.	\$ 89,580	\$ 101,889	\$ 104,353	\$ 104,779	1.8	2.0	2.0	2.0
<i>Benefit Technical Support 2 :</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.	\$ 91,879	\$ 94,701	\$ 95,967	\$ 210,199	1.0	1.0	1.0	3.0
<i>Benefits Personnel on Workday :</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.	\$ 252,741	\$ 256,359	\$ 256,783	\$ 270,604	4.0	4.0	4.0	4.0
<i>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.	\$ 100,206	\$ 105,112	\$ 107,277	\$ -	1.0	1.0	1.0	0.0
<i>Benefit Legal Support:</i> Provides legal consultation and guidance for benefit and tax-related compliance issues.	\$ 187,094	\$ 296,817	\$ 245,381	\$ 105,000	1.0	1.8	1.4	0.6
<i>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.	\$ 193,399	\$ 197,235	\$ 202,947	\$ 202,760	3.0	3.0	3.0	3.0
<i>Benefit Administration 1 :</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.	\$ 879,654	\$ 806,756	\$ 709,125	\$ 596,215	7.6	6.8	5.8	5.2
<i>Students:</i> Provides clerical, data entry and administrative support to Benefit Processing staff.	\$ 5,687	\$ -	\$ 1,628	\$ -	0.5	0.5	0.1	0.0
<b>TOTAL</b>	<b>\$ 4,091,346</b>	<b>\$ 4,275,237</b>	<b>\$ 4,259,474</b>	<b>\$ 4,059,390</b>	<b>63.4</b>	<b>64.3</b>	<b>62.5</b>	<b>61.2</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 FY2021 is 61.2 (down 1.3 FTE from prior year).

**NOTE:** The subcommittee considered three scenarios for accelerating the return of surplus benefit funds to colleges and VP units. Under Scenario 1, the 2021-2022 rates would be reduced to return \$32 million, with an accompanying cash transfer to return an additional \$24 million. Under Scenario 2, the 2021-2022 rates would be reduced to return \$20 million, with an accompanying cash transfer to return an additional \$36 million. Under Scenario 3, the 2021-2022 rates would be set as calculated (no reduction in rates), with an accompanying cash transfer to return \$56 million. The subcommittee recommended **Scenario 2**.

The Ohio State University  
 Summary of Current and Projected Benefit Rates  
 through Benefit Year Ending August 31, 2025

	2020-2021 Current Rates*	2021-2022 Scenario 1 Return \$32M via 2021-2022 Rates and \$24M via Cash Transfers	2021-2022 Scenario 2 Return \$20M via 2021-2022 Rates and \$36M via Cash Transfers	2021-2022 Scenario 3 2021-2022 Rates as Calculated; Return \$56M via Cash Transfers	2022-2023 Projected Rates**	2023-2024 Projected Rates**	2024-2025 Projected Rates**
<b>General University</b>							
Faculty	24.6%	<b>25.6%</b>	<b>26.0%</b>	<b>26.7%</b>	26.9%	27.1%	27.4%
Combined Staff	32.3%	<b>33.6%</b>	<b>34.3%</b>	<b>35.0%</b>	35.2%	35.6%	36.1%
Specials	16.0%	<b>15.9%</b>	<b>15.9%</b>	<b>15.9%</b>	15.9%	15.9%	15.9%
Students	0.5%	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	0.4%	0.4%	0.4%
Graduate Associates	10.6%	<b>11.3%</b>	<b>11.3%</b>	<b>11.3%</b>	11.3%	11.3%	11.3%
<b>Health System</b>							
Faculty	33.3%	<b>34.7%</b>	<b>35.2%</b>	<b>35.5%</b>	36.0%	36.4%	36.9%
Combined Staff	31.3%	<b>32.7%</b>	<b>33.2%</b>	<b>34.4%</b>	34.8%	35.3%	35.7%
Specials	16.3%	<b>16.2%</b>	<b>16.2%</b>	<b>16.2%</b>	16.2%	16.2%	16.2%
Students	0.9%	<b>0.7%</b>	<b>0.7%</b>	<b>0.7%</b>	0.7%	0.7%	0.7%
Graduate Associates	11.0%	<b>11.6%</b>	<b>11.6%</b>	<b>11.6%</b>	11.6%	11.6%	11.6%
<b>Faculty Group Practice</b>							
Clinical Appointments (excl. retirement)	4.3%	<b>4.5%</b>	<b>4.5%</b>	<b>4.6%</b>	4.7%	4.7%	4.8%

\* Current benefit rates are reduced to return surplus benefits cash to units.

\*\* Preliminary estimates, based on 2% AMCP and 4.5% medical trend. These assumptions will be updated in future years' rate calculations based on actual medical cost experience and AMCP guidance.

