

BOARD APPROVED
AUGUST 2, 2024

Cindy Ream
Corporate Secretary

2025 Health Plans

Board of Trustees – August 2, 2024

Purdue Health Plan Review

2024 Plan Demographics

11,935 active eligible employees- 3.5% increase from prior year

24,400 total members– 2% increase from prior year

50% single; 21% family; 13% employee + spouse; 16% employee + children

Offer Consumer Driven Health Plans with Health Savings Accounts

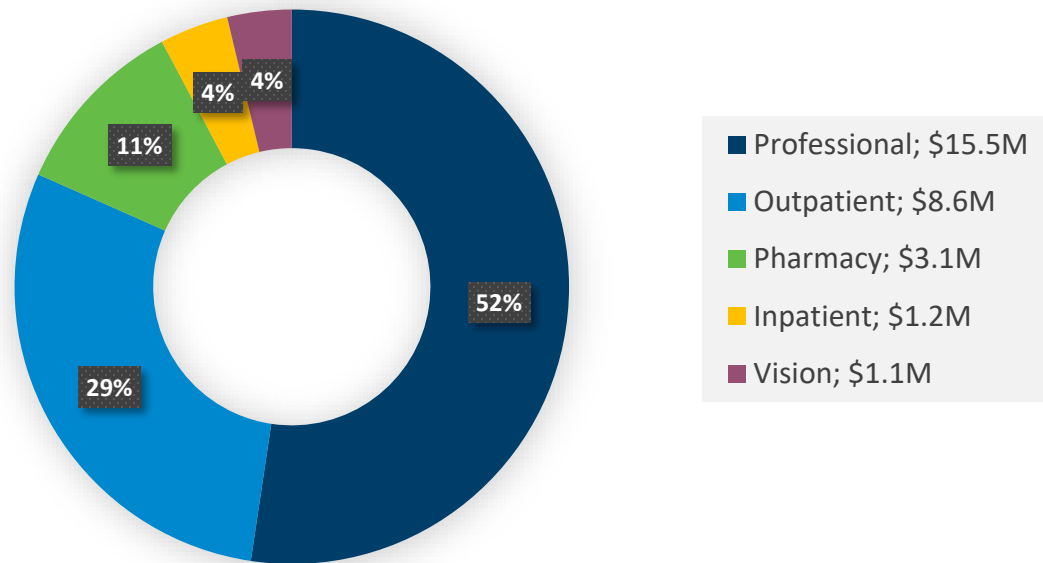
- 50% Premier; 34% Standard; 14% Limited; 2% J1

1,132 covered spouses with additional premium- 26% increase from prior year

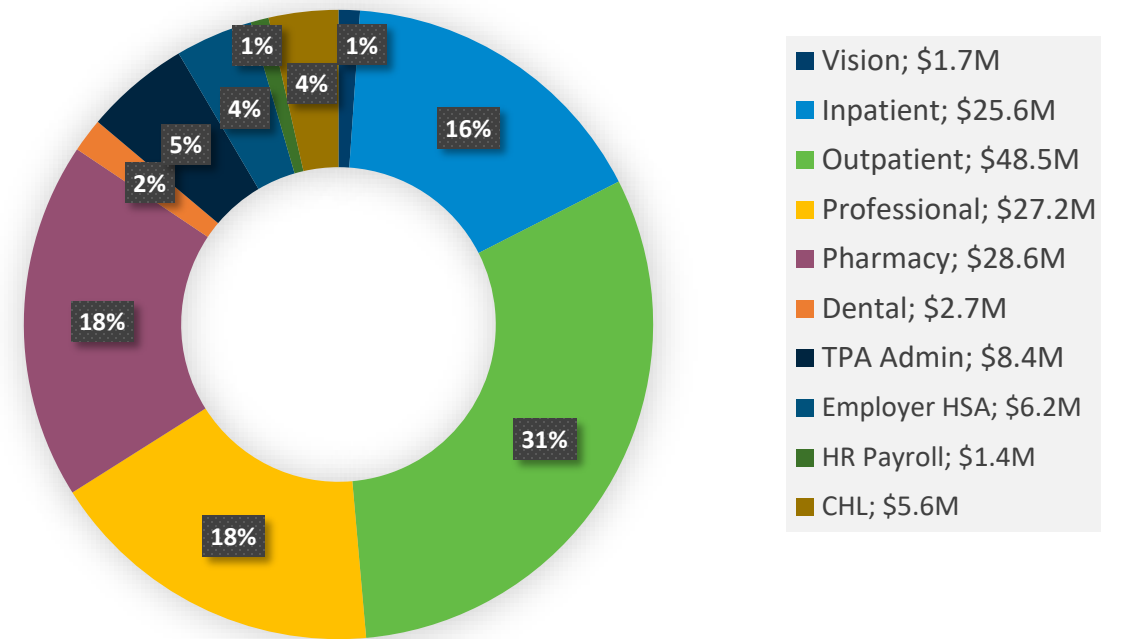
62% annual physicals in CY 2023, up 2% from 2022 and again highest since implementing Healthy Boiler Incentive Program

