MEMORANDUM

To: Benefits Eligible Faculty and Staff

From: Michael W. Quick
        Provost and Senior Vice President for Academic Affairs
        Todd R. Dickey
        Senior Vice President for Administration

Date: October 10, 2016

Subject: USC Benefits Package

It has been a longstanding priority for the University of Southern California to provide competitive and comprehensive benefits to USC’s employees, including health care insurance, retirement match program, tuition assistance, life insurance, disability plans, and many other benefits. USC is committed to ensuring the long term viability of such a benefits package. Our benefits are a cornerstone of our recruitment and retention program and the benefits offered contribute to the well-being of our faculty and staff and their families.

As cost pressures mount for all employers offering benefits nationwide, we will continue our efforts throughout 2017 to finding the best solutions for ensuring that we can continue to offer a broad range of benefits to our employees. We will be engaging with the Employee Benefits Committee throughout this process and will keep Academic Senate and Staff Assembly abreast of our progress. Balancing cost and scope of benefits is a difficult process involving many considerations and there are no easy solutions. But we remain committed to the principles of providing the best benefits we can for the greatest majority of our employees.

We are proud that we have been able to keep our medical plan copayments and deductibles low, at least when compared to some other employers. However, the cost of health care continues to rise significantly. Therefore, the contributions that employees make for their health care coverage will be increasing. The calendar year 2017 employee costs can be found at https://benefits.usc.edu/healthcare/medical/.
The increases in the employee contribution reflect two factors. The first is related to the
increases in the total costs of the benefits themselves. The second is related to changes in
the relative contributions of the university and the employee. In the past, the university
has contributed 77% toward medical plan premiums (requiring employees to contribute
the other 23%). Beginning in 2017, an employee enrolling only him/herself in any of our
medical plans will contribute 24.25% of the medical premium, up from 23%. Employees
will contribute a higher percentage for dependent coverage, as is the case at many of our
peer institutions. For example, employees enrolling in the Employee + Child(ren) or
Employee + Family coverage tier will contribute 26%, up from 23%. Employees
enrolling in the Employee + Adult coverage tier will continue to pay the same employee
contribution as those enrolling in the Employee + Family coverage tier. While the above
represents an additional expense to employees, USC is continuing to bear the lion’s share
of these escalating health costs in recognition of the hard work and dedication of our
employees.

If you have any questions about these changes, please contact the USC HR Service
Center at (213) 821-8100.

cc: C. L. Max Nikias
President’s Cabinet
Provost’s Cabinet
Academic Senate
Staff Assembly