

BENEFITS ADVISORY COMMITTEE  
MINUTES OF MEETING  
JUNE 6, 2002

[In these minutes: Welcome, Update on HR Vacancies, Preview BAC Presentation to be given to Board of Regents, Other Business]

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Assembly; none of the comments, conclusions or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration or the Board of Regents.]

PRESENT: Linda Aaker, David Johnson, Gavin Watt, Jody Ebert, Michelle Lamere, Phyllis Walker, Nancy Wilson, Ron Enger, Don Cavalier, Joseph Jameson, Carla Volkman-Lien, George Green, Gailon Roen, Susan Brorson, Amos Deinard, Peh Ng, Theodor Litman, Dann Chapman, Barry Melcher

REGRETS: Fred Morrison, Chair, Richard McGehee

ABSENT: Pam Wilson, Wendy Williamson, Carol Carrier, Frank Cerra, Larry Thompson, Rachel Estroff, Marjorie Cowmeadow, Keith Dunder

OTHER(S): Kathy Pouliot, Linda Blake

I). Vice chair, Gavin Watt, called the meeting to order and welcomed all those present.

II). Mr. Watt updated members on the Director of Retirement Programs position. Jackie Singer has been chosen to fill this vacancy and will start on June 17, 2002. The Director of Employee Benefits search continues. The search committee has submitted a report that is currently being reviewed by Human Resources Vice President, Carol Carrier.

Wellness Update: Dann Chapman is in contact with Buck Consultants about drafting a RFP. There are 3 steps in the process:

1. Write a RFP in order to identify an entity that can conduct a health promotion assessment on behalf of the University. If it is determined that Buck Consultants is able to do the assessment then this step will not be necessary.
2. The assessment process will need to determine the University's current resources and needs.
3. Institute a wellness program at the University coordinated by an outside vendor.

III). Dann Chapman provided members with a preview of the BAC presentation that will be given to the Board of Regents on June 13, 2002 at 1:45. The 3 topics covered in the report include:

- Status of the UPlan

- Update on activities to improve employee health status
- Update on RFP process for dental, life and retiree insurance

The status of the UPlan update will answer the following questions:

- Challenges addressed in self-insuring
- How did the premium and total costs after open enrollment compare to RFP process
- Is the UPlan performing as predicted

Major challenges that are being addressed include:

- Obtaining a greater role in determining health benefits
- Addressing the rising costs of health plan premiums
- Tailoring benefits to better meet the needs of the University employees
- Having a greater role in promoting the health of University employees

With the costs of health benefits dramatically increasing, the University decided to separate from the state and self-insure beginning January 1, 2002.

Mr. Chapman highlighted predicted versus actual medical premiums and predicted budgeted total costs for the UPlan 2002 calendar year. He specifically noted that should the expected increase in reserves materialize as projected there no longer will be a need to build reserves at this rate. As a result, there can be a decrease in the premium component that is being charged to both the employer and employees. This should provide a one-time offset against the rising medical coverage costs that the University will be experiencing.

Current UPlan versus DOER comparison:

- Premium costs between the two plans were virtually the same for both employees and employers.
- The University is anticipating a \$13.5 million reserve by the end of calendar year 2002. This means that the University will be ahead by \$13.5 million since it separated from the state. (The University has filed a Data Request under the Data Practices Act in an attempt to identify and recover the University's portion of reserves while under SEGIP).
- The University offers a broader range of health plan options.
- The University will be initiating a program for improving employee health status.
- There is an active University Benefits Advisory Committee (BAC) with representation from all employee groups.

Budgeted expenses incurred in the 1<sup>st</sup> quarter include paid claims and Incurred But Not Reported (IBNR) claims. While the numbers are well within the expected range of performance, first quarter data of a brand new plan is not very credible. The University will not have entirely credible data until 1<sup>st</sup> quarter 2003 or slightly beyond.

Improving Employee Health Status Report. To date:

- A number of plans and approaches have been considered by the BAC.
- Consideration is being given to implementing a flu shot program for fall 2002.
- A RFP process is being investigated to conduct an assessment of current resources and needs. The challenge now is to gather all this information in order to develop a program that will address the needs of employees and the desires of the University.