Summary of Expenses 2023

2023 Employee Spend - \$29.5M

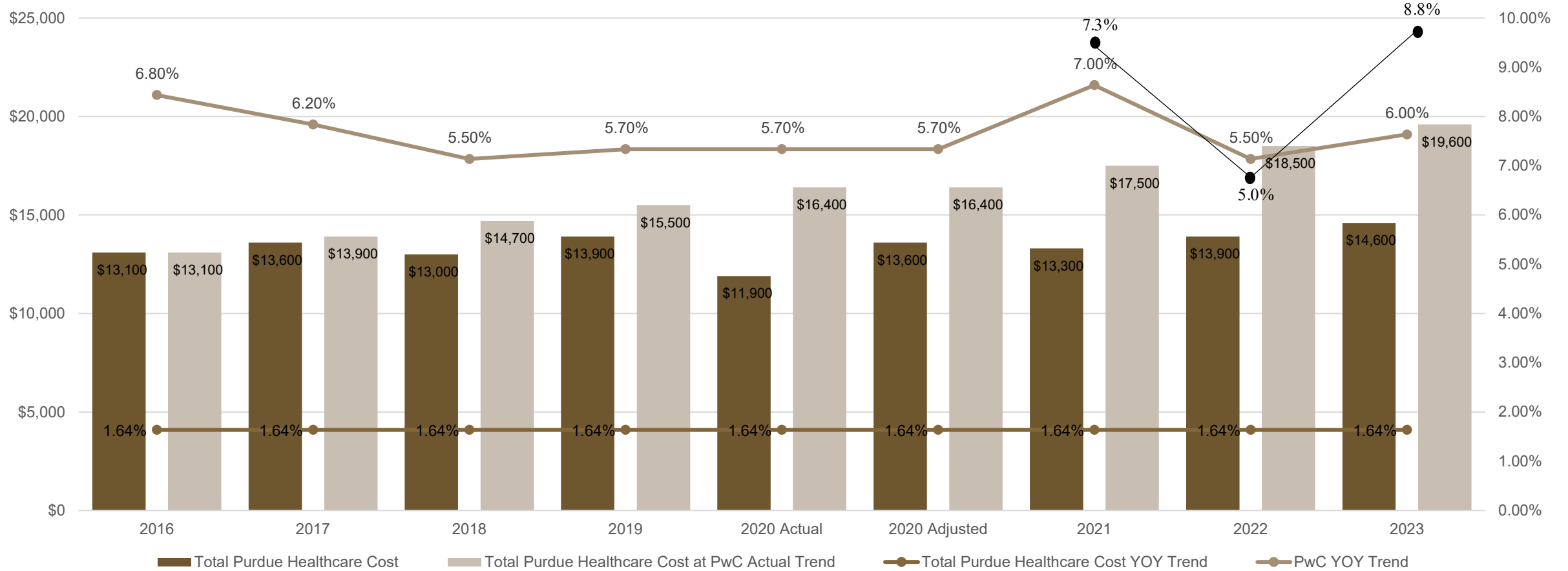


2023 Purdue Medical Spend - \$155.9M



Healthcare Expenditures 2023

Total Actual Combined (ER & EE) Expenses vs Total Actual At PwC Published Trend (PEPY)



