

Healthcare Info Session

July 2016



UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD

SEGIA/SEGIP and AFSCME

- State Employees Group Insurance Act of 1971
 - State's Department of Central Management Services (CMS) has authority to design, administer, negotiate and/or contract for benefits
 - A single health insurance program for all state employees
 - State recognizes AFSCME as sole negotiator for single program extended to all
- Eligible University employees are required to participate unless proof of other non-state coverage

Status of Negotiations

- State and AFSCME have been in protracted negotiations since early 2015
- Disputed issues are being litigated before the Illinois Labor Relations Board (ILRB), incl. healthcare coverage and costs
- State is asking ILRB to declare negotiations at impasse, which may allow the State to implement its last offer
- Process is lengthy; ILRB likely will not rule until later this year, and decision subject to challenge in appellate courts
- As with all matters in collective bargaining process, it is difficult at this point to predict the outcome

What is known about parties' positions?

- The detailed positions of the State and AFSCME in bargaining and litigation may be fluid and subject to rulings, interpretation, possible further refinement, and uncertainty; at this point, each side is stating publicly:

What is known about parties' positions?

- AFSCME Bargaining Bulletin March-June 2015: *“Rauner wants to double the employee premium contribution...lower insurance plan’s value...”*
<https://drive.google.com/file/d/0B4Bi-iePG1O6TW9BVkpEdDBxWVk/view?pref=2&pli=1>
- Rauner Letter to State Employees, January 15, 2016: *“...we haven’t raised premiums at all this fiscal year. For next year, we’ll offer additional, less-costly plans. For employees who choose a silver plan, like those offered by many private sector employers, we have proposed no increases in premiums. Only employees who choose the state’s expensive, platinum health plan will see twofold increases to help cover a fraction of the cost of this plan.”*
http://files.sj-r.com/media/news/Governor_Rauner_Letter_to_State_Employees.pdf

What is known about parties' positions?

- Possible changes **unknown at this time** and subject to ongoing negotiations and ILRB proceedings:
 - Platinum (90/10), current plans – up to twofold cost increase
 - Gold (80/20)?
 - Silver plan (70/30) – current rates
 - Bronze (60/40)?
- Much uncertainty, but we assume costs might increase

Retroactive Premium Increases?

What does this mean?

Special Notice Regarding 2017 Plan Year Rates

The premium levels listed in this benefits flyer are for FY 2016 (July 1, 2015 – June 30, 2016). Personnel should be aware that these premiums may be subject to an increase, pending the outcome of an ongoing legal dispute between the State and AFSCME and that this premium increase may be applied retroactively to July 1, 2016. In other words, once the legal dispute is resolved, a higher premium likely will apply – not only going forward, but also for the period from July 1, 2016, to the date of the increase. For bargaining unit employees, your Union has the full details regarding the State's proposal. Unless another manner of retroactive payment of the premiums owed is negotiated with your Union, the increased premium difference owed for the period from July 1, 2016, through the date of the increase will be deducted on a pro rata basis out of the paychecks remaining in the fiscal year. This means that there will be two deductions for health insurance from an employee's paycheck once the increase has been set: one deduction at the new rate and a second deduction to make up what is owed for the prior period (i.e., the difference between the prior rate and the new rate). By electing coverage under this group health plan, an employee is consenting to all such payroll deductions. Employees represented by unions that have already ratified their agreements will not have any premium increases applied retroactively. Those employees represented by unions that have not yet ratified agreements should contact their union representatives to determine whether such increases may be applied retroactively.

Second Benefit Choice?

- University asked the State to reconsider position to collect retroactive premiums and instead only begin charging any new premiums **after** employees could consider the full range of new plans and any associated new costs (5/4/2016 email <https://uofi.illinois.edu/blog/view/1418/358204>)
- Details of any new plans or costs are unknown
- Possibly a 2nd 'Benefit Choice' period would be conducted if/when those are known

New State Benefit System

- State did not have online enrollment; University used NESSIE
- State implementing new system targeted for Fall 2016, U of I will use for:
 - Future Benefit Choice changes
 - Qualifying event changes (add/drop dependent, change carriers, opt-in/-out, MCAP/DCAP enrollment, etc)

Status of Claim Payment Delay

- Payments using State funds are ON HOLD since Sept 2015 due to no State budget
- CMS: *“Until there is an approved FY'16 budget for the State of Illinois, claim payments for the Quality Care Dental Plan administered by Delta Dental, the Quality Care Health Plan administered by Cigna, HealthLink OAP and Coventry OAP are on hold. These plans remain active and benefits will be paid according to a set release schedule once the State budget is approved and funds are provided to the plans.”*
<http://www.illinois.gov/cms/Employees/benefits/StateEmployee/Pages/QCHPQCDPClaimPaymentDelay.aspx>

