

**From:** Richard G. Ray  
**Sent:** Monday, November 20, 2017 2:47 PM  
**To:** HR Benefits <hrbenf@uark.edu>  
**Subject:** Future Changes to UA Health Plan Premiums



**Human Resources**

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## **Future Changes to UA Health Plan Premiums**

The UA System Office has announced future changes to health plan premiums over the next three years that include an increase in employee premiums for family coverages and a tobacco use surcharge. Although the premiums have not yet been finalized, we are wanting to let you know now about the changes.

### **Subsidy Transition Beginning July 2018 for Family Coverages on UA Health Plan**

The University's goal is to offer health benefit plans that are competitive with other Arkansas universities and those within the southeastern United States (primarily SEC schools). Competitiveness is important to maintaining meaningful benefits for our employees at an affordable cost. We evaluate the competitiveness of our plans by comparing them to those of other universities, including what and how much they cover, how much the University pays and how much employees pay toward health plan premiums.

Through these comparisons the UA System Office has found that, in general, the portion of the total premium the University pays toward health plan premiums (subsidy) for any increment of family coverage (Employee/Spouse, Employee/Children, or Employee/Spouse/Children) is higher than other universities and the portion employees pay is lower. For example, currently the University pays an average of 78% to 83% of the total premium for Employee/Spouse coverage, depending on salary tier. This means that, for employees who choose Employee/Spouse coverage, the University currently pays about \$770 of the total \$950 monthly premium. Over time, the subsidy for Employee/Spouse coverage will change to around \$655 per month, so employees with that coverage will pay more of the premium. University subsidies for Employee/Children and Employee/Spouse/Children will also reduce. *The University's subsidy for Employee Only coverage is consistent with other universities and will not be reduced.*

We recognize that making this change to reduce subsidies all at once could be a challenging adjustment for employees. For this reason, the President of the UA System has directed the campuses to gradually bring their subsidies in line with our competitors over a three-year period through 2020. We will begin this transition in July 2018 with a projected rate increase of \$20 - \$66 per month (depending on coverage and salary tier) for employees with family coverage on the Classic or Health Savings Plans. Subsequent premium increases will occur in July 2019 and July 2020 for both the

Classic and the Health Savings Plans. We are starting the Premier Plan at the July 2020 subsidy rates, so family coverage premiums are not projected to increase due to the subsidy changes.

See the Open Enrollment Page of Human Resources website at <https://hr.uark.edu/benefits/open-enrollment.php> for a draft copy of the proposed July 2018 premiums. ***Note, these premiums have not been finalized and are subject to change. Also, the proposed premiums do not include any premium increases that may be required due to claims experience.***

In July 2018 you will have the opportunity to drop spouse and/or dependent coverage or to end your coverage entirely if you are enrolled with family coverage in the Classic or Health Savings Plan. The option for cancelling coverage or deleting dependents will not apply to Employee Only coverage (Classic and Health Savings Plans) or any coverage under the Premier Plan since there will be no change to these premiums due to a reduction in University Subsidy. *These rate changes will not allow you to move from one plan to another.* You will be able to change your plan choice in the next open enrollment period for January 2019.

We encourage you to explore all the University's medical options and choose which is best for your situation. For 2018, we're introducing the Health Savings and Premier Plans. These plans, along with the Classic Plan, are competitive in their design and give you a greater choice of coverage and premium options. You may also want to explore medical coverage options for your spouse through his/her employer or consider individual medical insurance options for your spouse through the health insurance marketplace.

Chancellor Steinmetz has also announced that any savings realized by the Fayetteville campus from the transition in the subsidy for family coverages will be redirected into a pool for employee salaries.

### **Tobacco Use Surcharge**

Beginning in January 2019, tobacco users will pay an additional \$50 monthly premium surcharge for their health plan coverage. Check out the benefits provided by the health plan to help you 'kick the habit,' including a Chantix prescription and extra office visits at \$0 member cost:

<https://hr.uark.edu/documents/tobacco-cessation-brochure.pdf>.

If you would like more details about these premium changes, please contact me at 479-575-2159 or [dmcloud@uark.edu](mailto:dmcloud@uark.edu).

Thank you,

Debbie McLoud  
Associate Vice Chancellor for Human Resources

