

2000-01 UNIVERSITY OF MINNESOTA (No. 2)

**FACULTY SENATE MINUTES
OCTOBER 19, 2000**

The second meeting of the Faculty Senate for 2000-01 was convened in 25 Law Building, Minneapolis campus, on Thursday, October 19, 2000, at 2:32 p.m. Coordinate campuses were linked by telephone. Checking or signing the roll as present were 101 voting faculty/academic professional member and 3 ex officio members. President Yudof presided.

1. ANNOUNCEMENTS

NONE

2. TRIBUTE TO DECEASED MEMBERS OF THE UNIVERSITY COMMUNITY

FACULTY/ACADEMIC PROFESSIONALS

Richard J. Epley
Professor
Animal Science
1942 - 2000

Marion J. Nelson
Professor
Art History
1924 - 2000

Diane F. Olson
Lecturer
Social Work
1946 - 2000

3. ADMINISTRATIVE RESPONSES TO FACULTY SENATE ACTIONS
Information

Amendments to *Faculty Tenure*

Approved by the: Faculty Senate April 22, 1999
Administration July 29, 1999
Board of Regents PENDING

Interpretation of *Faculty Tenure*

Approved by the: Faculty Senate April 22, 1999
Administration July 29, 1999

Board of Regents PENDING

Amendment to the Judicial Committee Rules of Procedure

Approved by the: Faculty Senate April 22, 1999
Administration July 29, 1999
Board of Regents PENDING

Amendment to the Judicial Committee Rules of Procedure

Approved by the: Faculty Senate May 20, 1999
Administration PENDING
Board of Regents PENDING

4. FACULTY CONSULTATIVE COMMITTEE REPORT

Professor Fred Morrison, Chair of the Faculty Consultative Committee (FCC), noted that the FCC has been busy this year with several items. First has been the implementation of the academic integrity initiatives. Betty Hackett has been named the Academic Integrity Officer and will coordinate education, investigation, and enforcement of academic integrity. The Student Academic Integrity Committee is also in the process of being appointed and will serve in an advisory role to the Academic Integrity Officer.

Academic appointments are also being discussed with the Executive Vice President and Provost. A report will be presented at the November meeting.

Two new faculty athletic representatives have been named and the two new athletic committees have started meeting to work on issues. An NCAA report is also expected within the next few weeks, bringing closure to the past athletic problems.

The FCC has also been involved in the discussion of budget alternatives because of the strain from increased health care costs. Faculty compensation is also high on the list of budgetary concerns. In terms of the University's budget, the faculty needs more effective legislative interactions. Faculty will only receive support by explaining why these funds are needed.

**5. HEALTH PLAN TASK FORCE
Information and Discussion**

"Straw votes" may be taken to aid in formulating resolutions for action at the November 16 meeting of the Senate.

**Preliminary Recommendations
October 5, 2000**

As of press time, the Health Plan Task Force recommendations were not in final form. The broad outline of the recommendations are given below. The complete recommendations will be presented at the senate meeting.

Recommendation 1. The University should establish a standing Employee Benefits Advisory Committee to monitor the benefits packages available to employees and to advise the University administration. The committee membership should include representatives of all affected groups.

Recommendation 2. The University administration should continue the recently initiated negotiations with the State Department of Employee (DOER) to acquire a management flexibility that has not been available through the state up to now. The flexibility should include:

- Direct negotiations between the University and DOER.
- The ability to modify plan design and employer contribution strategy of the state plans.
- The ability to offer additional plans and benefits.
- The ability to determine eligibility.
- The option to have a separate risk pool.

At the same time, the University administration should continue to pursue an employee benefits purchasing program separate from that of the state.

Recommendation 3. The University should maintain a diverse and stable set of health plans to meet the needs of its diverse set of employees, retirees, and graduate assistants.

Recommendation 4. The University should offer to domestic partners the same benefits available to married employees.

**RICHARD McGEHEE, Chair
HEALTH PLAN TASK FORCE**

DISCUSSION:

Professor Fred Morrison, Chair of the Faculty Consultative Committee (FCC), noted that today's discussion of health insurance does not affect this year's open enrollment period. Following the presentation and discussion, straw votes might be taken. A formal vote though, will not be taken until the November meeting.

