

October 7, 2020

Dear Iowa State University faculty and staff,

Across the nation, health care costs have been rising much faster than inflation during the past decade. A [2019 report by the Kaiser Family Foundation](#) found “the average premium for family coverage has increased 22% over the last five years and 54% over the last ten years...”

Iowa State University has worked diligently to contain health care costs for many years. For the past seven years, ISU has held employee premium rates steady in the face of rising costs as our plans outperformed the industry averages. However, in the past year, the expenses from our health care benefits program exceeded the premium income collected by about \$4 million dollars.

To manage rising health care cost pressures, the [University Benefits Committee](#) (UBC) was asked to review the program and suggest changes and modifications to the health care plans and premium structure.

Based in part on the UBC’s recommendations, federal guidelines and other information, changes are being made to the Wellmark BluePPO and the Wellmark BlueHMO plans. Participants will see the new health care premiums and plan changes beginning January 1, 2021.

Please note that the increase in health care premiums and plan changes will cover approximately one-third of the projected increase in costs in the coming year. Additional incremental changes will be implemented over the next few years to address the cost of the program.

The new monthly PPO and HMO employee premium rates are shown below. Changes to the plan designs, including modest increases to co-payments and deductible limits can be [found here](#).

**New Medical/Rx Plan Monthly Premiums**  
(Beginning January 1, 2021)

<b>Tier of Coverage</b>	<b>BluePPO</b>	<b>BlueHMO</b>
Yourself Only	\$40.00	\$20.00
Yourself + Spouse/Partner	\$283.00	\$103.00
Yourself + Children	\$193.00	\$71.00
Yourself + Family	\$364.00	\$137.00
Family Double Spouse (contract holder pays)	\$254.00	\$60.00

University Human Resources will release additional details about these changes through webinars, video recordings and other electronic communications in anticipation of Open Enrollment which begins November 2, 2020, for the 2021 plan year. If you have questions, please contact [benefits@iastate.edu](mailto:benefits@iastate.edu).

Even with the new premium rates for employees, in most cases Iowa State University will pay more than 80% of the overall health care costs for employees. While Iowa State University continues to work to hold health care costs down, the projected program cost increases suggest that additional changes may be needed on a regular basis to keep up with rising health care costs.

### **Changes to other elements of the Benefits program**

The ISU Delta Dental Plan of Iowa premiums will remain the same for employees. However, the restorative services deductible (for procedures such as cavities) will increase to \$50 for the Comprehensive Dental Plan and will be \$25 for the Basic Dental Plan.

The Basic 2X Life Insurance Plan will remain; however, it will be capped at a \$250,000 maximum benefit and changes will be made to the accidental death and dismemberment clause. Employees will be able to obtain additional coverage if they choose.

The Long-Term Disability (LTD) program will also have changes for employees who are approved for this benefit in the future. In alignment with common practices in the marketplace, ISU will no longer pay medical or dental contributions, or retirement contributions for new entrants into the LTD program.

For those who retire after June 30, 2021, the \$4,000 retiree life benefit will no longer be available.

### **Careful decisions**

We are grateful for the work of the University Benefits Committee and their thoughtful consideration of many options. The senior leadership team made these decisions carefully based in part on the UBC's recommendations. We believe they are prudent steps to help support the long-term financial health of the university while maintaining our commitment to provide competitive employee benefits.

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