*Total Purdue Healthcare cost is equal to the member out of pocket expenses plus the claims paid by Purdue

Cost Containment Strategies Implemented Strategies 2017

Less Savings -----

----- More Savings

Foundational Tactics

- Employee premium increases (2018; 2019)
- Deductible/OOP increases
- Retiree premium increases
- Expansion of CHL to PNW & PFW
- Imaging/radiology offered at PUSH
- Numerous measures to reduce administrative costs (i.e. new vendors; lower admin costs)

Progressive Tactics

- Launched Healthy Boiler financial incentives for wellness activities and education
- Prescription formulary change
- Tobacco surcharge increase
- Prescription and Cancer Concierge
- Direct Agreements – Preferred Providers
- Healthcare Navigator
- CHL Telehealth Program
- Center of Excellence

Disruptive Tactics

- Working spouse premium
- Specialty Prescription Carve Out
- Sunset PPO medical plan (1/1/21)
- 100% CDHP (3 plans)
- Tiered narrow network option
- Total Hip and Knee Replacement

Based on Lockton National Benefits Survey – 1,600 Employers

Purdue University has implemented 100% of Lockton Survey Recommendations to Optimize Costs

2025 Recommendations

Strategy	Plan Cost/ Savings	Employee Cost/ Savings
Increase Employee premiums	●	●
Increase Retireepremiums*	●	●
Increase Deductible and Out of Pocket Maximums– all three plans	●	●
Increase Healthy Boiler Incentive	●	●
Expand Center of Excellence Program with Carrum Health*	●	●
Increase Department Premium Contribution (effective July 1, 2025)	●	
Dental Premium Increase– Preventive Plan \$0 cost to Employee	●	●
PBM – Move contract from CVS to AffirmedRx	●	●
Enhance Diabetes & Obesity Management Program at CHL*	●	●
Increase Tobacco Surcharge - in 2025 and 2026	●	●
Increase Working Spouse Premium– in 2025 and 2026	●	●

Not Recommended for 2025 . Consider in future years:

- Cost share on preventive dental
- Cost share on vision
- Eliminating income tiers for premiums
- Lifestyle Savings Accounts
- Narrow Network only Medical plan

Premium Employee & Purdue Departments

Employee Premiums

- Last increase – 2019

Recommendation - Monthly increase range

- Varies based on medical plan election, coverage level and does not include surcharges
- Lower salary tier - \$0.11 - \$4.91
- Higher salary tier - \$0.28 - \$8.11

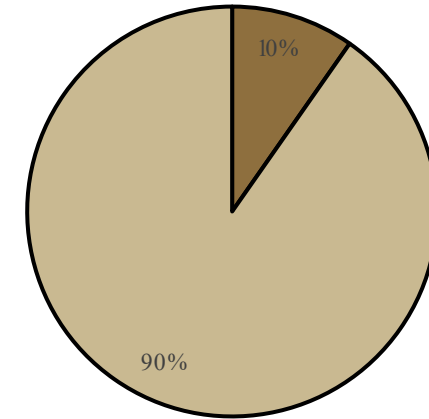
Purdue Departments

- Last increase – 2019 (1%) and 2018 (7%)

Recommendation –

- Increase annual premium 5%
- Effective FY26 or July 1, 2025

Purdue Medical Plan Premium



■ Employee Premium ■ Purdue Premium

Medical Plan Cost Share

Year	Employee	Purdue
2019	27.2%	72.8%
2020	28.0%	72.0%
2021	26.5%	73.5%
2022	25.9%	74.1%
2023	24.5%	75.5%

