

Minutes\*

**Faculty Consultative Committee**  
**Thursday, September 2, 1999**  
**1:00 – 3:00**  
**Room 238 Morrill Hall**

Present: Fred Morrison (chair), Linda Brady, Susan Brorson, Les Drewes, Richard Goldstein, Stephen Gudeman, David Hamilton, Roberta Humphreys, Mary Jo Kane, Leonard Kuhi, Joseph Massey, Marvin Marshak, Judith Martin, V. Rama Murthy, Paula Rabinowitz, Jeff Ratliff-Crain

Absent: Mary Dempsey

Guests: President Mark Yudof; Professor Richard McGehee (Health Plan Task Force)

Other: Maureen Smith (Institutional Relations)

[In these minutes: research data privacy; committee business; health plan task force]

**1. Discussion with President Yudof**

Professor Morrison convened the meeting at 1:00 and welcomed the President. He began by recalling for the President and Committee that last year FCC sent a statement to the Office of Management and Budget concerning rules governing research data. The proposed rules were redrafted, in response to the thousands of comments received, and there is now another comment period (which closes next Friday, September 10).

The AAU has described the new rules as much better, but said that they still contain problems and that letters should be sent. FCC will have no meeting before the deadline, but it would be useful for the Committee to endorse a statement from the University.

The Committee voted unanimously that Professor Morrison should review the statement being prepared by Institutional Relations and, if he approved it, to add the endorsement of FCC.

The Committee then voted to go off the record for a discussion with the President about various issues pending. Topics included diversity and athletics. Professor Morrison noted, apropos the last item, that it may be necessary to have an additional Senate meeting on December 9, in addition to the meeting already scheduled for December 2.

Professor Morrison thanked the President for joining the meeting.

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## **2. Other Business**

Professor Morrison now took up a series of items.

-- He introduced the Senate staff (Nicole Boldt, Vickie Courtney, Becky Hippert, and Kate Stuckert), commended them for the marvelous service they provide to the Senate and its constituent bodies and committees, and thanked them for their work. The Committee extended the staff a round of applause.

-- He reported that he had been asked to find out what was happening with the Campus Club. What will happen will be determined next week, and he will report back to the Committee when he learns.

-- The question of how faculty are to be appointed to other (non-governance) committees and boards in the University has arisen because Recreational Sports needs a faculty member to serve on its advisory board (replacing an exiting board member). Professors Brady and Marshak volunteered to serve. It was agreed that when such faculty representatives are sought, the request should come to FCC. FCC will make SUGGESTIONS, but the board or committee is also free to identify, on its own, faculty who would be willing to serve.

-- Proposed new ex officio memberships for the Faculty Consultative Committee, Committee on Faculty Affairs, and the Committee on Finance and Planning were approved, and will be forwarded to the Business and Rules Committee for placement on the Senate docket. [Normally, the Finance and Planning change would be approved by the Senate Consultative Committee, but it will not meet in time for the Senate docket deadline.]

-- There is to be a conference held at Drake University in October on the role of faculty and trustees in the governance of intercollegiate athletics. It was voted that the staff to FCC should attend the conference on behalf of FCC.

## **3. Health Plan Task Force**

Professor Morrison next welcomed Professor Richard McGehee to the meeting to report on the work of the Health Plan Task Force (HPTF).

Professor McGehee began by reviewing briefly the reason the task force was appointed two years ago (by FCC, Faculty Affairs, and the AAUP) and what it has done. He noted again that health benefits at the University are determined by the State of Minnesota through collective bargaining negotiations between the Department of Employee Relations and AFSCME; the University is not at the table. The University can accept the outcome of the negotiations, or not; it has done so for many years.

The last time he reported to FCC, Professor McGehee recalled, it looked as though the state would take a new approach to purchasing health care (contracting directly with clinics, rather than with insurance companies), but the effort "crashed and burned." The result is that there is a "modified status quo," the best that could be salvaged from the current plan: the price of the low-cost plan increased 23% while the high-cost plan went up over 40%; Medica Primary is not in the plan (which affects about 1000 University employees); Preferred One is included (a new carrier that includes some providers who were lost when Medica Premier was lost as well as some University physicians); and all plans are now self-

insured (an invisible matter to patients, but it determines who carries the risk). The total increase in cost for health care, for the University and its employees, is about \$12.5 million. That money will come from grants and from department fringe benefit budgets ("There goes a salary increase," commented one Committee member.) University employees will see the increase in January.

