

THURSDAY, AUGUST 30, 2018
TALENT AND COMPENSATION COMMITTEE MEETING

Hiroyuki Fujita
Alex Shumate
Clark C. Kellogg
Erin P. Hoefflinger
John W. Zeiger
H. Jordan Moseley
Michael J. Gasser (*ex officio*)

Location: Pomerene Hall
Room 275

Time: 8:00-9:45am

Public Session

ITEMS FOR DISCUSSION

- | | |
|--|-------------|
| 1. <i>Distinguished Staff Awards – Dr. Fujita</i> | 8:00-8:20am |
| 2. <i>FY19 Presidential Goals – Dr. Drake</i> | 8:20-8:35am |
| 3. <i>HR Strategic Plan Scorecard – Ms. Basso, Ms. Shumate</i> | 8:35-8:50am |
| 4. <i>Key Critical Searches – Ms. Basso</i> | 8:50-8:55am |
| 5. <i>Health Plan Overview – Ms. Basso, Ms. McGoldrick</i> | 8:55-9:15am |

Executive Session

9:15-9:30am

Public Session (continued)

ITEMS FOR ACTION

- | | |
|--|-------------|
| 6. <i>Personnel Actions – Ms. Basso</i> | 9:30-9:35am |
| 7. <i>Approval of FY19 Presidential Goals – Dr. Fujita</i> | 9:35-9:40am |

The Ohio State University Goals Fiscal Year 2019

Time & Change Strategic Plan

1. **Advance the strategic plans for the university and academic health center** – To take the next steps in Ohio State’s land-grant history of excellence and impact, we will be a leading national flagship public research university and academic medical center driving breakthrough advances for important societal issues.

Student and Faculty Success

2. **Strengthen the quality and affordability of Ohio State’s teaching and learning programs, including digital flagship and state-of-the-art curriculum development** – Ohio State faculty will be among the best in the nation utilizing and producing teaching and curriculum improvement modules. The university will be the benchmark for digital innovation and recognized practices to improve student outcomes, access and affordability.

National Impact

3. **Further establish The Ohio State University as a national and global leader in higher education practices, policy and research to serve societal needs** – Ohio State leaders and faculty will serve on and lead national and international efforts to impact higher education practices and outcomes. Partnerships with regional, national and international collaborators will advance research and knowledge creation and Ohio State’s impact as a flagship university.

The Campus Environment

4. **Further create a sustainable learning environment for the safety and wellbeing of students, staff and faculty on OSU campuses** – Ohio State will be the model smart campus enabling sustainable environmental practices. The university will deploy best practices and policies that support the safety and wellbeing of our students, staff and faculty.

Talent and Leadership

5. **Exemplify best-in-class leadership to advance the university toward strategic goals, further develop plans, practices and policies to attract and retain the best higher education talent, and advance the recruitment of key leadership positions at the university** – The ambitious five- to seven-year strategic plan calls for innovative and disciplined actions to achieve desired results. Key to success will be the caliber of faculty and leadership across the enterprise and the engagement of alumni, government and business partners, and friends of the university.

Note: These five goals are all interrelated. Progress in each will yield progress in the others.



THE OHIO STATE UNIVERSITY

Talent and Compensation Committee
August 30, 2018

The Ohio State University
Faculty and Staff Health Plans Update



Executive Summary

Effective management of health care has continued to yield competitive plans with negative trend

- Three-year negative trend rate of -0.9% (including Rx formulary rebates), with a 2017 trend rate of -1.9% compared to the national average trend of 3.2%
- Improved utilization management resulting in a 12% decrease in inpatient hospital days and a 2.8% decrease in emergency room visits
- Benefit design changes resulting in \$6.5 million in savings
- Pharmacy benefit management savings
 - Renegotiation of contract = \$3.3 million
 - Increase in generic dispensing rate = \$1.6 million
 - Network management = \$2.1 million
- Effective provider contracting and vendor management
 - OSU facility rates flat and decrease in OSU professional rates
 - Bundled payment arrangements for Total Joint Replacement and lumpectomy
 - Restructured payment terms for OSU PCPs to align with Medicare's Comprehensive Primary Care Plus (CPC+) model
 - Dependent eligibility verification
 - Claims audits and processing improvements
- Wellness program engagement continues to increase with launch of new vendor



Guiding Principles

Optimize the health and wellbeing of the university community

Facilitate financial sustainability through plan design and subsidy strategy

Incorporate greater personal and provider responsibility

Optimize plan administration by incorporating best-in-class and industry-leading solutions

Tactics

- Increase appropriate preventive care utilization, prescription adherence, and compliance with care plans
- Focus programs on members with the highest potential for impact (i.e., at-risk and chronic population)
- Incorporate broad condition step therapy programs and utilize best practices for clinical care management

