

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

**Meeting of the
Finance Committee**

September 13, 2024

FINANCE COMMITTEE

Friday, September 13, 2024

8:30 – 9:45 a.m.

Board Room, The Rotunda

Committee Members:

Robert M. Blue, Chair

Rachel W. Sheridan, Vice Chair

Carlos M. Brown

The Honorable Paul C. Harris

Paul B. Manning

John L. Nau III

David F. Webb

Douglas D. Wetmore

Robert D. Hardie, Ex-officio

AGENDA

	<u>PAGE</u>
I. ACTION ITEMS (Ms. Davis)	
A. Updates to the 2023 State Six-Year Institutional Plan	1
B. Operating and Capital Amendments to the 2024-2026 State Biennial Budget	3
C. Signatory Authority for Academic Division Contract	8
D. Signatory Authority for Medical Center Contracts	9
II. REPORTS BY THE EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER (Ms. Davis)	
A. Executive Vice President’s Remarks	10
B. Reports to the Commonwealth	11
C. University of Virginia Investment Management Company 2023-2024 Annual Report (Ms. Davis to introduce Mr. Robert Durden; Mr. Durden to report)	12
D. UVA Health Plan (Written Report)	13

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 13, 2024

COMMITTEE: Finance

AGENDA ITEM: I.A. Updates to the 2023 State Six-Year Institutional Plan

BACKGROUND: Pursuant to the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Restructuring Act) and the Virginia Higher Education Opportunity Act of 2011 (HEOA), in odd-numbered years each public institution of higher education must develop, adopt, and submit a six-year plan addressing the institution’s academic, financial, and enrollment plans. In even-numbered years, institutions are required to affirm or amend their plans. In accordance with the Restructuring Act and the HEOA and subsequent communications from the State Council of Higher Education for Virginia (SCHEV), in July 2024 the [University](#) and the [College at Wise](#) submitted preliminary updates to their respective 2023 Six-Year Institutional Plans.

DISCUSSION: Using the 2030 Plan as the foundation to advance the objectives of the statewide higher education strategic plan, *Pathways to Opportunity: The Virginia Plan for Higher Education*, the [2023 Six-Year Plan for the Academic Division](#) was developed around the overarching goals of strengthening our foundation; cultivating the most vibrant community in higher education; enabling discoveries that enrich and improve lives; and making UVA synonymous with service. The update submitted in July for the Academic Division highlights expanded access to financial aid; increased enrollment by students from Virginia public schools with high rates of socioeconomic disadvantage; the launch of several new degree programs; and planning and progress toward various pan-University research and programmatic initiatives.

The [2023 Six-Year Plan for the College at Wise](#) addresses the *Pathways to Opportunity* plan, the HEOA, and the College’s strategic goals through interconnected initiatives aimed at enhancing recruitment, retention, and engagement of students; improving professional development and retention of talented faculty and staff; and offering new graduate programs as well as expanding the Master of Science in Nursing and the Family Nurse Practitioner program. The update submitted in July for the College at Wise highlights record application numbers; increased enrollment and retention; and the launch of new academic programs in response to employer demand and student interest.

Key changes in the financial portion of the six-year plans include: (1) conforming the financial plan to be consistent with additional state funding appropriated in the Commonwealth’s 2024-2026 biennial budget and the University’s and College’s Board-approved annual operating budgets; and (2) reflecting state-authorized salary increases for faculty and staff in FY2024-2025 and FY2025-2026.