Status of Claim Payment Delay

- What about the premiums deducted from my pay check?
 - Payments using employee premiums are being released to pay claims!
 - State deposits premiums in the Health Insurance Reserve Fund (HIRF) and will pay claims, amount divided between health plan vendors, as sufficient amounts accumulate

Status of Claim Payment Delay

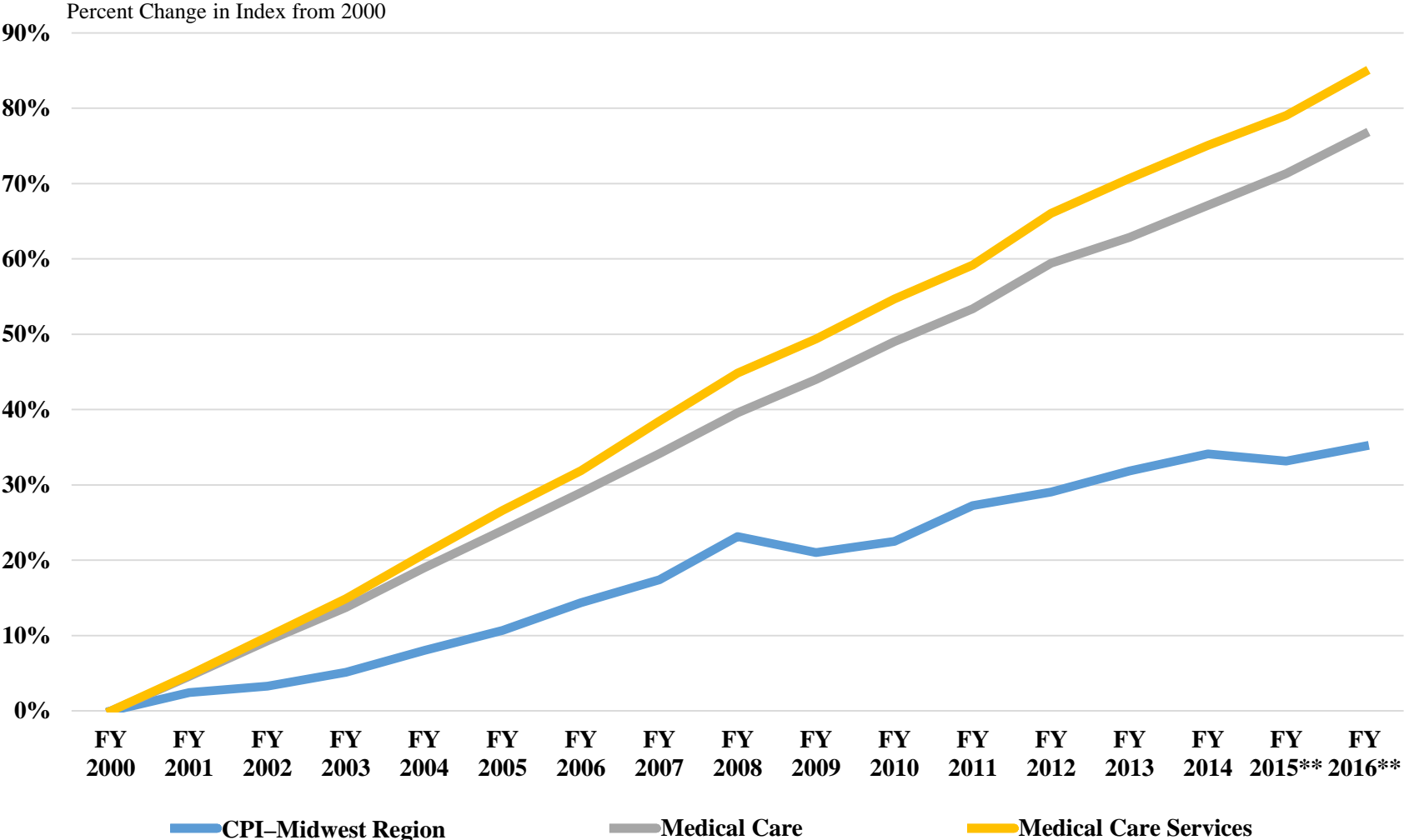
- Quality Care Health Plan:
 - Contracted (in-network) – 16 month delay
 - Non-contracted (out-of-network) – 19 month delay
- **Problem? Contact your health plan first - if not resolved, contact CMS at CMS.WebsiteBenefits@illinois.gov or 1-800-442-1300, selecting 1 at the first three prompts**