Status of RFP process for life, dental and retiree medical benefits:

- Currently purchasing these benefits through DOER.
- These benefits will be brought under the UPlan in calendar year 2003.
- RFP was issued in February 2002 and the University is currently completing the analysis and negotiations.
- Contracts will be brought before the Board of Regent's in fall 2002.
- University Bargaining Units retain their right to have benefits provided under the current contract. However, a tentative agreement has been reached that, if ratified by the membership, will amend the contract to implement the same changes for the represented employees as is being implemented for all other employees.

Status of life insurance RFP:

- Proposal to remain with current provider
- Plan configuration - Current benefits will be maintained except for:
  - Reduce life insurance coverage for people over 65 years and over. The stepped reduction schedule is in accordance with the Age Discrimination in Employment Act (ADEA).
  - The post retirement benefit will be discontinued on the optional life insurance plan
  - The \$500 death benefit will be discontinued except for bargaining unit employees with at least 20 years of service by the end of the 2002 plan year. Those individuals with 20 years of service by the end of calendar year 2002 will retain this benefit.
  - Optional AD&D will be closed to new enrollment beginning with the 2004 plan year. Employees often don't realize it but they already have an AD&D clause in their basic life policy.
  - All cost savings will be applied to the dental plan.

Status of dental insurance RFP:

- Five dental options through two carriers are being recommended.
- Plan configuration:
  - Each carrier would offer 2 traditional dental plans. Under each carrier, one plan will have a smaller network with an improved annual maximum

benefit and the other plan would have a broader network with the current annual maximum benefit.

- Plan improvements include: implants and additional preventive visits.
- The fifth option offered will be an indemnity policy. This is a no network plan with an up-front deductible.
- Plan costs are within the range of budgeted increases.

Status of retiree medical insurance RFP:

- Retirees will be offered a significant number of plans. Four carriers are being considered.
- Plan configuration:
  - Retirees under age 65 are able to choose from the UPlan's medical options.
  - Retirees aged 65 and over will be able to choose from plans equivalent to those currently under the state system, plus a new plan with broad HMO coverage.
  - A range of Medicare choice plans will be offered.
- Cost all paid by retirees.

This concludes the preview presentation that will be given to the Board of Regents on June 13, 2002. During the presentation, members gave input to Mr. Chapman on this report. Helpful suggestions were made to clarify aspects of the presentation; Mr. Chapman appreciated this feedback.

IV). Other Business: Additional questions and comments made by members:

A member raised a concern over the inappropriate application of co-pay charges. Mr. Chapman assured members that Employee Benefits was looking into this issue.

Another member raised a concern over domestic partner benefits. Mr. Chapman addressed this issue. Medical domestic partner benefits remain in tact for both actives and retirees. Starting on June 1, 2002 through the end of the plan year, due to action taken by the Minnesota Legislature, a variety of issues have arisen concerning domestic partner coverages. As a result, there is an unequal distribution of how domestic partners are being treated. The impact to the University has required Employee Benefits to act quickly to provide the best available options to affected employees and their dependents. Letters have been sent to those with domestic partner coverage informing them of the situation. Options available to these individuals include:

- Anyone with a domestic partner currently enrolled in the State Dental Plan will be identified and transferred into the University's alternate dental plan for domestic partners. Those persons will receive new member cards, but otherwise the process will be transparent.
- For employees with domestic partners that are enrolled in either HealthPartners or Blue Plus Dental, those employees must make a decision. They can stay with

their current plan and have their partner's coverage changed to the University's alternate plan. Or, the domestic partner can remain with their current plan by making a COBRA election and paying those premiums out of pocket for the remainder of the year.

- Unfortunately, there is no continuation available for Optional Partner Life, for Child Life (affecting only children of a domestic partner who are not also legal dependents of the employee), or for Optional AD&D.
- Sue Smith in Employee Benefits can be contacted regarding this issue. Her phone number is (612)626-0793 and e-mail [smith037@umn.edu](mailto:smith037@umn.edu).

Mr. Chapman emphasized that this unfortunate circumstance will only continue for the remainder of the 2002 plan year. Employees with same sex domestic partners may re-enroll their partners for all these benefits during open enrollment this fall. Coverages will be effective with the beginning of the 2003 plan year, as the University brings the remainder of its benefit offerings into the UPlan.

For the record, a member wanted to document his frustration with the limiting of equal compensation to all employees based on something other than their work performance. This member believes this issue needs to be communicated to the state government.

V). With no further business, Mr. Watt adjourned the meeting.

Renee Dempsey  
University Senate