



University of Alaska's Health Care
Accounting

**Health Care Actuals
FY06 Review**

March 27, 2007

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Defined Contribution Summary

Totals: FY06 Actuals

Line #		Total
	Costs	
1	Health Claims	41,366,334.16
2	Vision Insurance Premium	417,132.00
3	Admin Cost - Health Program	2,667,404.23
4	Cobra Outsourcing	39,637.29
8	Wellness	573,111.72
5	Total Costs	<u>45,063,619.40</u>
	Recoveries	
6	Cobra Health Recovery	<u>(202,139.42)</u>
7	Total Recoveries	<u>(202,139.42)</u>
8	Net Cost	<u>44,861,479.98</u>
	University Commitment:	
	Yearly Defined Contribution Rate (per Mo = 760.87)*	
9	10.5-1/3	9,130.44
10	Average number of employees FY06	4,355
11	University Obligation	<u>39,763,066.20</u>
12	Employee Recovery Needed (before PY adj's)	<u>5,098,413.78</u>
	Prior Year Adjustments	
13	Prior FY (Over)/Under Recovery	878,719.04
14	Total Prior Year Adjustments	<u>878,719.04</u>
15	Net Employee Recovery Needed	<u>5,977,132.82</u>
16	Employee Recovery	(5,654,535.82)
17	Spouse/Dependent Health Recovery	(3,869,439.74)
18	(Over)/Under Recovery YTD for FY06	<u><u>(3,546,842.74)</u></u>

Total Wellness Costs for FY06

	Total
HRA Incentives	<u>289,100.00</u>
Coaching and Education Costs from Summex	<u>267,474.14</u>
Wellness Initiative/Incentive Programs:	
Start Walking	<u>16,537.58</u>
Total Cost for Wellness Initiative/Incentive:	<u>16,537.58</u>
Total Wellness Costs FY06	<u><u>573,111.72</u></u>

Administrative Monthly Vendor Rate for FY06

- ◆ Health (BCBS): \$52.66
- ◆ Pharmacy (PharmaCare): N/A
- ◆ Vision (VSP):
 - Deluxe: \$15.44
 - Standard/Economy: \$7.52
- ◆ COBRA (Creative Benefits): \$0.80

Defined Contribution Summary

Detail: FY06 Actuals

Line #	Non-Union	ACCFT	Local 6070	UNAC	Total Union	Total	
Costs							
1	Health Claims	28,080,344.37	3,451,882.67	2,490,021.19	7,344,085.93	13,285,989.79	41,366,334.16
2	Vision Insurance Premium	274,648.20	30,989.06	22,395.92	89,098.82	142,483.80	417,132.00
3	Admin Cost - Health Program	1,815,627.67	175,973.24	145,410.39	530,392.93	851,776.56	2,667,404.23
4	Cobra Outsourcing	26,981.02	2,613.78	2,159.96	7,882.53	12,656.27	39,637.29
5	Wellness	410,691.86	41,034.80	20,230.84	101,154.22	162,419.86	573,111.72
6	Total Costs	30,608,293.12	3,702,493.55	2,680,218.30	8,072,614.43	14,455,326.28	45,063,619.40
Recoveries							
7	Cobra Health Recovery	(135,171.18)	(18,614.05)	(4,137.82)	(44,216.37)	(66,968.24)	(202,139.42)
8	Total Recoveries	(135,171.18)	(18,614.05)	(4,137.82)	(44,216.37)	(66,968.24)	(202,139.42)
9	Net Cost	30,473,121.94	3,683,879.50	2,676,080.48	8,028,398.06	14,388,358.04	44,861,479.98
University Commitment:							
10	Yearly Defined Contribution Rate (per Mo = 760.87)*	9,130.44	9,130.44	9,130.44	9,130.44	9,130.44	9,130.44
11	Average number of employees FY06	2,909	308	249	889	1,446	4,355
12	University Obligation	26,560,449.96	2,812,175.52	2,273,479.56	8,116,961.16	13,202,616.24	39,763,066.20
13	Employee Recovery Needed (before PY adj's)	3,912,671.98	871,703.98	402,600.92	(88,563.10)	1,185,741.80	5,098,413.78
Prior Year Adjustments							
14	Prior FY (Over)/Under Recovery	878,719.04	0.00	0.00	0.00	0.00	878,719.04
15	Total Prior Year Adjustments	878,719.04	0.00	0.00	0.00	0.00	878,719.04
16	Net Employee Recovery Needed	4,791,391.02	871,703.98	402,600.92	(88,563.10)	1,185,741.80	5,977,132.82
17	Employee Recovery	(3,750,538.73)	(413,783.10)	(298,150.16)	(1,192,063.83)	(1,903,997.09)	(5,654,535.82)
18	Spouse/Dependent Health Recovery	(2,440,789.41)	(312,355.77)	(222,918.28)	(893,376.28)	(1,428,650.33)	(3,869,439.74)
19	(Over)/Under Recovery YTD for FY06	(1,399,937.12)	145,565.11	(118,467.52)	(2,174,003.21)	(2,146,905.62)	(3,546,842.74)