He then extended thanks on behalf of the Senate to Professor Richard McGehee and the Health Plan Task Force members for the many hours of devoted service that they have spent on this issue.

President Yudof echoed the thanks to the task force members.

Professor Richard McGehee, Chair of the Health Plan Task Force, presented the following series of slides to the Faculty Senate:

BACKGROUND

Current Program

- The University participates in SEGIP (State Employee Group Insurance Program). The Minnesota Department of Employee Relations (DOER) negotiates plan design, premium, and plan changes through collective bargaining.
- The University has no official role in the negotiations.

SEGIP Purchasing Model

"Managed Competition"

- Five competing plans.
- Premium is determined by the experience of the subscribers.
- Employer contribution is based on the lowest cost plan.

Plan Designs are Converging

- All managed care (one has a "point of service" option).
- Similar coverage, copays, etc.

Health Plan Task Force History

Sep 1997: HPTF created as a faculty initiative in response to the loss of Medica Premier.
Jan 1998: Two additional U representative Joint Labor Management Committee (JLMC).
Jan 1999: U providers added to low cost option.
Fall 1999: HPTF expanded to include all employee groups.
Dec 1999: Buck Consultants hired.
2000: Analyzed experience data, conducted survey, etc.

FINDINGS

Failure of Managed Competition

- Plans compete for low-risk individuals.
- "Adverse Selection" creates provider instability:
 - 1990: Loss of Aware Gold
 - 1998: Loss of Medica Premier
 - 2000: Loss of Medica Primary
 - 2002:???

Failure from Employer Perspective

YEAR	EMPLOYEE ONLY		FAMILY	
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	Annual Premium	Change	Annual Premium	Change
1997	\$1,736	5.5%	\$4,018	5.6%
1998	\$1,940	11.7%	\$4,560	11.7%
1999	\$2,173	12.0%	\$5,107	12.0%
2000	\$2,665	22.6%	\$6,263	22.6%
2001	\$3,187	19.6%	\$7,491	19.6%

University Risk Pool

Is the University experience significantly different from that of the state?

- 1998 study: within 5% of the state
- 1999 study: within 5% of the state
- 2000 study: within 5% of the state

Recent information from state: University has "slightly better experience than the state."

Employee Survey Results

- There was a mix-up in that a percentage of employees groups, except for faculty, were sent the wrong survey
- 80% is the industry benchmark for satisfaction with benefits

Respondents Reporting Satisfaction

	Active Employees	Retirees	Graduate Students
Medical Benefits	81%	71%	73%
Mental Health Benefits	62%	76%	64%

Active Employees Reporting Satisfaction

	Combined	Faculty	All Others
Medical Benefits	81%	76%	82%
Mental Health Benefits	62%	50%	65%

Employee Survey Results

Priorities When Choosing Medical Plan

Rank	Active Employees	Retirees	Graduate Students
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1	Premium	PCP Choice	OOP Costs
2	PCP Choice	Premium	Premium
3	OOP Costs	Specialist Choice	PCP Choice
4	Specialist Choice	OOP Costs	Specialist Choice

Active Employees: Priorities When Choosing Medical Plan

Rank	Combined	Faculty	All Others
1	Premium	PCP Choice	Premium
2	PCP Choice	Specialist Choice	PCP Choice
3	OOP Costs	Premium	OOP Costs
4	Specialist Choice	OOP Costs	Specialist Choice

Employee Survey Results

Priorities for Additional Benefits

Rank	Active Employees	Retirees	Graduate Students
1	Out-of-Area	Rx	Rx
2	CAM	Out-of-Area	Out-of-Area
3	Non-Managed care	CAM	Non-Managed care
4	Other	Other	Other

Active Employees: Priorities for Additional Benefits

Rank	Combined	Faculty	All Others
1	Out-of-Area	Out-of-Area	CAM
2	CAM	Non-Managed care	Out-of-Area
3	Non-Managed care	Other	Non-Managed care
4	Other	Mental Health	Other

University in the Market

Is the University big enough to "self-insure"?

- Yes, 5,000 is comfortable from an actuarial perspective.

Civil Service	4,300
P&A	3,500
AFSCME	3,200
Faculty	2,900
<u>Teamsters</u>	<u>1,200</u>
Total Active Employees	15,100
Graduate Assistants	3,900
Retirees	???