Ongoing Efforts & What You Can Do

- University leadership has regular contact with the Governor's office, legislators, and CMS
- We will continue to advocate on behalf of employees
- What employees can do:
 - Visit Illinois Connection www.illinoisconnection.org, Contact Your Legislators, to contact Governor and local legislators
 - Customize text for your thoughts on healthcare at <http://bit.ly/291I96x>
 - Best practice to use personal phone or email and to contact elected officials outside working hours or during scheduled breaks

National Price Indices: Growth in health care related costs exceeds general inflation and economic growth

FY 2000* – FY 2016**



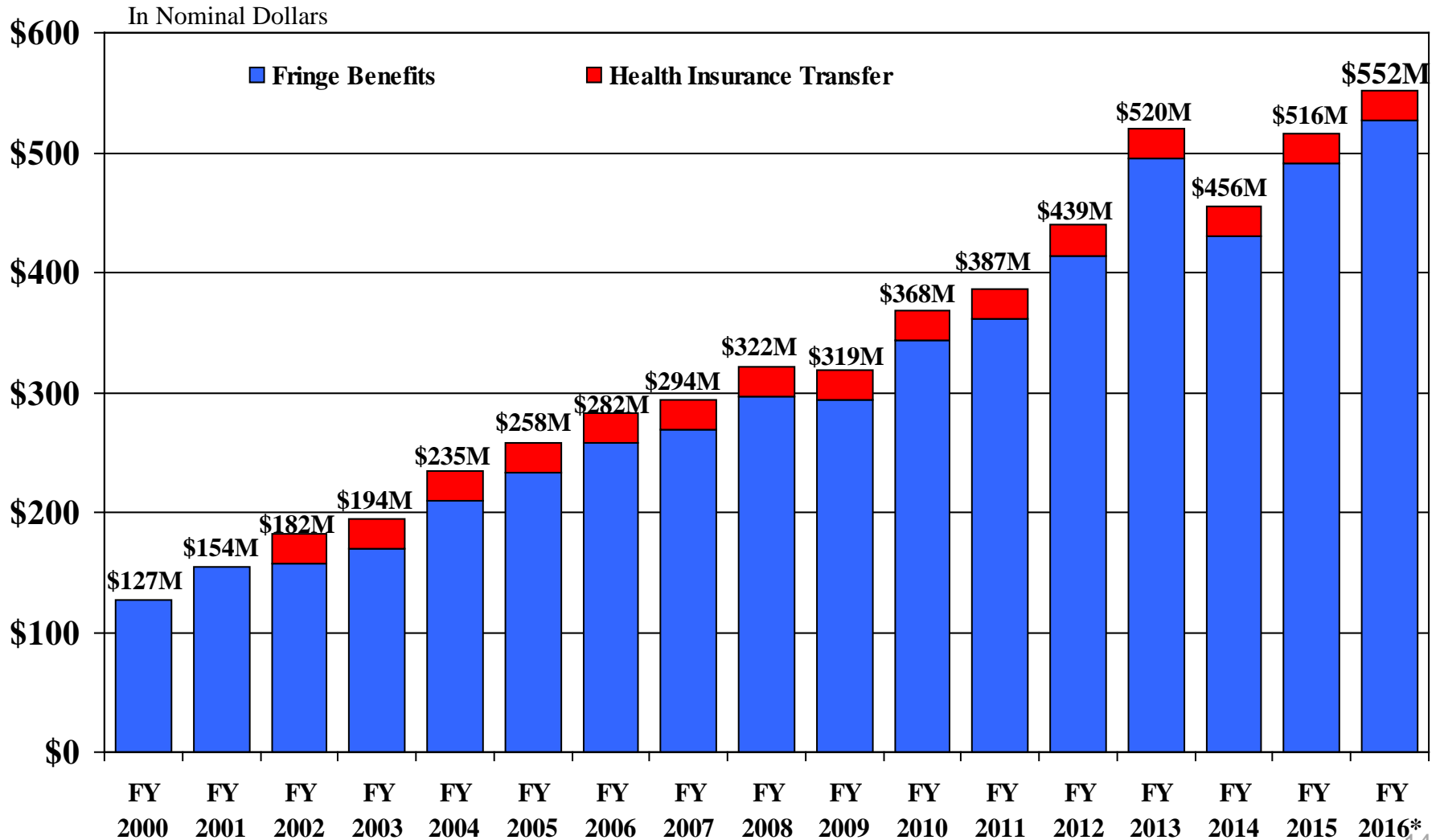
*Where FY 2000 is the baseline.