As of September 3, the University is awaiting comments from SCHEV on the preliminary amended plans and will incorporate any needed changes in the final versions of the plans for review with the Finance Committee at the September meeting. The Board of Visitors must formally adopt the updates to the six-year plans prior to submission of the final plans by October 1, 2024.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

UPDATES TO THE 2023 STATE SIX-YEAR INSTITUTIONAL PLAN FOR THE ACADEMIC DIVISION AND THE COLLEGE AT WISE

WHEREAS, §§ 23.1-306 and 23.1-1002 of the Code of Virginia requires each public institution of higher education to develop and adopt biennially (each odd-numbered year) and amend or affirm biennially (each even-numbered year) an institutional six-year plan and submit that plan to the State Council of Higher Education for Virginia (SCHEV); the General Assembly; the Governor; and the Chairs of the House Committee on Appropriations, House Committee on Education, Senate Committee on Education and Health, and Senate Committee on Finance and Appropriations; and

WHEREAS, the University and the College at Wise submitted preliminary updates to their respective six-year plans as required in July, outlining general strategies to advance the priorities of the Commonwealth in alignment with the respective strategic educational, research, and service goals of the University of Virginia and the College at Wise; and

WHEREAS, final updates to institutional plans must be approved by the Board of Visitors and submitted to SCHEV, the General Assembly; the Governor; and the Chairs of the House Committee on Appropriations, House Committee on Education, Senate Committee on Education and Health, and Senate Committee on Finance and Appropriations no later than October 1, 2024;

RESOLVED, the Board of Visitors approves the updates to the six-year institutional plans for the Academic Division and the College at Wise; and

RESOLVED FURTHER, the President is authorized to transmit the six-year plan updates as required by §§ 23.1-306 and 23.1-1002 of the Code of Virginia.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 13, 2024

COMMITTEE: Finance

AGENDA ITEM: I.B. Operating Amendments to the 2024-2026 State Biennial Budget

BACKGROUND: In even-numbered years, the University submits requested amendments to the biennial budget to the Department of Planning and Budget (DPB) for review by the Governor for inclusion in the amended budget proposal, which is presented to the General Assembly in December.

DISCUSSION: On July 30, 2024, the University received instructions from the Commonwealth regarding guidelines and deadlines for the submission of proposed capital amendments to the 2024-26 budget. On August 22, 2024, the University received instructions from the Commonwealth regarding guidelines and deadlines for the submission of proposed amendments to the 2024-2026 budget. The deadlines to submit the proposed capital and operating amendments were August 26, 2024, and September 20, 2024, respectively. Upon approval, we will submit the following proposed general fund amendments. Normally, costs related to faculty and staff salary increases, operational support, and financial aid are addressed by the state for all institutions.

Depending on the outcome of the Governor's budget, to be presented in December, the University and the College at Wise may want to submit any of these amendments that are not addressed to the General Assembly in January 2025. (The Medical Center has no amendment requests.) Any requests not included on this list that might be submitted to the General Assembly will be communicated to the Board of Visitors in advance of the due date.

Academic Division:

Virginia Military Survivors and Dependents Education Program (VMSDEP): The University requests funding to support the tremendous growth in VMSDEP waivers. Starting in 2019 through 2024, the number of students receiving waivers has increased 664%, from 36 to 275 students. Using a three-year rolling average, we anticipate the number of eligible students and the cost of the VMSDEP waivers to continue to increase. FY2025 - \$7,356,869; FY2026 - \$8,460,399

UVA Health Plan: The University seeks incremental funding to cover the state's general fund share of the increases in employer premiums for employees participating in the UVA Health Plan. FY2025 - \$9,460,291; FY2026 - \$11,028,163

Utilities: The University seeks incremental funding to cover the state's general fund share of the increased utility rates impacting E&G facilities. FY2025 - \$2,077,973; FY2026 - \$2,918,795

Operations & Maintenance (O&M) for New Facilities: The University seeks incremental funding to cover the state's general fund share of increased operations and maintenance (O&M) costs related to new education and general (E&G) capital projects that are scheduled to be fully online in 2024-2026. FY2025 - \$1,411,693; FY2026 - \$1,888,854

Expand UVA's Threat Assessment Team: The University requests state support to enhance student safety and support the efforts of UVA's Threat Assessment Team (TAT), specifically recruiting additional FTEs and conducting necessary training across the University, to better manage the increased workload of the TAT. Over FY2022 and FY2023, cases increased by 75% (from 199 to 348). FY2025 - \$182,365; FY2026 - \$186,012