Medical Plan Deductibles & Healthy Boiler Wellness Incentive

Medical Plan Deductibles and Out of Pocket Maximums

- Increase needed to meet anticipated IRS increase on minimum deductible
 - Pending future guidance, may leave room for no increase in 2026
- Increase will apply to all three medical plans

Recommendation - Annual Increase

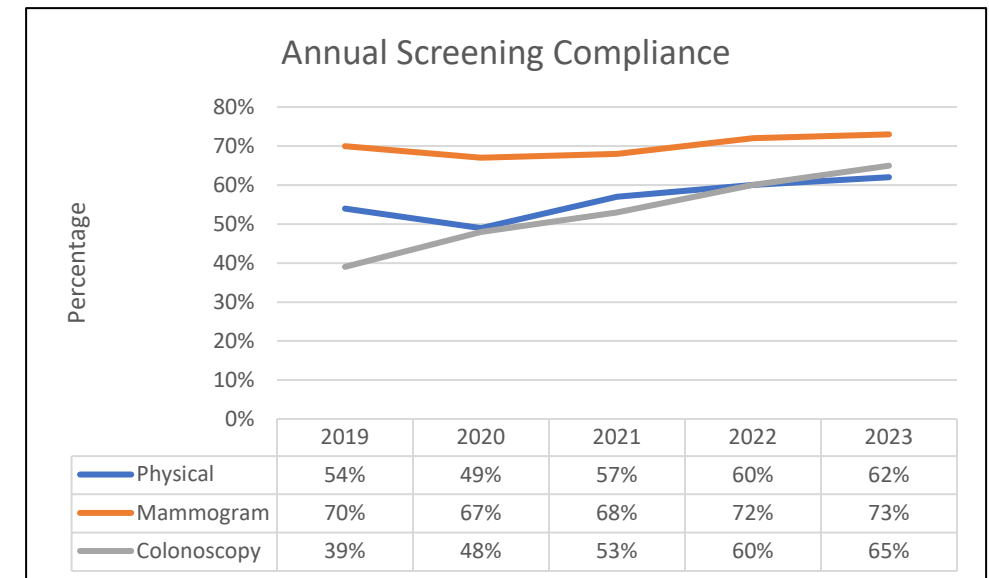
- \$100 Employee Only
- \$200 Employee + Spouse; Employee + Child(ren); Family

Healthy Boiler Wellness Incentive

- Neutralize increase to deductible and out of pocket maximums
- Continue to increase compliance with goal to be best in class
- Focus on wellness screenings only

Recommendation - Annual Increase

- \$100 Employee Only and Medical opt outs
- \$200 Employee + Spouse; Employee + Child(ren); Family



Surcharges Tobacco and Working Spouses

Tobacco User Surcharge

- Currently \$1k additional premium per user with option to complete cessation program to eliminate or reduce premium
- Prospective risk for identified tobacco users is 6% higher than nonidentified users

Recommendation - Annual Increase in 2025 and 2026- \$250 per user

Working Spouse Surcharge

- Spouses who have access to their own employers health plan paying 50%+ premium
- Working Spouses increase 25% from 2023
- Current annual surcharge
 - \$750– Lower Salary Tier
 - \$1,500– Higher Salary Tier

Recommendation - Annual Increase in 2025 and 2026

- \$125 Lower Salary Tier
- \$250 Higher Salary Tier

Member	Cost per Year	Average Risk
Employee	\$7,918	2.60
Spouse	\$10,010	2.76

Dental Premiums

Purdue Dental Plans

- Purdue began providing Preventive Dental at no cost in 2016
- Three plan options
 - Preventive Care Plan– No Employee Cost
 - Preventive + Option 1 BuyUp – Purdue covers preventive costs
 - Preventive + Option 2 Buy-Up– Purdue covers preventive costs
- Two primary networks in IN – Delta Dental and Anthem
- 2022 – moved to Delta Dental
 - Premium decrease
 - Three year premium hold
- Assignment of benefits in Indiana
 - Effective 7.1.24
 - Reimbursements will go directly to dentist (vs member previously)
- Contract renewal
 - Initial increase – 30%; negotiated to 20% with a two-year rate hold