Professor McGehee then reviewed the results of two actuarial studies that the task force had commissioned. The objective was to determine how the University compares with the state in terms of risk pool and cost. The University had no access to the state data, so the studies had to make educated guesses about costs and risks for state employees. While both the studies were inconclusive, "evidence is mounting that the University employee pool is no more expensive than that of the State" (which may be due to the fact that University employees have smaller families). There is also evidence that there may be options in the market that are better suited to University employees, especially the faculty and P&A staff.

As for health care benefits in 1998 and 2000, Professor McGehee commented that "nothing happened." The price went up considerably, there has been slight improvements in coverage for faculty on sabbaticals, and everything else is largely the same.

For 1999-2000, the task force has launched a major study of the options facing the University, will begin to try to define a continuing process for evaluating future health care benefits changes, and is about to send out a Request for Proposals to engage a consulting company to frame issues that the University can then explore in the market. Professor McGehee emphasized that there is a need to look at the annual process the University uses to evaluate its health care coverage, and one that includes employee participation. The timetable is one that would lead to proposals being brought to the administration and governance system next fall. There will at that time be a solid recommendation on whether or not the University should separate from the state plan.

One radical proposal, Professor Gudeman suggested, would be for the University to "in source" health coverage: put all University employee health coverage in the Academic Health Center. That would also help the finances of the AHC. Professor Morrison observed that some would not see this as attractive; Professor McGehee added that while ALL who have looked at the health care issue agree that the AHC should be an option, ALL also agree that it should not be the ONLY option.

One recent evolution in thinking about health care, Professor McGehee reported, is the possibility of including undergraduate and graduate students. While they cannot legally be mixed in with employees, in the same risk pool (the younger and healthier would end up subsidizing the older and less healthy), there would nonetheless be considerable purchasing power because of the size of the two risk groups and the conjunction could add to the ability of the University to get what it wants from the market. The consultants will be asked to include this possibility in their report.

In response to a question, Professor McGehee said that the matter is so complex that there is no real possibility of separating from the state before 2002, even if the University were to decide to do so today. Professor Morrison reflected that this is an issue that the University has faced for the past decade, and it is a perpetual cycle. At the point a decision must be made, the state seems to have a plan that is acceptable, then the situation deteriorates, but then it is too late to separate. The same timing arises every two years. The University always "gets suckered in" until it cannot shift. If it wants to separate, it must start work on the process now, so that the decision can be made in two years.

Asked about the status of the Committee, Professor McGehee said that it works very closely with Employee Benefits. Professor Morrison pointed out that the HPTF is not technically a Senate committee, because it was appointed jointly by this Committee, Faculty Affairs, and the AAUP, and also deals with benefits for P&A and Civil Service employees. The HPTF is studying the issue from a University employee perspective.

Professor Murthy inquired if other universities are facing such large increases in the cost of health care. Or, Professor Marshak added, in the Twin Cities. Mr. Fahnhorst reported that one of the consultants found that Twin Cities employers are facing increases of 15-20%, so the University's increase is not that unusual. One reason for the difference in rate changes is that the state plan is on a different calendar cycle from the state.

Professor Ratliff-Crain inquired if the coordinate campuses and experiment stations faced different issues (they do) and if that has slowed consideration of separation from the state plan. Professor McGehee said it had not. Of the state's employees, 50% are non-metropolitan, which creates a significant problem; the University, with only 5% of its employees outside the Twin Cities and Duluth, can buy its way out of the problem for that 5% if it can solve the problems for the other 95%. With a small group, it can pay extra to get the coverage needed; the state does not have that option.

Professor Morrison inquired if there was anything the Committee or the Senate could do to help the HPTF. It was agreed that Professor McGehee should make a report to the University Senate in December (rather than the Faculty Senate, since any plan might well include students as well as employees). Professor Morrison, and the members of the Committee, expressed thanks to Professor McGehee for the work of the task force.

Professor Morrison adjourned the meeting at 2:30.

-- Gary Engstrand

University of Minnesota