Expand Mental Health Services: The University requests state support to improve the mental health services within the Student Health & Wellness facility. Specifically, these one-time funds would support private telehealth rooms, improvements to space supporting student mental health, and other wellness needs of the student population. FY2025 - \$2,900,000

State Arboretum at Blandy Farm: The University seeks additional state funding to fully support personnel costs at the State Arboretum at Blandy Farm and additional support for the numerous preK-12 programs offered by Blandy. Additional funding will be needed annually to cover increased personnel costs (due to salary increases, bonuses, etc.). FY2025 - \$350,000; FY2026 - \$350,000

Commonwealth Artificial Intelligence Initiative (CAII): One-time state support to assist in planning a collaborative Commonwealth-wide Artificial Intelligence (AI) initiative, potentially partnering with Virginia Tech, as well as private industry, government entities, and other educational institutions. The goal is to create a collaborative ecosystem of public and private entities across the Commonwealth to train and educate the workforce, catalyze innovation and entrepreneurship, accelerate research, and deploy AI technologies for the benefit of society. FY2026 - \$750,000

College at Wise:

Enrollment and Retention: UVA Wise requests recurring state support to increase enrollment and enhance retention strategies. This funding will be used to support enrollment management marketing and increase use of technology in the recruitment and admissions of students, expanding student support services through living-learning communities and wellness activities, student retention through academic support technology and increased programming, as well as funding to recruit and retain exceptional employees. FY2026 - \$1,976,213

Workforce Program Strategies: UVA Wise requests recurring funding to support the expansion of programming in existing and newly established academic programs to support the workforce needs in the Commonwealth and Southwest Virginia. These funds would continue the growth and expansion of the nursing program, continued implementation of the data analytics program to include artificial intelligence, and continue development of the hospitality and tourism program which will support the tourism and gaming (casino) initiatives in Southwest Virginia. FY2026 - \$699,675

Research: UVA Wise requests on-going support for research activities. Governor Youngkin included funding in his proposed budget for a study to expand research opportunities at the College. To further support this work, the College is seeking funding to hire a director and support staff that would assist in this planning, but also focus on applied research in collaboration with the University of Virginia to develop knowledge, expertise, and experiential opportunities for students in areas of study important to our region. Additionally, this funding would provide additional support to the Healthy Appalachia Initiative which will implement population health programs in collaboration with regional community, business, health, and education partners; and teach public health courses at the College. FY2026 - \$365,000

Expanding Graduate Programs: UVA Wise requests on-going funding for the expansion of graduate programs. With its recently approved level change, the College will begin its M.Ed. in Curriculum and Instruction program this fall. The College is requesting additional funding to expand the M.Ed. program to include Library Media and Special Education programs, as well as the implementation of the data analytics program to include artificial intelligence. FY2025 - \$241,180; FY2026 - \$454,140

Virginia Military Survivors and Dependents Education Program (VMSDEP): State support is requested for the Commonwealth's Virginia Military Survivors' and Dependents' Education Program (VMSDEP). This critically important program has experienced significant growth in recent years and is expected to continue to grow. The requested amount reflects the estimated cost of FY24 actual foregone revenue. This amount has not been adjusted for any base or one-time state support resulting from the 2024 Special Session(s) pending final action and allocations by the State Council of Higher Education for Virginia. The College is committed to partnering with the Commonwealth to bolster the long-term sustainability of this important program. FY2025 - \$180,000; FY2026 - \$245,718

Federal Labor Standards Act (FLSA): With this potential federal mandate, UVA Wise is requesting funding that would allow the College to comply while ensuring student programs are not affected. FY2026 - \$1,000,000

Utilities: UVA Wise requests on-going funding for increased utility costs due to the current economy and inflationary impacts. The College used a 3% inflation increase for FY2026. FY2025 - \$250,000; FY2026 - \$257,500

Capital Project Funding Requests:

Requests for state funding for capital projects are managed through a separate process. On July 30, the University received instructions from the Commonwealth regarding guidelines for the submission of capital budget requests to DPB. The submission deadline was August 26, and the University submitted the following funding requests for Academic Division and College at Wise projects previously approved by the Board of Visitors and included on the University's [Major Capital Plan](#).