**Estimated.

Source: Bureau of Labor Statistics.

Fringe Benefits: State Payments on Behalf of U of I (excluding pensions) FY 2000 – FY 2016

(Dollars in Millions)

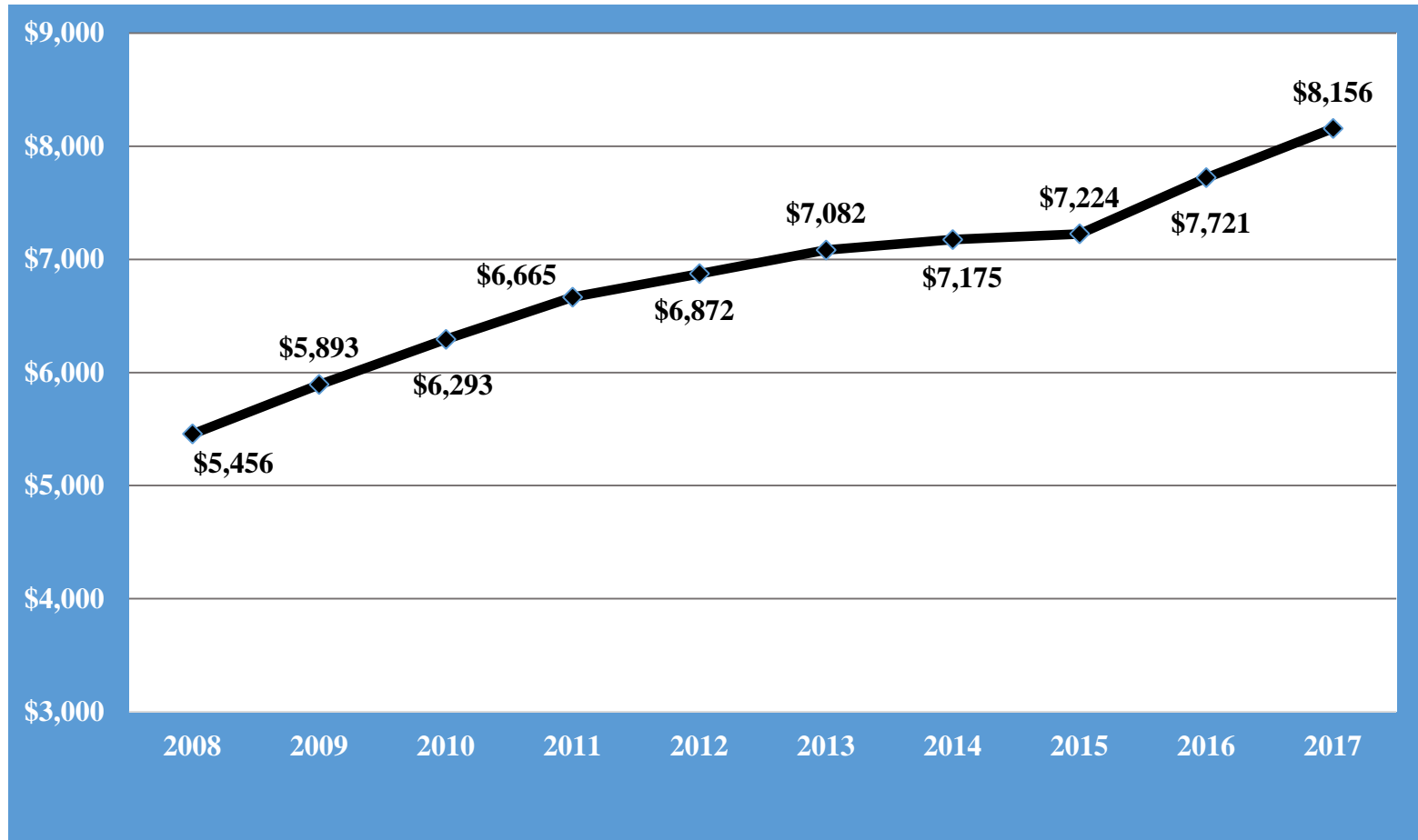


*Estimated: Fringe benefits based on 5 year average increase. Source: State of Illinois

State of Illinois Employees' Group Health Insurance Liability

Liability per Participant (not per employee)

FY 2008 – FY 2017



Source: *FY 2017 Liabilities of the State Employees' Group Health Insurance Program*, Commission on Government Forecasting & Accountability, March 2016.

We want to hear from you

- Questions?
- Comments?
- Email uihr@uillinois.edu
- NESSIE: <https://nessie.uihr.uillinois.edu> and click news item, or <https://uofi.illinois.edu/blog/view/1418/373289>