

[In these minutes: 1. Budget Input, 2. RFI Issues]

HEALTH PLAN TASK FORCE (HPTF)

MINUTES

THURSDAY, JUNE 29, 2000

10:00 - 12:00

210 DONHOWE BUILDING

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

PRESENT: Dick McGehee (Chair), Linda Aaker, Avner Ben-Ner, Carol Carrier, Amos Deinard, Robert Fahnhorst, Bart Finzel, David Hamilton, Christopher Hulla, Ron Kubik, Mavis Madden, Sharon Neet, Kathryn Pouliot, Gailon Roen, Harlan Smith, Anna Sommers, Robert Sonkowsky, Gavin Watt.

REGRETS: George Green, Bev Hall, Priscilla Pope, Larry Thompson.

ABSENT: Keith Dunder.

GUESTS: Richard Pfutzenreuter, Peter Zetterberg.

1. CHAIR'S REPORT

Dick McGehee announced changes in health coverage for 2000-01:

- Health Partners Classic has regained the low-cost carrier position for the University since SHPS had the second largest increase
- The University will be paying the 19% increase in health care
- Health Partners is increasing \$100.00 per month for family coverage
- Two no-cost options will be available at Morris

He then stated that he, Carol Carrier, and Robert Fahnhorst met with the new state commissioner, Julien Carter regarding several issues, including no University voice at the bargaining table. Answers to questions from the University are expected by the end of July.

2. BUDGET PRESENTATION

Richard Pfutzenreuter discussed a sheet detailing salary plus related fringe rates over the next biennium, and salary and fringe calculations from the Department of Finance. For the next biennial budget request, the University will need an additional \$67 million just to cover current

salaries and fringe benefits. This amount does not cover any salary increases. If a 3% raise is given, the University will need \$137 million. For comparison, the University only received \$104 million in the last biennial request.

He said that the governor decides how much will be spent on salary and fringe benefits for the state. The State Finance Department reports these figures to all state agencies, including the University. At this point, the University would be short \$78.3 million from the governor's proposal if a 3% increase is given.

Peter Zetterberg then distributed information on the costs of specific fringe benefits and said that some fringe benefits are salary related, and therefore increase with salary raises. These are: retirement benefits, group life and disability, unemployment, and FICA. Other benefits which are not salary related include: health insurance, tuition benefits, and workman's compensation. Most employees do not understand the difference between these two categories.

He then made the following comments:

- In terms of health insurance, costs are rising at an astronomical rate and not buying the customer anything additional
- Next year the University will see a 20% increase in health insurance
- The number of employees has to decrease when benefits rates increase
- To provide a 2.5% salary increase, the state needs to provide the University with an 11% increase
- Fringe benefits are hard to budget because base salaries and cost increases are only educated projections
- Rates are set in advance for grants, so much can change
- For federal grants, there are years of over recovery and years of under recovery, which the University then needs to work out to make sure that the right amount is being paid
- Higher education is more labor intensive than pass-through state agencies
- Academic employee retirement eligibility and tuition benefits for children of employees are two fringe benefits being considered, but it is costly to add anything new

Q: Where does the \$66.6 million figure come from?

A: This includes the compounding effect over the biennium budget.

Q: Is grant income included in the projected figures?

A: No. It is just in the current calculations since this figure can change.

Q: Where are the employee increases occurring?

A: Across all groups and on all campuses.

Q: Are these increases tied to grants?

A: No.

Q: Have 'T' appointments become tenure-track at other campuses besides Crookston?

A: No. Campuses have just hired more regular faculty.

Q: Is the mortgage guarantee loan program included in this list?

A: This is not included in fringe benefit costs since it is such a small amount.

Q: Are there different tuition benefits for different groups of employees?

A: The cost for regular employees is small since they are covered by the Regents Scholarship. Benefits for graduate assistants is a much bigger cost. Tuition benefits for employee's children is something new being considered, so there is no actual cost associated with it.

Q: Should employees argue for increases in state funding to cover health insurance increases?

A: Most likely not since employees will not have information on other fringe benefit costs that the state also pays. Senators also have long memories and could point out how much money is being provided for faculty retirement.

Q: What solutions are the administration considering?

A: There has not been a chance for this discussion to be held yet. Short-term and long-term solutions will need to be found since the trend is for increases for another 3 - 4 years.

Q: How can the University make itself more attractive?

A: Fringe benefits are a big attraction since many people are looking at more than salary when they take a job.

3. RFI ISSUES

Dick McGehee noted that letters had been sent to providers alerting them that an RFI would be issued shortly. He then said that the final analysis of the survey results would be discussed at the next meeting so that the RFI could be finalized today.

Chris Hulla then walked the committee through the RFI packet that was assembled, making the following comments:

- The last half of the packet is specifically for the vendors
- Checkmark boxes and comment sections were provided for easy responses
- BHCAG-like options, low risk for high claims, and data handling are being provided

- Health plans will be able to indicate if they will offer fully-insured or self-insured options
- Cost among options can be compared
- Rates will increase if an opt-out option is available since only healthy people leave

Q: Is a chiropractor included under CAM?

A: Chiropractors are currently covered under most health plans since it is considered traditional care.

Q: Is access to University physicians included as a requirement?

A: Access is being stressed in the RFI.

Q: What if few responses are received?

A: Enough plans have expressed interest so this should not be a problem.

The task force then discussed the difference between the option listed in the RFI, whether specific options should be listed, and why BHCAG is mentioned by name in the RFI. It was decided that references to BHCAG would be removed and that checkboxes would be provided for all options so that respondents could provide bids on any option instead of only eight.

Professor McGehee thanked everyone for attending and adjourned the meeting.

Rebecca Hippert
University Senate