Academic Division Capital Funding Requests:

Center for the Arts: The Center for the Arts, currently approved on the Major Capital Plan for planning and design, is envisioned as an approximately 210,000 gross-square-foot (GSF) hybrid performing arts, museum, and music complex that will serve student and academic programs, as well as support commercial concerts and road shows aimed at a regional audience. The Center's classroom and gallery spaces, practice rooms, and programming will benefit not only UVA students but also K-12 students and other visitors; given this instructional and educational mission, the University seeks state support in the amount of \$205M with the balance of the estimated \$315M project cost to come from philanthropy.

Engineering Academic Building: Based on the findings and recommendations of several recent space studies, the University plans to construct a new academic instructional and laboratory building to address the significant needs of the School of Engineering and Applied Science. This project, currently approved on the Major Capital Plan for planning and design, envisions an approximately 190,000 GSF facility. The estimated cost of the project is \$206M. As a first step, the University is requesting \$5M as a planning authorization that will allow better definition of programming, scope and budget.

College at Wise Capital Funding Requests:

Darden Hall Renovation: The Darden Hall renovation will renew one of the College at Wise's most heavily used academic facilities, updating its outmoded and overtaxed infrastructural systems as well as presenting an opportunity for the College to grow several key academic programs that will prepare graduates to fill professional voids in the region and throughout the Commonwealth. The project includes HVAC and electrical infrastructure upgrades, replacement of energy-inefficient and failing windows, and vehicular access improvements. The College at Wise has submitted a request for \$39M in state funding.

Technology Classroom Building: The College at Wise seeks to construct a new Technology Classroom Building, an approximately 50,000 GSF facility with classrooms and technology-focused lab spaces envisioned to become the integrated location for established and new undergraduate and graduate science and technology programs. Currently, these programs are located in different areas of campus; ideally, they would be in proximate academic space to enhance collaboration. The project includes an integrated ~20,000 GSF

parking deck that would replace parking lost due to the construction of the new facility as well as provide a direct ADA-accessible route to the upper campus academic quadrant from the lower portion of campus, which is presently not available. The College at Wise has submitted a request for \$68.7M in state funding.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

OPERATING AND CAPITAL AMENDMENTS TO THE 2024-2026 BIENNIAL BUDGET

WHEREAS, the Academic Division, the University of Virginia's College at Wise, and the University of Virginia Medical Center have the opportunity to propose budget amendments to the 2024-2026 Biennial Budget for consideration by the Governor; and

WHEREAS, the Board of Visitors approved the updated 2024 Major Capital Program at its meeting on June 7, 2024 which included certain projects for which the University and the College at Wise will request support from the Commonwealth;

RESOLVED, the Board of Visitors of the University of Virginia approves the 2024-2026 general fund operating and capital amendments; and

RESOLVED FURTHER, the Board of Visitors understands that to the extent these requests are not included in the Governor's 2024-2026 amended budget, the University may pursue a similar request to the General Assembly.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 13, 2024

COMMITTEE: Finance

AGENDA ITEM: I.C. Signatory Authority for Academic Division Contract

BACKGROUND: The Board of Visitors is required to approve the execution of any procurement contract or amendment where the contract value is expected to exceed \$5M per year.

DISCUSSION: On April 23, 2018, the University contracted with Acme Technical Group, LLC (“A-Tech”) to provide Skilled Trades Services for on-demand services for building access systems and related areas.

