



MEMORANDUM

TO: Joint Budget Committee

FROM: Rebecca Massey, Lead Finance Analyst, Department of Higher Education

DATE: November 1, 2021

SUBJECT: Request for Information for the Department of Higher Education #6

This memorandum provides a response to the Joint Budget Committee's Request for Information #6 for the Department of Higher Education.

Request for Information #6 states:

6) The Department is requested to submit a report by November 1st of each year demonstrating that its annual funding request for centrally appropriated amounts is similar to the amount that would be provided if Department staff were enrolled in state plans. The Department is further requested to submit, as part of the annual request for common policy benefits adjustments, templates that reflect the benefit selection for each member of the Department's staff in a manner that will enable health benefits for these staff to be calculated consistent with common policy. The templates are expected to contain July data on health benefits actually selected by Department staff and relate staff benefit elections to comparable state plan premiums.

The Department of Higher Education received a Legislative Request for Information asking for a description of the benefit plans offered by the Department and how they compare to the plans offered by the State. Department employees participate in the State Board for Community Colleges and Occupational Education (SBCCOE) benefits plan. The Department has offered this benefits plan to its employees for at least the past 20 years.

The Department's analysis suggests that the employer contribution amounts for its benefit plans are comparable to the employer contribution amounts for the most similar State plans. The Department works to attract and retain qualified employees by offering total compensation packages that are competitive with the institutions of higher education and the private sector, in addition to other State agencies.

The following tables list the benefit plans offered by the Department and the State and compare the most similar benefit plans offered by both entities. Appendix A provides a spreadsheet which compares the employer contribution amounts for the Department plans and the State plans that are the most similar. The spreadsheet was created using the FY 2021-22 benefits elections, so the information provided is the



most current data available. The Department currently offers less plans than the State, and costs vary by plan and household.

Table 1: Plans Offered by Department vs. Plans Offered by State

Department of Higher Education					State of Colorado			
Anthem Blue Cross/Blue Shield	Kaiser Permanente	Delta Dental	Vision	Basic Life	Cigna	Kaiser Permanente	Delta Dental	Basic Life
HMO Colorado	HMO	Option I	VSP	AD&D	Co-Pay Basic/Plus	Co-Pay Basic/Plus	Basic	AD&D
High Deductible		Option II			High Deductible	High Deductible	Basic Plus	
Blue Priority HMO								
Blue Preferred/PPO								

Notable differences between the plans are the providers used, the number and types of plans offered, the varying employer and employee monthly contribution amounts, and a vision benefit, with an monthly employer contribution between \$6.89 and \$18.29, which is included within the health plans offered by the State but is not within the Department’s plans; instead it is offered by the Department as a separate benefit. In addition, the out-of-pocket costs among the plans vary through differing annual deductibles, co-pays, and out-of-pocket maximums.