- Implement care delivery and pricing strategies to moderate costs that are above average benchmarks
- Incorporate consumerism through the use of an account-based plan (HRA) that allows members to offset health care costs
- Manage dependent subsidies to align with benchmarks and reduce adverse selection when other coverage is available

- Provide personalized health and wellness resources and programs to support individual health needs
- Develop a communication strategy to help guide enrollment decisions based on member needs and educate on how best to utilize the plan
- Incorporate outcomes-based payment elements in provider contracts to emphasize the pay for value approach to reimbursement

- Vendor selection and management based on optimal pricing and service delivery with contractual performance guarantees
- Leverage our data warehouse for cost driver analysis to drive plan decisions and program offerings
- Implement emerging tools that allow more access points to care

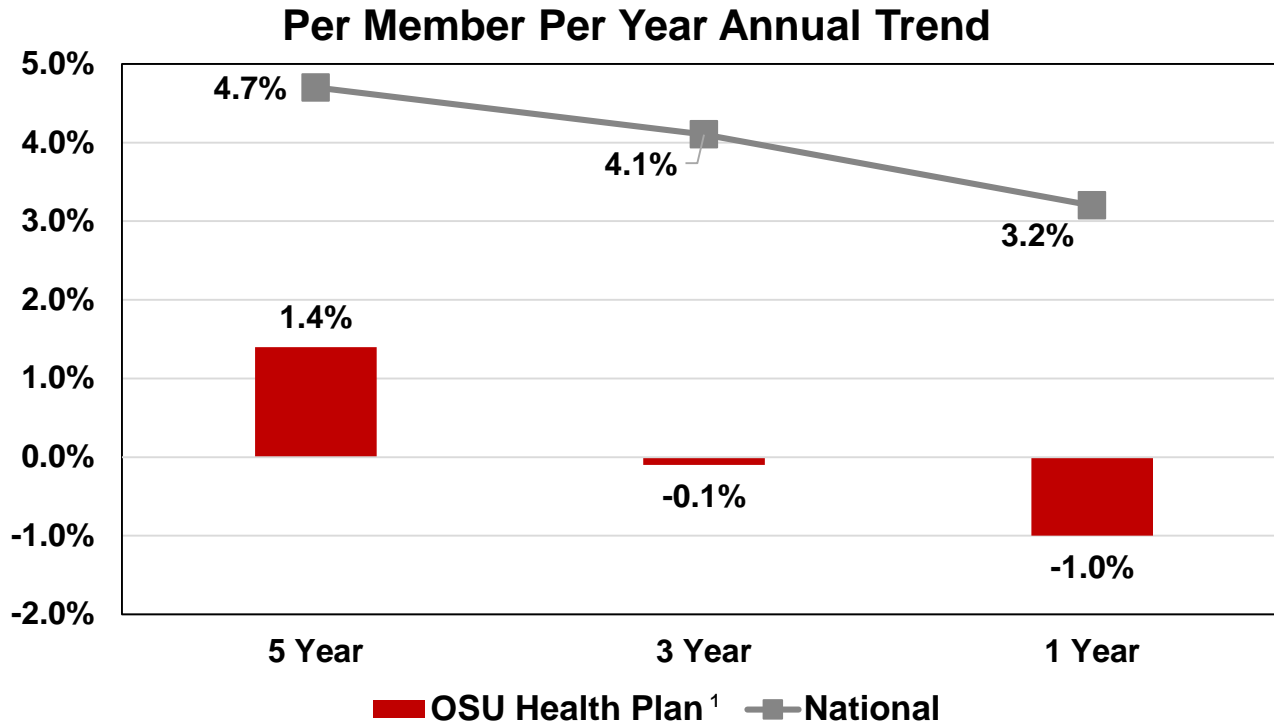
Success Measures

- Improved health outcomes
- Annual trend at or below national health care trend
- Simplified and streamlined administration
- Effective utilization management
- Plan competitiveness



Ohio State Medical Plan Annual Trend

- In recent years, Ohio State's health plan has consistently outperformed national trend
- Favorable plan experience compared to budget has allowed us to:
 - Reduce employee contributions for all plans and coverage levels from 2018 to 2019
 - Reduce departmental benefit composite rates for FY 2019
- Overall university cost share will remain at the target level of approximately 70% for 2019



¹ Trend for OSU Health Plan based on net claims paid; OSU trend inclusive of Rx formulary rebates for 2017 is -1.9%



Medical Plan Design Changes 2017 - 2019

- Favorable medical plan experience has allowed us to maintain consistent plan actuarial values and to minimize cost shifting to members
- Consumeristic plan design element introduced with health reimbursement accounts to house wellness incentive credits that can offset member out-of-pocket expenses