**UA Health Care
Defined Contribution Summary - Combined Plans
Comparison with Prior Years**

Line #	Costs	FY02 Totals	FY03 Totals	FY04 Totals	FY05 Totals	FY06 Totals	FY03 % Change	FY04 % Change	FY05 % Change	FY06 % Change
1	Total Health Claims Cost	25,623,689.12	29,917,095.89	34,115,004.70	39,434,883.22	41,366,334.16	16.76%	14.03%	16.78%	4.90%
2	Pharmacy Cost			-	-	-				
3	Vision Insurance Premium			-	405,581.68	417,132.00			Note 1	2.85%
4	Admin Cost - Health Program	1,792,401.44	2,071,919.88	2,369,025.90	2,535,791.62	2,667,404.23	15.59%	14.34%	7.04%	5.19%
5	Pharmacy Admin Fee			-	-	-				
6	Cobra Outsourcing	38,111.16	40,115.77	43,443.78	40,104.80	39,637.29	5.26%	8.30%	-7.69%	-1.17%
7	Wellness			-	-	573,111.72				Note 4
8	Total Costs	27,454,201.72	32,029,131.54	36,527,474.36	42,416,341.32	46,063,619.40	16.66%	14.04%	16.12%	6.24%
Recoveries										
9	Cobra Health	(264,952.81)	(269,440.07)	(261,071.48)	(268,377.74)	(202,139.42)	1.69%	-3.11%	2.80%	-24.68%
10	Supplemental Health	(81,792.11)	(78,822.38)	(77,775.14)	(67,320.83)	Note 5	-3.63%	-1.33%	-13.44%	Note 5
11	Total Recoveries	(346,744.92)	(348,262.45)	(338,846.62)	(335,698.57)	(202,139.42)	0.44%	-2.70%	-0.93%	-39.79%
12	Net Cost	27,107,456.80	31,680,869.09	36,188,627.74	42,080,642.75	44,861,479.98	16.67%	14.23%	16.28%	6.61%
University Commitment:										
13	Yearly Defined Contribution Rate	5,596.32	5,764.20	Note 2	7,608.72	9,130.44	3.00%	Note 2	Note 2	20.00%
14	Average number of employees	3,911	4,120	4,244	4,238	4,355	5.34%	3.01%	-0.19%	2.81%
15	University Obligation	21,887,207.52	23,748,504.00	27,965,411.28	32,230,537.92	39,763,086.20	8.50%	17.76%	15.25%	23.37%
16	UA obligation as percentage of total cost	79.72%	74.15%	76.56%	75.99%	88.24%				
17	UA obligation as percentage of total net cost	80.74%	74.96%	77.28%	76.59%	88.64%				
18	Employee Recovery Needed (before PY adj's)	5,220,249.28	7,932,365.09	8,223,216.46	9,850,104.83	5,098,413.78	51.95%	3.67%	19.78%	-48.24%
19	Employee cost (before PY adj) as % of total cost	19.01%	24.77%	22.51%	23.22%	11.31%				
20	Employee cost (before PY adj) as % of total net cost	19.26%	25.04%	22.72%	23.41%	11.36%				
21	Prior Year Adjustments									
22	Net (Over)/Under Recovery from prior FY	61,918.75	(141,378.83)	14,390.77	1,477,001.95	878,719.04				
23	Total Prior Year Adjustments	(46,825.68)	(340,064.80)	14,390.77	1,477,001.95	878,719.04	626.24%	-104.23%	10163.54%	-40.51%
24	Net Employee/Dependent Recovery Needed	5,173,423.60	7,592,300.29	8,237,607.23	11,327,106.78	5,977,132.82	46.76%	8.50%	37.50%	-47.23%