**The Ohio State University  
 Summary Projection of Cash Surplus (Deficit)  
 through Benefit Year Ending August 31, 2025**

	<i>2021-2022 Scenario 1 Return \$32M via 2021-2022 Rates and \$24M via Cash Transfers</i>	<i>2021-2022 Scenario 2 Return \$20M via 2021-2022 Rates and \$36M via Cash Transfers</i>	<i>2021-2022 Scenario 3 2021-2022 Rates as Calculated; Return \$56M via Cash Transfers</i>
<b>Target vs Actual Surplus at 12/31/2020</b>	<b>101,344,017</b>	<b>101,344,017</b>	<b>101,344,017</b>
Cash to be returned through current 2020-2021 composite rates	(24,000,000)	(24,000,000)	(24,000,000)
<b>Projected Target vs Actual Surplus at 8/31/2021</b>	<b>77,344,017</b>	<b>77,344,017</b>	<b>77,344,017</b>
Cash to be returned through proposed 2021-2022 composite rates	(32,000,000)	(20,000,000)	-
Cash to be returned to contributing units via fund transfers	(24,000,000)	(36,000,000)	(56,000,000)
Cash to be returned to faculty/staff via premium reductions (CY2022)*	(7,000,000)	(7,000,000)	(7,000,000)
<b>Projected Target vs Actual Surplus at 8/31/2022</b>	<b>14,344,017</b>	<b>14,344,017</b>	<b>14,344,017</b>
Cash to be returned to contributing units via fund transfers	(7,000,000)	(7,000,000)	(7,000,000)
Cash to be returned to faculty/staff via premium reductions (CY2023)*	(7,000,000)	(7,000,000)	(7,000,000)
<b>Projected Target vs Actual Surplus at 8/31/2023</b>	<b>344,017</b>	<b>344,017</b>	<b>344,017</b>
<b>Projected Target vs Actual Surplus at 8/31/2024</b>	<b>344,017</b>	<b>344,017</b>	<b>344,017</b>
<b>Projected Target vs Actual Surplus at 8/31/2025</b>	<b>344,017</b>	<b>344,017</b>	<b>344,017</b>

\* Scenarios reflect return of 80% of medical-related surplus to the units and 20% to faculty/staff, consistent with cost-sharing assumptions used to set faculty/staff medical premiums.

**The Ohio State University**  
**Proposed Return of Benefit Surplus via Cash Transfers**  
**by College/VP Unit**

	<b>Give Back</b>		
	\$24 M	\$36 M	\$56 M
Arts and Sciences	1,729,253	2,593,879	4,034,923
Dentistry	261,654	392,482	610,527
Nursing	187,688	281,532	437,939
Optometry	86,419	129,629	201,645
Pharmacy	169,142	253,712	394,664
Public Health	98,388	147,582	229,572
Veterinary Medicine	336,830	505,246	785,938
Fisher College of Business	435,098	652,646	1,015,228
Education and Human Ecology	364,500	546,750	850,500
Engineering	989,753	1,484,629	2,309,423
FAES	1,048,533	1,572,799	2,446,576
Moritz College of Law	112,451	168,677	262,386
Glenn College of Public Affairs	54,485	81,727	127,131
Social Work	80,717	121,075	188,339
Lima Campus	61,813	92,719	144,230
Mansfield Campus	64,226	96,340	149,862
Marion Campus	78,316	117,474	182,737
Newark Campus	112,598	168,898	262,730
Office of Academic Affairs	1,519,497	2,279,245	3,545,492
Administration and Planning	634,677	952,015	1,480,912
Athletics	540,682	811,022	1,261,590
Board of Trustees	5,153	7,729	12,023
Business Advancement	104,199	156,299	243,131
Business and Finance	232,491	348,737	542,479
Government Affairs	17,702	26,554	41,306
Human Resources	102,643	153,965	239,501
Legal Affairs	71,670	107,506	167,231
President	42,602	63,902	99,404
Student Life	606,278	909,418	1,414,649
University Advancement	335,830	503,744	783,602
OSU Medical center	9,327,333	13,990,999	21,763,776
Medicine	2,004,833	3,007,250	4,677,945
Health Sciences	560,639	840,959	1,308,158
Health Sciences FGP	1,621,908	2,432,862	3,784,452
<b>Total</b>	<b>\$ 24,000,000</b>	<b>\$ 36,000,000</b>	<b>\$ 56,000,000</b>

Proposed cash returned to units from Benefits over collection

FY2020 benefits expenses per unit used for cash allocation

**The Ohio State University  
Additional Information on Medical Trend Rate Assumptions  
Updated February 8, 2021**

Gross medical and Rx claims for the first six months of FY2021 were flat compared to the first six months of FY2020 (approximately \$198 million). However, the July and August 2020 medical claims were unusually low, reflecting the suspension of elective surgeries due to COVID. If we use July 2019 and August 2019 figures to normalize the YTD FY2021 claims figures, the total Fiscal YTD claims trend would be approximately 3%.

The Office of Human Resources works with its actuarial consultants (Aon) to develop medical and Rx trend rate assumptions which incorporate both industry-wide and OSU-specific factors. Per Aon, the 2020 medical claims data are unreliable for future projections. For budgeting, Aon recommends trending 2019 medical data forward to 2021. For Rx, it is more reasonable to base projections on 2020 claims data because Rx claims were not significantly impacted by COVID.

**Aon Recommended Medical Trend Rates for OSU:**

The following summary of OSU-specific trends reflects provider rate increases that were approved last year by the OSU Health Plan board. The provider rate increases for 2021-2023 contain guaranteed increases, as well as the opportunity to earn additional increases by meeting established quality metrics.

Period	Medical Trend (apply to pre-COVID claims experience)	Rx Trend (apply to 2020 claims experience)	Total (Blended) Medical + Rx Trend
2019 – 2020	4.0%	13.2%	5.8%
2020 – 2021	5.3%	13.0%	6.8%
2021 – 2022	4.9%	13.0% (assume same as prior year)	6.5%

Similar to last year, when Aon was recommending a 6% trend assumption, we are reducing their recommended trend rate of 6.5% down to **4.5%** for our benefit rate calculations. This, in addition to the proposed return of funds to the units and faculty/staff, is intended to reduce the surplus cash.