

Benefits Gap Analysis

Human Resources began a phased project equalizing our benefits internally for both exempt and non-exempt employees. After projecting the costs to equalize benefits it was determined that we could not afford to make all the changes at once so we decided to phase the changes in over time.

We identified which benefits we could afford to improve/equalize that year and implemented the changes. The second phase of the project was to equalize the contributions to the retirement plan between exempt and non-exempt ee's. Any changes we made had to satisfy retirement plan non-discrimination testing which we currently squeak by.

As a reminder, we currently have two retirement plans. The only difference between the two plans is the contribution rate for the ee and univ. Our non-exempt plan requires the ee to contribute 3% and the university will match at 6% if under 50 and 8% if 50 and over. The exempt ee's are required to contribute 5% and the university matches with 8% if under 50 and 10% if 50 and over.

When we looked at merging the non-exempt plan into the exempt plan we found that we would fail non-discrimination testing therefore that was not an option. If we gave everyone the same contribution level then we would pass the testing. Since we knew we did not want to reduce the ee's that received 10% contributions we looked to increase everyone to 10%. This change would put us around the median contribution rates for Consortium schools and allow us to satisfy the non-discrimination testing.

At the beginning of 2008 we identified the areas in benefits that were not above the median when compared to the consortium institutions (the equalization of benefits internally was put on hold).

After our analysis was completed, we identified three areas for improvement; the university contributions to the retirement plan for non-exempt ee's and exempt ee's under 50, the university contributions to the health plan for exempt ee's who elected family membership and the university contributions to the dental plan for exempt ee's (both individual and family).

First, in regards to the contributions to the retirement plan we again looked at contributing 10% for all ee's to the retirement plan. This would put us just above the median and satisfy non-discrimination testing. The following spreadsheet shows the current costs vs. projected costs. Note, when projecting the retirement figures for 2011 we did not estimate an increase in salary for fiscal 2011. The additional cost to the university using current compensation would be \$762,116.09 (figure is based on university funded base compensation and includes current participants, 90% enrollment estimate of ee's eligible for the plan between 7/1/09 - 6/30/10, and university funded summer salary). The additional cost for grant funded compensation would be \$106,732.01.

ALL Current Active Employees in 2009 (Grant funded and University Funded)				
Current Match For all Participants	Current Match For Participants under age 50 only	Match Increased to 10% For Participants under age 50 only	New Match Difference For Participants under age 50 only	10% Match For all participants
\$7,412,199.01	\$2,374,701.70	\$3,071,966.58	\$697,264.88	\$8,217,775.46
ALL Current Active University Funded Employees in 2009				
Estimated Match(current %) ALL Current Active University Funded Employees	Estimated Match(current %) University Funded for Employees under age 50 only	Estimated 10% Match University Funded for Employees under age 50 only	Estimated Match Difference University Funded for Employees under age 50 only	Estimated 10% Match ALL Current Active University Funded Employees
\$6,600,751.13	\$2,120,697.21	\$2,750,129.84	\$629,432.63	\$7,332,958.72
ALL Current Active Grant Funded Employees in 2009				
Estimated Match(current %) ALL Current Active Grant Funded Employees	Estimated Match(current %) Grant Funded for Employees under age 50 only	Estimated 10% Match Grant Funded for Employees under age 50 only	Estimated Match Difference Grant Funded for Employees under age 50 only	Estimated 10% Match ALL Current Active Grant Funded Employees
\$811,447.88	\$254,004.49	\$321,836.74	\$67,832.26	\$884,816.74

Second, in regards to the university contribution to the health plan for our exempt employees enrolled in the family plan we looked at increasing our share of the premium. As a reminder, we currently contribute 65% of the Tufts Premium Plan and apply the same dollar amount to the other two plans. We contribute 75% for non-exempt ee's enrolled in the family plan and 75% to both exempt and non-exempt ee's enrolled with individual plans.

Our data showed that to rise above the median we would need to contribute 75% for exempt ee's enrolled in the family plan. This would also allow us to achieve equalization in the premiums between exempt and non-exempt ee's. If we estimate a 10% increase in premiums 1/1/2011, the overall cost increase to make this change would be \$952,016.10 from our current contribution strategy (based on current enrollments).