Medical Benefit Provisions	Prime Care Advantage Network Only			Prime Care Choice In-Network Design Shown			Prime Care Connect Network Only		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Calendar Year Deductible (IND/FAM)	\$450/ \$900	\$450/ \$900	\$450/ \$900	\$950/ \$1,900	\$950/ \$1,900	\$950/ \$1,900	\$100/ \$200	\$150/ \$300	\$150/ \$300
Annual Out-of-Pocket Maximum (IND/FAM)	\$2,500/ \$5,000	\$2,600/ \$5,200	\$2,600/ \$5,200	\$3,750/ \$7,500	\$3,750/ \$7,500	\$3,750/ \$7,500	\$1,000/ \$2,000	\$1,500/ \$3,000	\$1,500/ \$3,000
Plan Coinsurance Level	80%	80%	80%	80%	80%	80%	90%	85%	85%
HRA Account Funding (IND/FAM)	\$150/ \$300	\$250/ \$500	\$300/ \$600	\$150/ \$300	\$250/ \$500	\$300/ \$600	\$150/ \$300	\$250/ \$500	\$300/ \$600
PHA Premium Credit (EE/SP & SSDP)	\$240/ \$120	\$240/ \$120	\$240/ \$120	\$240/ \$120	\$240/ \$120	\$240/ \$120	\$240/ \$120	\$240/ \$120	\$240/ \$120
Plan Actuarial Value	.87	.86	.87	.83	.82	.83	.94	.93	.93



Your Plan for Health (YP4H) Highlights

- Implemented new YP4H wellness portal & mobile app, *powered by Virgin Pulse*
- Launched programs with Virgin Pulse's vendor partners focused on mental well-being, nutrition and self-directed coaching
- Health & Productivity Index (HPI)¹ reporting
 - Year over year analysis of lifestyle risk profile of our employee population & benchmark comparison
 - Every five points of increase in the index score can be associated with:
 - ~ 3% lower medical costs
 - ~ 0.4 fewer absenteeism and ~ 0.7 fewer presenteeism days per employee



¹ The Health & Productivity Index is a methodology developed by Truven Health Analytics, an IBM Company, that allows the lifestyle risk profile of an employee population to be translated to an index between 0 and 100, using the 10 health risk factors and costs established in the HERO 2 study.



Environmental Factors Affecting Health Care

- Increases in provider and facility rates
- Escalating specialty drug prices
 - 30 million people in the U.S. are living with a rare disease or “orphan condition”
 - \$140,000 average cost of orphan drugs (per patient/year)
 - One-third of new FDA-approved drugs are orphan indicate
- Potential and ongoing legislative changes requiring action
 - Although delayed until 2022, the “Cadillac Tax” under the Affordable Care Act (ACA) will impose a 40% excise tax on high-cost employer-sponsored health plans
 - Continuing to monitor actuarial value of our plans and modify designs, as needed
 - Administrative burden of ACA requirements
 - Employer mandate requires monitoring hours and offering coverage to employees working an average of 30 hours or more per week over a measurement period
 - Annual IRS 1094-C and 1095-C tax reporting
- Aging of our population with chronic conditions and comorbidities that increase cost



Key Initiatives for 2019

- Evolve YP4H Incentive Program to a quarterly program
 - Incorporate best-in-class and evidence-based approach to behavioral economics
- Increase awareness and access of available behavioral health services
 - Evaluate additional opportunities to provide on-site Employee Assistance Program (EAP) services and telephonic counseling services
- Engage health care providers in value-based care
 - Evolve shared savings programs and expand telehealth with eConsults in Dermatology, Gastroenterology & Pulmonology and virtual visits in Emergency Department
- Target initiatives to improve population health based on data analytics
 - Collaboration with Ohio State student group, Best Food Forward, and OSU's Initiative for Food and Agriculture Transformation to deliver pilot program for union population at risk for diabetes

PERSONNEL ACTIONS

BE IT RESOLVED, That the Board of Trustees hereby approves the personnel actions as recorded in the personnel budget records of the university since the June 8, 2018, meeting of the board, including the following appointments:

Reappointment

Name: Patricia Hill-Callahan
Title: Vice President
Unit: Medical & Health Science Colleges
Term: June 17, 2018

Name: Stacia Rastauskas Bretherton
Title: Vice President
Unit: Government Affairs
Term: July 1, 2018

APPROVAL OF PRESIDENTIAL GOALS

Synopsis: Approval of the attached presidential goals, is proposed.

WHEREAS under the terms of President Drake's letter of offer, each fiscal year, the president and the Board of Trustees will set forth the president's goals and objectives; and

WHEREAS in order to establish these goals and objectives, the president is submitting the attached for review and approval by the Board of Trustees; and

WHEREAS once approved by the Board of Trustees, the attached goals and objectives will serve to evaluate the president during this review period:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the attached goals and objectives which set forth five areas of focus: Time and Change Strategic Plan, Student and Faculty Success, National Impact, the Campus Environment, and Talent and Leadership. All will continue to move the university forward as a leading national flagship public research university in the 21st century.