The University is embarking on an access control improvement on buildings across Grounds that will potentially result in a purchase order of over \$5M with this firm, which is already under contract with the University. The University seeks approval from the Board of Visitors to allow the Academic Division to execute the purchase order with A-Tech for access control improvements.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors.

SIGNATORY AUTHORITY FOR CERTAIN ACADEMIC DIVISION CONTRACTS EXCEEDING \$5 MILLION PER YEAR

RESOLVED, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer to execute the contracts on behalf of the Academic Division with Acme Technical Group, LLC (“A-Tech”) to provide Skilled Trades Services for on-demand services for building access systems and related areas.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 13, 2024

COMMITTEE: Finance

AGENDA ITEM: I.D. Signatory Authority for Medical Center Contracts

BACKGROUND: The Board of Visitors is required to approve the execution of any procurement contract where the contract value is expected to exceed \$5M per year.

DISCUSSION: In accordance with Medical Center procurement policy, the contracts listed below exceed \$5M in spend per year and are outside the signatory authority of the Executive Vice President for Health Affairs, who has been delegated authority from the Executive Vice President and Chief Operating Officer to approve certain Medical Center documents.

- Johnson & Johnson Health Care Systems Inc. for DePuy Synthes Trauma products
- Medtronic USA, Inc. for (2) Stealthstation S8 navigational systems
- Compass Group USA, Inc. for environmental services and food and nutrition services

The expense for goods and services purchased through this contract is reflected in the Medical Center's Operating Budget.

ACTION REQUIRED: Approval by the Health System Board, the Finance Committee, and by the Board of Visitors

**SIGNATORY AUTHORITY FOR CERTAIN MEDICAL CENTER CONTRACTS
EXCEEDING \$5 MILLION PER YEAR**

RESOLVED, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer to execute the contracts on behalf of the Medical Center with Johnson & Johnson Health Care Systems Inc. for DePuy Synthes Trauma products, Medtronic USA, Inc. for (2) Stealthstation S8 navigational systems, and Compass Group USA, Inc. for environmental services and food and nutrition services.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 13, 2024

COMMITTEE: Finance

AGENDA ITEM: II.A. Executive Vice President's Remarks

ACTION REQUIRED: None

BACKGROUND: The Executive Vice President and Chief Operating Officer will inform the committee members of recent events that do not require formal action, but of which they should be made aware.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 13, 2024

COMMITTEE: Finance

AGENDA ITEM: II.B. Reports to the Commonwealth

BACKGROUND: During the summer of 2024, the University of Virginia and other public institutions of higher education in Virginia were required to submit reports and data to the Commonwealth’s Joint Legislative Audit and Review Commission (JLARC) on cost efficiency measures, institutional spending, and institutional viability. Many of these requests were additional to the regular reporting the University is required to submit to the state, such as the Institutional Six-Year Plan, and were related to a JLARC study of the cost efficiency of public higher education institutions. In addition, data on the cost of the Virginia Military Survivors and Dependents Education Program was submitted to JLARC for its independent study of the impact of the waiver program on public institutions of higher education in the Commonwealth.

DISCUSSION: Executive Vice President and Chief Operating Officer J.J. Davis will discuss the reports and data submitted by UVA to the state.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 13, 2024

COMMITTEE: Finance

AGENDA ITEM: II.C. University of Virginia Investment Management Company
2023-2024 Annual Report

ACTION REQUIRED: None

BACKGROUND: The University of Virginia Investment Management Company (UVIMCO) provides investment management services to the Rector and Visitors of the University of Virginia and its related foundations. Assets deposited in UVIMCO are held in the custody and control of UVIMCO on behalf of the University and Foundations within a long-term, co-mingled investment pool.