Table 2: Comparable Plans Between Department and State of Colorado

Department of Higher Education				State of Colorado			
FY 20-21	Employer	Employee	Provider	FY 20-21	Employer	Employee	Provider
Emp Only	\$541.12	\$0.00	Anthem Blue Cross/Blue Shield HDHP	Emp Only	\$673.44	\$24.24	Cigna HDHP
Emp+Sp	\$1,190.71	\$0.00		Emp+Sp	\$1,199.22	\$145.72	
Emp+Ch	\$974.79	\$0.00		Emp+Ch	\$1,180.00	\$55.00	
Family	\$1,676.69	\$0.00		Family	\$1,648.88	\$232.22	
Emp Only	\$662.59	\$199.00	Anthem Blue Cross/Blue Shield Blue Advantage HMO	Emp Only	\$667.90	\$35.96	Cigna Co-Pay Basic
Emp+Sp	\$1,456.68	\$439.00		Emp+Sp	\$1,231.82	\$178.64	
Emp+Ch	\$1,188.67	\$363.00		Emp+Ch	\$1,224.18	\$66.10	
Family	\$2,050.99	\$619.00		Family	\$1,744.24	\$251.28	
Emp Only	\$618.61	\$155.81	Anthem Blue Cross/Blue Shield Blue Preferred	Emp Only	\$637.66	\$85.06	Cigna Co-Pay Plus
Emp+Sp	\$1,366.66	\$337.27		Emp+Sp	\$1,179.68	\$268.94	
Emp+Ch	\$1,142.04	\$252.72		Emp+Ch	\$1,177.30	\$147.82	
Family	\$1,926.68	\$473.12		Family	\$1,641.56	\$408.08	
Emp Only	\$619.41	\$95.96	Anthem Blue Cross/Blue Shield Blue Priority HMO	Emp Only	\$637.66	\$85.06	Cigna Co-Pay Plus
Emp+Sp	\$1,361.20	\$212.82		Emp+Sp	\$1,179.68	\$268.94	
Emp+Ch	\$1,110.78	\$177.67		Emp+Ch	\$1,177.30	\$147.82	
Family	\$1,916.56	\$300.22		Family	\$1,641.56	\$408.08	
Emp Only	\$585.29	\$0.00	Kaiser HMO	Emp Only	\$585.56	\$25.78	Kaiser HDHP
Emp+Sp	\$1,287.64	\$0.00		Emp+Sp	\$1,055.70	\$156.54	
Emp+Ch	\$1,053.53	\$0.00		Emp+Ch	\$1,053.60	\$51.32	
Family	\$1,814.41	\$0.00		Family	\$1,509.22	\$197.02	
Emp Only	\$585.29	\$0.00	Kaiser HMO	Emp Only	\$606.98	\$34.80	Kaiser Co-Pay Basic
Emp+Sp	\$1,287.64	\$0.00		Emp+Sp	\$1,159.34	\$172.24	
Emp+Ch	\$1,053.53	\$0.00		Emp+Ch	\$1,141.82	\$65.58	
Family	\$1,814.41	\$0.00		Family	\$1,614.66	\$284.12	
Emp Only	\$585.29	\$0.00	Kaiser HMO	Emp Only	\$622.86	\$54.42	Kaiser Co-Pay Plus
Emp+Sp	\$1,287.64	\$0.00		Emp+Sp	\$1,161.22	\$244.82	
Emp+Ch	\$1,053.53	\$0.00		Emp+Ch	\$1,158.52	\$116.24	
Family	\$1,814.41	\$0.00		Family	\$1,617.36	\$387.80	
Emp Only	\$42.53	\$0.00	Delta Dental I	Emp Only	\$23.14	\$18.96	Dental Basic Plus
Family	\$95.70	\$0.00		Family	\$48.98	\$72.96	
Emp Only	\$24.40	\$0.00	Delta Dental II	Emp Only	\$32.34	\$4.44	Dental Basic
Family	\$66.23	\$0.00		Family	\$78.00	\$27.98	

Table 2 shows that in every health plan’s contribution amount differs depending on who is insured and who the provider is. For the employee contributions, in most cases the Department’s amounts are higher than for the State plans.

Table 3 compares selected out-of-pocket costs of the plans offered by the Department versus what is offered by the State. Comparing the plans, the biggest differences are in the annual deductible amounts and the out-of-pocket maximums. There are generally not substantial differences in the co-pays between all the plans.