25	Employee Recovery Received/Projected Note 7	(2,664,416.28)	(3,963,753.24)	(8,524,038.18)	(2,186,612.97)	(5,654,535.82)	48.77%	115.05%	-74.35%	158.60%
26	Spouse/Dependent Recovery	(546,997.88)	(563,104.28)	(529,466.56)	(2,126,714.20)	(3,869,439.74)	2.94%	-5.97%	301.67%	81.94%
27	Total Recovery				(4,313,327.17)	(9,523,975.56)				120.80%
28	Employee Net (Over) Under Recovery			Note 6	7,013,779.61	(3,546,842.74)				-160.57%
29	Employee cost (after PY adj) as percentage of total cost	18.84%	23.70%	22.55%	26.70%	13.26%				
30	Employee cost (after PY adj) as percentage of total net cost	19.08%	23.96%	22.76%	26.92%	13.32%				
31	Employee Headcount less Opt-outs	3,911	4,120	4,244	4,135	4,008	5.34%		NA	-3.07%
32	Yearly Health Claims Cost Per Employee	6,551.70	7,261.43	8,038.41	9,536.85	10,320.94	10.83%	10.70%	18.64%	8.22%
33	Yearly Total Cost Per Employee	7,019.74	7,774.06	8,606.85	10,257.88	11,243.42	10.75%	10.71%	19.18%	9.61%
34	Participants	9,673	9,782	10,108	10,071	9,297	1.13%	3.33%	-0.37%	-7.69%
35	Yearly Health Claims Cost Per Participant	2,648.99	3,058.38	3,375.05	3,915.69	4,449.43	15.45%	10.35%	16.02%	13.63%
36	Yearly Total Cost Per Participant	2,838.23	3,274.29	3,613.72	4,211.73	4,847.11	15.36%	10.37%	16.55%	15.09%

Note 1: FY2005 was first year that vision costs were not part of the BCBS plan, therefore the % change is not relevant.

Note 2: The yearly defined contribution rate was different for the Union and Non-Union participants. An average rate is not representative of the combined rates.

Note 3: % change in FY05 claims combines all claims types since they were combined in the past. In FY06, the vision % was calculated apart as there was a history for comparison.

Note 4: FY06 is the first year of the Wellness program

Note 5: FY06 the unions transitioned to the UAChoice plans. There is no supplemental recovery and the employee recovery is on a prospective model.

Note 6: FY05 Employee (over)/under recovery is non-union only. FY06 is for both union and non-union.

Note 7: Prior to FY05 employee recovery needed was retrospective. In FY05 and forward it has changed to a prospective model so it is employee recovery received/projected

Note 8: Employee underrecovery for FY05 includes \$6,135,060.57 of union employee recovery. Per negotiations with the unions, this amount was resolved through a debt recovery payment of \$1,066 per union employee per year for FY2006 and FY2007. This debt recovery is not shown in employee recovery amounts for these years.