UVIMCO's primary objective in managing the investment pool is to maximize long-term real return commensurate with the risk tolerance of the University. To achieve this objective, UVIMCO actively manages the investment pool to achieve returns that consistently exceed the returns on a passively managed benchmark with similar asset allocation and risk. Recognizing that the University must attract outstanding students, faculty, and staff and provide them appropriate resources, UVIMCO attempts to manage pool assets to provide long-term real returns that compare favorably with the returns of endowments of other outstanding schools. UVIMCO does not set spending rates; UVIMCO communicates the investment pool's risk and return estimates to the University and foundations for their consideration in setting spending rates.

DISCUSSION: UVIMCO's Chief Executive Officer/Chief Investment Officer, Mr. Robert Durden, will provide an overview of UVIMCO, the current market environment, the asset allocation, performance, and liquidity position of the Long-Term Pool as of June 30, 2024, as well as address any questions from the committee.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: September 13, 2024

COMMITTEE: Finance

AGENDA ITEM: II.D. Written Report on UVA Health Plan

ACTION REQUIRED: None

BACKGROUND: The University of Virginia, as the plan sponsor and administrator for the UVA employee health plans, has three main objectives: (1) provide a health benefit that is attractive to current and prospective faculty, staff, and Medical Center team members; (2) support the well-being of participants; and (3) provide appropriate fiscal management and ensure the lowest possible administrative costs.

DISCUSSION: For the plan year beginning January 1, 2023, and ending on December 31, 2023, 90% of eligible employees were enrolled in UVA’s health plan, no change from the prior year. Plan enrollment is broken down in the attached Annual Report on the UVA Health Plan.

- **Enrollment.** 42.5% of enrolled employees are enrolled in the Value Health PPO option, 15.5% in the Choice Health PPO option, and 42% in the Basic Health High Deductible option.
- **Value.** UVA leads in various aspects of health benefits, including lower annual costs per employee compared to the Commonwealth of Virginia Health Plan.
- **Competitive.** UVA is a market leader in the amount of employer contribution towards the cost of insurance, covering 88% of the cost of care, on average, versus 87% for covered workers at public organizations.¹
- **Workforce.** UVA had 20,084 benefits-eligible employees, a 9% increase over the prior year; 90% of the benefits-eligible workforce were enrolled in the health plan.

Total Employees Enrolled	
2023	18,047
2022	16,429
2021	17,127

¹ Kaiser Family Foundation, online [/files.kff.org/attachment/Employer-Health-Benefits-Survey-2023-Annual-Survey-Summary-of-Findings.pdf](https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2023-Annual-Survey-Summary-of-Findings.pdf),

Education and Awareness: Each year, in an effort to increase benefits literacy about the health plan, UVA invests significant resources to educate participants about their benefit options before Open Enrollment; including potential annual costs for each UVA Health Plan option. These initiatives include informative workshops and webinars designed to educate employees about the benefits and coverage options available within the plan. Additionally, a comprehensive digital campaign featuring newsletters, email updates, and an easily accessible online website was launched to provide ongoing information and answer common questions. Interactive sessions, such as Q&A forums and one-on-one consultations, were offered to ensure employees fully understand the health plan and how it can support their well-being.

- 1,948 Benefits and Well-being Expo attendees at six locations
- 79 virtual one-on-one sessions + 174 walk-ins
- 987 presentation attendees
- Total number of website visits was almost 53,000, exceeding all previous years since the pandemic.

The results of these efforts were as follows:

- 4.8 out of five average customer satisfaction score for HR Solution Center survey results during Open Enrollment.
- 13,546 Open Enrollment engagements in Workday.

Health Plan Management and Administration: UVA administers the UVA Health Plan according to its plan documents and compliance with applicable regulations.

To reduce the health premium burden on employees, a strategic approach has been implemented that shifts a greater portion of the cost share to the employer. This is designed to ease the financial strain on employees by increasing the employer's contribution to health premiums over the next year. The strategy includes an annual assessment to ensure the cost-sharing model is equitable and sustainable, allowing the plan to adjust and "right-size" as needed. This phased approach not only enhances employee satisfaction but also aligns with long-term financial planning by balancing immediate relief with future stability.

