

**March 1-2, 2012**

**ITEM 154-104-R0312**

**Revision of Policy 804.1, Self-Insured Group Insurance Plan**

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**THAT**

The Board of Regents of Higher Education revises Policy 804.1, Self-Insured Group Insurance Plan, to update policy language referencing the cap on administrative costs related to the operation of the Plan.

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**EXPLANATION**

The current administrative cap language limits administrative costs to no more than the sum of the premium tax that would be assessed to a conventional insurance policy (2.75%) plus investment earning. As a result of declining interest rates, the MUS has been in violation of this policy language for a number of years. The proposed language continues the intent that the plan be more cost effective than conventional insurance. Historically the administrative costs of the plan have stayed in the 5-6% range, which is significantly below the new federal health care reform cap of 15%.

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**ATTACHMENTS**

Policy 804.1, relined to indicate changes.