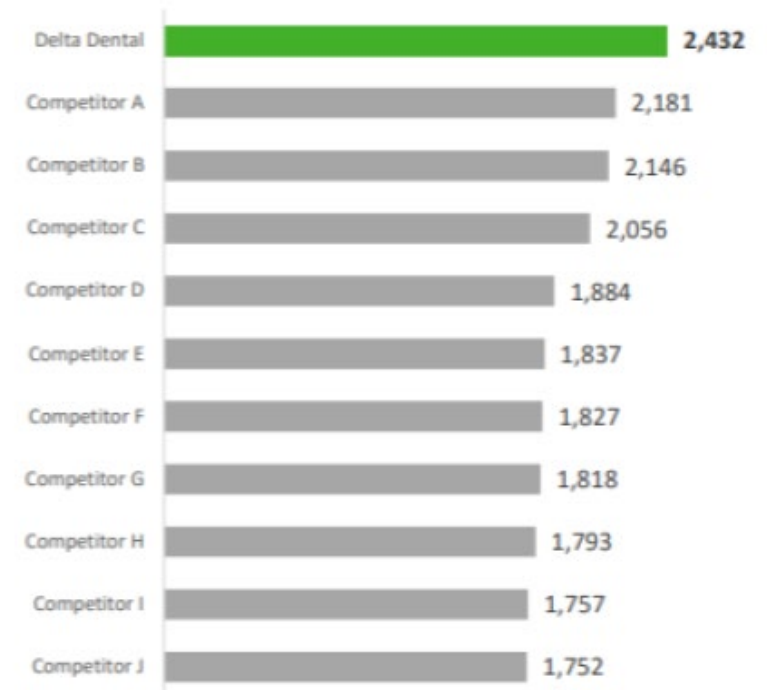
Recommendation

- Purdue continues to provide Preventive Dental Plan at \$0
- Purdue continues to cover preventive plan portion of the two buy-up plan options
- Two buy-up plan options absorb higher portion of the rate increase



Statewide Indiana

Confirmed providers using third-party network comparison data



Data Vintage: June 27, 2024, www.network360.com

Prescription Benefit Manager

Move from CVS Caremark to AffirmedRx as Purdue's Prescription Benefit Manager

- Effective January 1, 2025
- Full service PBM with transparent approach to managing prescriptions
- Straightforward administrative fee with all other costs pass-thru with no mark up
- Providing Purdue dedicated patient care advocates who will support employees and their family members
- AffirmedRx focuses on clinical criteria as well as financial impact



What does this mean?

- Transparent Contract
- Access to broader network of pharmacies such as Mark Cuban's Cost Plus or Amazon Health
- Stable Formulary with input from Purdue
- Predictable prescription costs for employees and their families
- Ability to create unique and innovative population health programs to manage chronic conditions while controlling costs

Recognition, Engagement & Communication

1. Recognition

- 2023 Indiana's Healthiest Employers
- 2023 Silver Recipient– Bell Seal for Workplace Mental Health
- 2023 AchieveWell Five Star Program– Indiana Wellness Council
- 2023 Employers' Forum of Indiana Healthcare Innovation Award

2. Continued stakeholder engagement

- Joint meetings – MaPSAC, CSSAC, Faculty benefits and compensation subcommittee
- Working with Hoosiers for Affordable Healthcare, Employers Forum of Indiana and Indiana Business Health Collaborative
- Member of All Payer Claims Database Advisory Board– Public Release Q4

3. Open Enrollment Support

- Two weeks (includes two weekends) – October 29 – November 12
- Presentations, one-on-one counseling, online guide and dedicated website
- Benefit education emails – Focus on changes and how all benefit programs support overall health and wellbeing