Table 3: Comparison of Plan Out-of-Pocket Costs

Department of Higher Education						State of Colorado				
FY 20-21	Annual Deductible	Out-of-Pocket Max	Primary Care Co-Pay	Specialist Co-Pay	Provider	Annual Deductible	Out-of-Pocket Max	Primary Care Co-Pay	Specialist Pay	Co-Provider
Emp Only	\$6,350.00	\$6,350.00	0% after deductible	0% after deductible	Anthem Blue Cross/Blue Shield HDHP	\$1,750.00	\$5,000.00	25% after deductible	25% after deductible	Cigna HDHP
Emp+Sp										
Emp+Ch										
Family	\$12,700.00	\$12,700.00				\$3,500.00	\$10,000.00			
Emp Only	\$250.00	\$4,500.00	\$30.00	\$50.00	Anthem Blue Cross/Blue Shield HMO	\$1,500.00	\$5,000.00	\$30.00	\$50.00	Cigna Co-Pay Basic
Emp+Sp										
Emp+Ch										
Family	\$750.00	\$9,000.00				\$3,000.00	\$10,000.00			
Emp Only	\$2,000.00	\$6,000.00	\$40 then 25% after deductible	\$70 then 25% after deductible	Anthem Blue Cross/Blue Shield Blue Preferred	\$1,250.00	\$4,500.00	\$20.00	\$40.00	Cigna Co-Pay Plus
Emp+Sp										
Emp+Ch										
Family	\$6,000.00	\$12,700.00				\$2,500.00	\$9,000.00			
Emp Only	\$1,000.00	\$3,000.00	\$15.00	\$45.00	Anthem Blue Cross/Blue Shield Blue Priority HMO	\$750.00	\$3,500.00	\$20.00	\$40.00	Cigna Co-Pay Plus
Emp+Sp										
Emp+Ch										
Family	\$3,000.00	\$7,000.00				\$2,000.00	\$7,000.00			
Emp Only	\$250.00	\$3,000.00	\$20.00	\$40.00	Kaiser HMO	\$1,500.00	\$4,000.00	25% after deductible	25% after deductible	Kaiser HDHP
Emp+Sp										
Emp+Ch										
Family	\$500.00	\$6,000.00				\$3,000.00	\$8,000.00			
Emp Only	\$250.00	\$3,000.00	\$20.00	\$40.00	Kaiser HMO	\$1,500.00	\$4,000.00	\$15.00	\$35.00	Kaiser Co-Pay Basic
Emp+Sp										
Emp+Ch										
Family	\$500.00	\$6,000.00				\$3,000.00	\$8,000.00			
Emp Only	\$250.00	\$3,000.00	\$20.00	\$40.00	Kaiser HMO	\$750.00	\$3,500.00	\$10.00	\$25.00	Kaiser Co-Pay Plus
Emp+Sp										
Emp+Ch										
Family	\$500.00	\$6,000.00				\$1,500.00	\$7,000.00			
	Benefit Deductible	Benefit Maximum per Year	Preventative Care	Basic Services/Major Services	Provider	Benefit Deductible	Benefit Maximum per Year	Preventative Care	Basic Services/Major Services	Provider
Emp Only	\$50.00	\$3,000.00	100%	20%/50% after deductible	Delta Dental I	\$50.00	\$3,000.00 per person	100%	20%/50% after deductible	Dental Basic Plus
Family	\$150.00					\$150.00				
Emp Only	\$50.00	\$1,000.00	50%	50% after deductible	Delta Dental II	\$50.00	\$1,500.00 per person	100%	30%/50% after deductible	Dental Basic
Family	\$150.00					\$150.00				

Generally, the differences in the plans balance each other out; for example, the Department contributes slightly more on average to its health plans, but the State’s health plans have lower annual deductibles and out-of-pocket maximums.

As summarized in Table 4 below, the spreadsheet in Appendix A shows that the Department is estimated to contribute about seven percent more per month for its employees on average than it would if it offered the State’s benefit plans. Currently, the Department contributes less than what the State plans would contribute for 45 percent of employees. Further, the Department contributes under \$150 more per month than it would under the most similar State plans for 15 percent of its employees; it contributes over \$150 more per month for the remaining 40 percent of its employees.

Table 4: Summary of Contribution Differences

Employer Contribution Cost Comparison			
Difference between DHE & State Monthly Contribution	Number of Employees	Percent Share	
State Contribution greater than Department	18	45.0%	
Department Contribution Between \$0 and \$150 greater than State	6	15.0%	
Department Contribution Between \$150 and \$300 greater than State	16	40.0%	
Department Contribution Over \$300 greater than State	0	0.0%	
TOTAL	40	100.0%	
Department Monthly Contribution			\$ 43,423.77
Estimated State Monthly Contribution			\$ 40,505.20
Department Contribution greater than State per month			\$ 2,918.57
Percent greater than State Contribution per month			7.2%
Average Cost of DHE Contribution			\$ 1,085.59
Average Cost of State Contribution			\$ 1,012.63
Median Cost of DHE Contribution			\$ 702.60
Median Cost of State Contribution			\$ 698.72

The average cost of the Department’s employer contributions is about \$70 more than what the average cost would be for contributions for the most similar State plans; however, the median employer contribution for the Department plans is almost equal to what the contribution would be under the State’s plans.

The Department has requested the same percentage increases for Health, Life, and Dental as the State in both total compensation and the Department’s operation budget request for institutions. This creates consistency between the State, the Department, and institutions.

The Department provides actual benefit elections for employees participating in the Department plans to the Department of Personnel to accurately represent the most current benefit contributions in the Total Compensation template. The spreadsheet in Appendix A shows how those contributions compare to the current State benefit plans in the “Plan Contribution Comparison” tab. The templates that are requested in the RFI showing the requested increase will be provided with the Total Compensation templates on November 1.