

State of South Dakota

Bureau of Personnel FY11 Budget Presentation

BOP's Strategic Priorities

- **Talent Acquisition**

Provide agencies with the resources needed to attract and hire the best talent available.

- **Talent Retention**

Provide agencies with the tools and information needed to retain mission-critical talent.

- **Talent Management**

Help agencies develop and effectively use talent to maximize employee performance and increase agency efficiency and productivity.

Bureau of Personnel

- Classification and Training
- Compensation and Agency Support
- Employee Benefits

Our Workforce at a Glance

■ Workforce Demographics*

- Average age of state employees – 44.4 years
 - Baby Boomers – 41.7%
 - Generation X – 48.1%
 - Generation Y – 10.2%
- 32.3% of workforce eligible to retire within 10 years
- Potential serious loss of talent and efficiencies

* Agencies under control of the Governor

Difficulties Acquiring Talent

- **Difficulty Filling Critical Occupations**
 - Includes high demand jobs such as Nurses, Engineers, Scientists, IT, Accountants/Auditors
 - Demand for these occupations exists in both public and private sector
 - Demand for these occupations will only continue to increase
 - Today's workforce is seeking opportunities for development and career progression

Career Banding Process

- **Classification Structure**
 - Identify Subject Matter Experts (SMEs) to define all levels of work
 - Nature of work
 - Knowledge, skills and experience
 - Performance criteria
 - Competencies
 - Place employees into career levels based on nature of work performed

Career Banding Process cont.

- **Compensation Structure**
 - The goal of a new compensation structure will be to respond to market conditions for the given occupation

- **Performance Management**
 - A Performance Management system will be designed specifically for each individual occupation to maximize performance

Progress with Career Banding Project

- Classification
 - All career families defined
 - Accountants / Auditors formally placed in structure
 - Nurses, Engineers, Environmental Scientists in the process of allocation to new structure
- Compensation
 - On hold until funds are available
- Performance Management
 - Performance Management system designed
 - Training beginning for supervisors and employees

SD State Employee Health Plan

- Learn
- Act
- Thrive



SD State Employee Health Plan

HEALTH BENEFITS

| Membership | |
|-----------------------|---------------|
| Employees | 12,426 |
| Retired Employees | 718 |
| COBRA | 97 |
| dependents | 11,619 |
| Total Enrolled | 24,860 |

| Average Age | | | | |
|-------------|-------|-------|-------|-------|
| | 2006 | 2007 | 2008 | 2009 |
| Plan Member | 34.62 | 34.85 | 35 | 35.12 |
| Employee | 45.85 | 46.02 | 46.18 | 46.37 |

Health Plan Full Accrual Financial Statement

| | FY 2009 Unaudited | FY 2010 Estimated |
|--|----------------------|----------------------|
| Revenue | | |
| Contributions to Plan | | |
| Employer Paid | \$73,168,968 | \$73,892,252 |
| Retiree, COBRA, and Employee Paid for Dependents | \$17,854,964 | \$18,112,496 |
| Administrative Fee | \$123,888 | \$124,758 |
| Interest Revenue | \$1,107,994 | \$800,000 |
| Refund of Prior Years Claims | \$2,469,762 | \$2,500,000 |
| Total Revenue | <u>\$94,725,576</u> | <u>\$95,429,506</u> |
| Expenses | | |
| Claims | \$83,466,694 | \$91,726,093 |
| Employer Life Claims | \$511,250 | \$700,000 |
| Administration | \$7,518,027 | \$7,307,402 |
| Total Expenses | <u>\$91,495,971</u> | <u>\$99,733,495</u> |
| Current Year Over/(Underrecovery) | \$3,229,605 | (\$4,303,989) |
| Prior Year Over/(Underrecovery) | \$784,038 | \$4,013,643 |
| Cumulative Over/(Underrecovery)* | <u>\$4,013,643</u> | <u>(\$290,346)</u> |

*Cumulative Over/(Underrecovery) is the analysis of the revenues and expenses since the beginning of the program.

FY11- Administrative Actions

- Pharmacy vendor negotiations
- Continue competitive bid process for vendors
- Focus on Wellness Programs
- Utilization review and case management

FY11 – Major Plan Modifications

Copays

- Chiropractic - from \$20.00 to \$35.00
- Office Visit - from \$30.00 to \$35.00 / \$40.00 to \$45.00
- Inpatient - from \$550.00 to \$600.00
- Out- Patient - from \$450.00 to \$500.00

- Pharmacy

| | 30-Day | 3-Month Retail | 3-Month Mail Order |
|--------|------------------|--------------------|--------------------|
| Tier 1 | \$9.00 to \$7.00 | \$17.00 to \$21.00 | \$17.00 to \$14.00 |
| Tier2 | \$25.00 | \$40.00 to \$60.00 | \$40.00 |
| Tier 3 | 40.00 | \$60.00 to \$80.00 | \$60.00 |

Health Plan Full Accrual Financial Statement

| | FY 2009 Unaudited | FY 2010 Estimated | FY 2011 Estimated |
|--|----------------------|----------------------|----------------------|
| Revenue | | | |
| Contributions to Plan | | | |
| Employer Paid | \$73,168,968 | \$73,892,252 | \$78,141,824 |
| Retiree, COBRA, and Employee Paid for Dependents | \$17,854,964 | \$18,112,496 | \$18,542,076 |
| Administrative Fee | \$123,888 | \$124,758 | \$124,758 |
| Interest Revenue | \$1,107,994 | \$800,000 | \$800,000 |
| Refund of Prior Years Claims | \$2,469,762 | \$2,500,000 | \$2,500,000 |
| Total Revenue | <u>\$94,725,576</u> | <u>\$95,429,506</u> | <u>\$100,108,658</u> |
| Expenses | | | |
| Claims | \$83,466,694 | \$91,726,093 | \$92,469,259 |
| Employer Life Claims | \$511,250 | \$700,000 | \$700,000 |
| Administration | \$7,518,027 | \$7,307,402 | \$6,458,352 |
| Total Expenses | <u>\$91,495,971</u> | <u>\$99,733,495</u> | <u>\$99,627,611</u> |
| Current Year Over/(Underrecovery) | \$3,229,605 | (\$4,303,989) | \$481,047 |
| Prior Year Over/(Underrecovery) | \$784,038 | \$4,013,643 | (\$290,346) |
| Cumulative Over/(Underrecovery)* | <u>\$4,013,643</u> | <u>(\$290,346)</u> | <u>\$190,701</u> |

*Cumulative Over/(Underrecovery) is the analysis of the revenues and expenses since the beginning of the program.

FY11- Appropriation Request

- Appropriation Request – FY11 \$4,668,621

Breakdown

| | |
|----------------------|--------------------|
| General Funds | \$1,880,186 |
| Federal Funds | \$1,016,399 |
| Other | \$1,772,036 |

FY11 - Rate per employee Health Rate

- FY09 rate = \$5,773.00 per employee
- FY10 rate = \$5,773.00 per employee
- \$4,668,621 divided by 12,897 (benefited employees) = \$362.00 per employee increase
- FY11 - proposed rate = \$5,773.00 + \$362.00
= **\$6,135.00 per employee**

FY10 - Annual Contributions Per Employee

