

Program Description

The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents policy to administer the program as a self-insured, group insurance plan. The Office of the Commissioner of Higher Education administers the plan with the assistance of recommendations from an inter-unit advisory committee. All university system employees and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits, a flexible spending account option, and a wellness program. Retirees and their enrolled dependents are eligible to continue medical and pharmacy coverage on a self-pay basis. The community colleges also participate in this program.

Program Highlights

MUS Group Insurance Program Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The MUS Group Insurance Program is funded with enterprise type proprietary funds and is not included in HB 2 ◆ The legislature requires the Montana University System to operate the program to maintain the plan on an actuarially sound basis ◆ HB 13 allocates funding to the MUS for employer contribution increases in the 2015 biennium 	

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Mus Group Insurance Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Proprietary Total	\$0	\$174,541,479	\$0	\$174,541,479	100.0%		
06008 Mus Group Insurance Program	\$0	\$165,043,309	\$0	\$165,043,309	94.6%		
06009 Mus Flexible Spending Account	\$0	\$9,487,748	\$0	\$9,487,748	5.4%		
06010 Che Wellness Account	\$0	\$10,422	\$0	\$10,422	0.0%		
Total All Funds	\$0	\$174,541,479	\$0	\$174,541,479	100.0%		
Percent - Total All Sources	0.0%	100.0%	0.0%				

This program is funded with three enterprise type proprietary funds: MUS Group Insurance, MUS Flexible Spending, and CHE Wellness Account. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Proprietary Revenues and Expenses

Revenues

Revenue in this program comes from:

- Employer-paid contributions toward insurance premiums
- Employee-paid contributions toward insurance premiums
- Employee payments to flexible spending accounts
- Investment earnings on the program funds

Expenses

Significant costs for the program are for:

- Insurance claims payments
- Claims management
- Program administration (with a total of 4.65 FTE in FY 2012)
- Wellness program expense

The agency projects non-personnel expenses to increase on average 10% per year between FY 2012 and FY 2015. The primary cost drivers impacting claims expense increases are medical provider cost increases and increased utilization due to the increasing average age of insured covered in the plan.

Personnel related administrative costs are projected to increase to assist with the workload to implement and ensure compliance with the Affordable Care Act.

Proprietary Rate Explanation

The employer-paid portion of the group insurance premium is statutorily established in Section 2-18-703, MCA. The legislature increased the employer-paid portion of the group insurance premium to \$806 per month per eligible, participating employee in FY 2014 and to \$887 per month per eligible, participating employee in FY 2015. The employee-paid portion of the group insurance premium is adjusted as needed by the Montana University System to cover the premium requirements of a variety of benefit options and to maintain employee group benefit plans on an actuarially sound basis.