To enhance member accessibility and support overall well-being, in-network virtual mental health resources have been added to the health plan. This expansion ensures members have easier access to a wide range of mental health services, including counseling, therapy, and psychiatric care. By integrating these resources, we aim to reduce barriers to mental health support, making it more affordable and convenient for members to seek the care they need. This initiative reflects our commitment to addressing mental health as a critical component of overall health and providing comprehensive care that meets the diverse needs of our members.

The Health Plan partners with Mercer Consulting to benchmark health plan designs with higher education, academic medical centers, and the general industry. Actuarial analysis is completed regularly and reported quarterly.

In 2023, a new plan sponsor governance structure was implemented to include key stakeholders in reviewing the plan performance throughout the year, this provides visibility into trends and factors influencing the costs. Members include the Vice President & Chief Human Resources Officer, Vice President & Chief Financial Officer, Vice Provost for Planning & Administration, Chief Financial Officer for the UVA Medical Center, and Chief Financial Officer for UVA Health.

Effective September 2024, UVA has hired a new Health Plan Manager who will be responsible for managing all health plan offerings, from active plan management, vendor management, plan compliance, and operational administration of the Plan.

Opportunities: Over the next year, the Health Plan will focus on the following opportunities:

- Provide meaningful educational opportunities for eligible employees to make informed decisions regarding their health plan and well-being choices.
- Increase primary care utilization and access to support health needs that drive outcomes.
- Recent data show a rise in overall claim trends, accompanied by a significant increase in the number of high-cost claimants. This upward trend reflects a growing utilization and average cost of healthcare services, particularly among individuals requiring extensive and expensive treatments. The increase in high-cost claims is often driven by complex, chronic conditions and advanced medical procedures, which contribute to a higher financial impact on the health plan. This shift underscores the need for careful monitoring and strategic planning to manage these costs while continuing to provide essential care to all members.
- Explore opportunities to leverage UVA's domestic network (UVA Health) by evaluating opportunities to steer utilization to UVA Health while minimizing cost increases. The Health Plan has engaged Aon to conduct an independent review to evaluate the current state, identifying where there are opportunities to leverage our own internal services.
- With declining enrollment in the Choice option, there is a strategic opportunity to close this plan to new enrollment, streamline offerings, and enhance overall efficiency. As fewer members opt for the Choice option, the plan's sustainability and cost-effectiveness are being reassessed. By closing the new enrollment into Choice, we can consolidate resources, reduce administrative overhead, and potentially offer a more robust and attractive plan to our members. This approach not only addresses the declining interest but also aligns with our goal of optimizing plan options to better meet the evolving needs of our members.

2023 UVA HEALTH PLAN SUMMARY

90% of eligible employees were enrolled in the UVA Health Plan across UVA Health and the Academic Division.

Plan Option Name	Basic (HDHP)	Value (PPO)	Choice (PPO)
Plan Type	High Deductible \$2,000	PPO: \$800 deductible	PPO: \$500 deductible
Employee Participants	7,591	7,676	2,780
Dependent Participants	7,123	7,577	2,271
Total Participants	14,714	15,253	5,051