2011 Health Rate Projections EXS FAMILY ONLY					
2010 Monthly ER	2010 Annual ER	2010 Monthly EE	2010 Annual EE	ER @ 65%	
\$468,800.15	\$ 5,625,601.80	\$ 245,284.56	\$ 2,943,414.72		
2011 Monthly ER	2011 Annual ER	2011 Monthly EE	2011 Annual EE	Renewal @ 10.00%	ER @ 65%
\$515,680.90	\$ 6,188,170.80	\$ 269,815.54	\$ 3,237,786.42		

2010 to 2011 Change	\$ 562,569.00
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2011 Monthly ER	2011 Annual ER	2011 Monthly EE	2011 Annual EE	Renewal @ 10.00%	ER @ 75%
\$595,015.58	\$ 7,140,186.90	\$ 190,480.13	\$ 2,285,761.50		

2010 to 2011 Change	\$ 1,514,585.10
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Total # ee in a family plan	490
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Third, in regards to the university contribution to the dental plan for exempt employees enrolled in our dental plan (both individual and family) we looked at increasing our share of the premium. As a reminder, we currently contribute 60% of the dental premium for each dental plan for exempt employees enrolled in individual and family plans. We contribute 75% of the premium for each of the plans for non-exempt employees enrolled in individual and family plans. The 75% contribution puts us at the highest contribution rate among the consortium institutions (along with 2 other institutions).

Our thought was to again try to equalize the benefit internally at the same time bringing us above the median. To achieve this we would contribute 70% for everyone. If we estimate a 5% increase in premiums 1/1/2011, then the overall cost increase to make this change would be \$92,221.70 from our current contribution strategy (based on current enrollment). Note, this figure includes the savings incurred from reducing the non-exempt contribution from 75% to 70%.

EXEMPT 2011 Delta Premier ALL							
Current TOTAL	Current ER@ 60%	Current EE@ 40%	2011 TOTAL with 5% increase	2011 ER with 5% increase @60%	2011 EE with 5% increase @40%	2011 ER with 5% increase @70%	2011 EE with 5% increase @30%
974,109	584,466	389,644	1,022,815	613,689	409,126	715,970	306,844
2010 to 2011 Increase:			29,223	2010 to 2011 Increase@70%:		131,505	
2011 Increase from 60% to 70%:				\$102,281.47			

EXEMPT 2011 Delta CARE ALL							
Current TOTAL	Current ER@ 60%	Current EE@ 40%	2011 TOTAL with 5% increase	2011 ER with 5% increase @60%	2011 EE with 5% increase @40%	2011 ER with 5% increase @70%	2011 EE with 5% increase @30%
47,780	28,668	19,112	50,169	30,101	20,068	35,118	15,051
2010 to 2011 Increase:			1,433	2010 to 2011 Increase@70%:		6,450	
2011 Increase from 60% to 70%:				\$5,016.90			

NON EXEMPT 2011 Delta Premier ALL							
Current TOTAL	Current ER@ 75%	Current EE@ 25%	2011 TOTAL with 5% increase	2011 ER with 5% increase @75%	2011 EE with 5% increase @25%	2011 @ 5% ER decreased to 70%	2011 @ 5% - EE Increase to 30%
267,547	200,660	66,887	280,925	210,693	70,231	196,647	84,277
2010 to 2011 Increase:			10,033	2010 to 2011 decrease@70%:		-4,013	
2011 decrease from 75% to 70%:				-\$14,046.23			

NON EXEMPT 2011 Delta CARE ALL							
Current TOTAL	Current ER@ 75%	Current EE@ 25%	2011 TOTAL with 5% increase	2011 ER with 5% increase @75%	2011 EE with 5% increase @25%	2011 @ 5% ER decreased to 70%	2011 @ 5% - EE Increase to 30%
19,627	14,721	4,907	20,609	15,457	5,152	14,426	6,183
2010 to 2011 Increase:			\$736.03	2010 to 2011 decrease@70%:		-\$294.41	
2011 Increase from 75% to 70%:				-\$1,030.44			

All projections quoted above show the additional cost to the University if we implemented the changes and do not include the costs that we currently incur (this data is included in the attached spreadsheets).