

RATE INCREASE GROUP INSURANCE PLAN

(Board of Trustees Meeting, June 17-18, 1979)

Dr. Richards explained that due to the increase in hospital costs, it was necessary to revise the contributions made by the College and by the employees of the College. The aim of the new proposal was to maintain the College's contributions to the Group Insurance plan at the original 75 percent but to raise the ceiling from \$12 to \$20. This change, he added, would enable the College's employees to maintain their insurance. Both Attorney Bornn and Attorney Williams questioned the retention of the College's contribution at 75 percent, and Dr. Richards pointed out the need to maintain employee morale by retaining benefits already awarded. Mr. Kirwan explained that the 75 percent, and Dr. Richards pointed out the need to maintain employee morale by retaining benefits already awarded. Mr. Kirwan explained that the 75 percent College contribution referred only to employee coverage and that dependent coverage was the sole responsibility of the employee, adding that the total increased cost to the College would be about \$1,000 a month.

Dr. Richards requested the Board of Trustees' approval of his authorization to increase the College's Contribution to the Group Insurance plan to \$17.78 a month with a limit of \$20 for each employee. A motion to that effect was proposed by Dr. Evans, seconded, and approved, with Attorney Williams opposing it and Attorney Bornn abstaining.



COLLEGE of the VIRGIN ISLANDS

May 11, 1979

COLLEGE OF THE V.I.
MAY 14 1979
Office of Vice President - Provost

MEMORANDUM

To: Dr. Arthur Richards

From: Malcolm C. Kirwan *MCK*

Subject: Rate Increases - Group Insurance Plan

It is important that I bring to your attention some further projected rate increases in the Group Insurance Plan for this policy year.

Total Projected Benefits for the Policy Year

The anticipated benefits on the College Medical Insurance Program for the 1979 policy year are based on the following:

| | |
|---|-------------------------|
| .. Annual Premium for 1978 Policy Year | \$62,095 |
| .. Additional Benefits Based on the 1978 Policy Year Experience | <u>\$17,443</u> |
| Total | \$79,538 |
| .. Cost Benefits Attributable To: | |
| Knud Hansen Memorial Hospital Rate Increases (Effective Feb. 1, 1979) | \$20,950 |
| Federal Maternity Law (Effective May 1, 1979) | <u>\$ 1,614</u> |
| .. TOTAL Projected for 1979 Policy Year | <u><u>\$102,102</u></u> |

Premium Rates

Based on rate increases put into effect at Knud Hansen Memorial Hospital, and the changes in our policy mandated by the Federal Maternity Law, new premium rates are being put into effect immediately for the College insurance program. The rates being put into effect compare with the current rates and last year's rates as follows:

| | 1978 | Eff. 1/1/79 | Eff. 2/1/79 |
|---------------------------|-----------------|-----------------|------------------|
| Employee Coverage | \$12.05 | \$15.54 | \$23.70 |
| No. of Employees Covered | 257 | 257 | 257 |
| Annual Employee Premiums | <u>\$37,162</u> | <u>\$47,925</u> | <u>\$73,091</u> |
| Dependent Coverage | \$20.37 | \$26.28 | \$23.70 |
| No. of Dependent Units | 102 | 102 | 102 |
| Annual Dependent Premiums | <u>\$24,933</u> | <u>\$32,167</u> | <u>\$29,009</u> |
| Total Annual Premiums | <u>\$62,095</u> | <u>\$80,092</u> | <u>\$102,100</u> |

College and Employee Contributions

The shared contributions made by the College and the employee shape up as follows:

| | 1978 | Jan. 1 Increase | Proposed New 1979 Rates | |
|--------------------------|----------------|--------------------|-----------------------------|-----------------------------------|
| | | | A. College Paying 75% | B. College Paying \$12 Max. |
| Employee Contribution | \$3.01 | \$3.89 | \$ 5.92 | \$11.70 |
| College Contribution | <u>\$9.04</u> | <u>\$11.65</u> | <u>\$17.78</u> | <u>\$12.00</u> |
| TOTAL | <u>\$12.05</u> | <u>\$15.54</u> | <u>\$23.70</u> | <u>\$23.70</u> |

Proposed New Rate 'A' shows that if the College continues to pay 75% of the employee premium, the employee rate would increase to \$5.92 and the College's contribution would increase to \$17.78. However, under present policy, the College's total contribution is limited to a maximum of \$12 which under Proposed New Rate 'B' would shift the entire increase to the employee. I believe that this is a situation we would probably want to avoid.

What we would need at this time, therefore, is the removal of this \$12 limitation on the College's contribution to avoid shifting the entire burden of the rate increase on to the employee.

We are recommending that you authorize, subject to Board approval, the proposed increase in the College contribution. This would still mean that the College would contribute no more than 75% of the employee premium. The other 25% would continue to be paid by the employee. The action would remove only the \$12 upper limit.

We are pressed to receive action by Monday, so that the proper deductions can be made in the monthly payroll which goes to the computer on the 15th. If you approve, the following rates would apply:

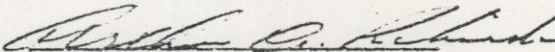
| College | Employee |
|---------|----------|
| \$17.78 | \$5.92 |

If you do not approve at this time the rates would be:

| College | Employee |
|---------|----------|
| \$12.00 | \$11.70 |

MCK:bh

APPROVED with a limit of \$20.00 total College contribution; subject to Board approval.


Arthur A. Richards
Acting President

May 14, 1979