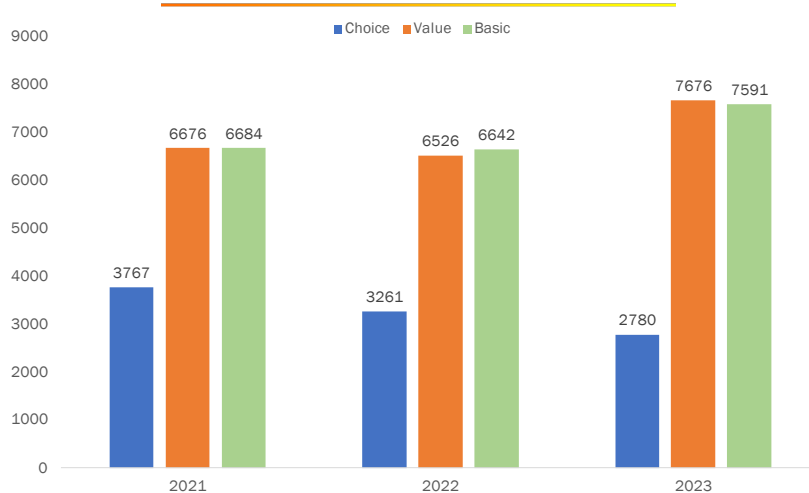
Choice enrollees decreased by 4.4%



Less than 5% of newly hired employees elected Choice

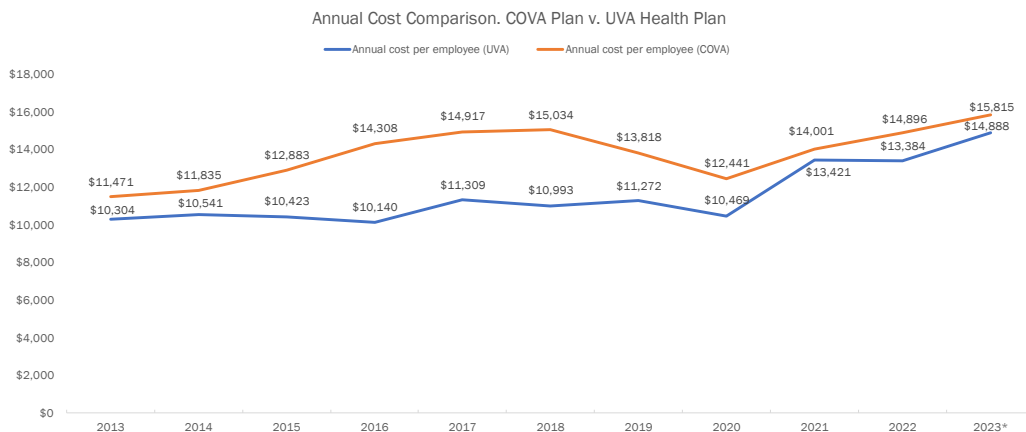
THREE-YEAR MIGRATION SUMMARY

(employee participants)



UVA HEALTH PLAN TREND COMPARISON

UVA leads in all aspects of health benefits, including lower annual cost per employee compared to the Commonwealth of Virginia (COVA).



*2023 COVA Cost is based on actual 2022 COVA cost trended to 2023 based on the most recent premium increases; Actual 2023 COVA cost is not yet publicly available

UVA HEALTH PLAN THREE-YEAR ROADMAP

Complete in 2024	Complete in 2025	Complete in 2026
Launch an on-site Primary Care Clinic for UVA health plan members only.	Actively market the UVA Health Plan contract for medical and pharmacy services, which expires 12/31/2025, to secure the best options and pricing available.	Implement cost-containment strategies within the health plan that effectively reduce overall healthcare expenses while maintaining or enhancing the quality of care, improving outcomes, and ensuring long-term financial sustainability.
Rename UVA Health Plan Basic and Value options for clarity and understanding.	Introduce proactive screenings, early intervention programs, and educational initiatives that enable members to more easily access care. These efforts aim to reduce the occurrence of chronic disease and improve long-term health outcomes.	Optimize pharmacy benefit management while ensuring access to high-quality medications, enhancing medication adherence programs, and implementing data-driven strategies to prevent and manage chronic conditions effectively.
Enhance benefit understanding among members by offering clear, accessible, and comprehensive education initiatives that empower members to successfully navigate and optimize their health benefit choices.	Explore ways to utilize UVA's domestic network (UVA Health) by assessing opportunities to direct usage towards UVA Health while minimizing cost increases.	Expand and integrate virtual care services within the health plan, enhancing accessibility, convenience, and continuity of care for members through innovative digital solutions and member engagement.