Will the market respond to the University?

- Yes, RFI results were favorable.
- Responses from all major players responded, including aggressive responses from HealthPartners, Buyer's Health Care Action Group (BHCAG), & Definity.

Rapidly Changing Market

Market Forces:

1. Double digit premium increases for the foreseeable future.
2. Public distrust of HMOs.
3. Employer disillusionment with managed care as a cost containment mechanism.
4. Employer discomfort with controlling employee access to providers. Trends:
 - HMO growth stalling.
 - PPO revival.
 - Renewed interest in MSA and defined contribution.

Labor Law

- The University must bargain health benefits with the organized bargaining units. Any changes in the way the University purchases health insurance must be bargained with the unions.
- AFSCME has stated that it wants its University employees to remain with the SEGIP program. The Teamsters agree with AFSCME.
- Related Issue: The Graduate Assistants currently have a separate health insurance program through the University. They may prefer to stay with their current arrangement.

After discussing the background, Professor McGehee turned to the four recommendations being presented for information today, but for action at the November 16 Faculty Senate meeting.

Recommendation one concerns a permanent, standing committee to provide employee feedback on employee benefits to the Vice President for Human Resources, whether or not the University stays with or separates from the state.

Recommendation two recognizes that the University has a different relationship now with the state than it has in the past, partly due to a new commissioner. The state is willing to negotiate changes, listed in the recommendation, for University employees. The question still remains, what can the University actually do to modify health benefits for its employees? An answer to this question still needs more time since any agreement with DOER is subject to legislative approval. The task force has therefore recommended that the University work with the state but keep other options open until a definite answer has been received from the state.

Recommendation three still needs more details, which will be present in the final report, but the two main issues are diversity in plans and stability of plans.

Recommendation four was an important enough issue that the task force felt that it should be its own recommendation.

Q: How many employees would be covered if domestic partner benefits were available?

A: The University currently pays reimbursement for 22 people, but 175 domestic partners are registered.

Q: How can the University stop adverse selection between health plans?

A: One method is risk adjustment to prevent adverse selection. By this method, each health plan bids as if they were going to have the entire pool. Then targets are changed to avoid penalties for the plan with the high risk group. Another method is through the employer contribution to the carriers.

Q: Currently, 80% of employees have elected to use the restricted access plan which then carries the lowest cost. How much could the University save by issuing a Medical Savings Accounts (MSA) to employees?

A: Proponents of MSA indicate that there are savings since employees are essentially spending their own money and therefore tend to save funds for future medical costs. MSA does not lower medical costs, although it does shift costs from the employer to the employee.

Q: What will happen to coverage during sabbaticals or leaves in the proposed plans?

A: The University will need to look at this plan design question since it was a big question at the beginning of this process.

6. PRESIDENT'S REPORT

NONE

7. QUESTIONS TO THE PRESIDENT

Q: Is a tuition benefit for children of faculty and staff still being considered?

A: This issue makes sense, but until the University finds a way to fund salary increases and health benefits, it should be considered a dead issue.

8. OLD BUSINESS

NONE

9. NEW BUSINESS

NONE

10. ADJOURNMENT

The meeting was adjourned at 3:58 p.m.

**Rebecca Hippert
Abstractor**

APPENDIX A

Richard J. Epley
1942 - 2000

Dr. Richard J. Epley, professor and extension animal scientist for meats in the Departments of Animal Science and Food Science & Nutrition, passed away on September 9, 2000, at age 58. During his career at the University of Minnesota, Dick was a well-known national authority on meat and meat products.

A native of Pana, Ill., he received degrees from the University of Illinois (B.S.) and the University of Missouri (M.S. and Ph.D.). He became a faculty member at the University of Minnesota in 1970.

In Animal Science, Dick served as a coach for 17 meat judging teams and co-coached 14 meat animal evaluation teams in regional and national contests. He taught the meat judging and meat animal evaluation courses for many years and was a highly rated instructor.

He also worked with 4-H, FFA, and student organizations in a variety of roles and gave national leadership to a number of programs related to youth and his other professional interests.

As a result of his on-campus teaching and his meat extension roles across the state, he was known by many alumni and constituents of the Department of Animal Science.

Since the mid-1980s, he worked closely with Dave Plath in the management of abattoir and meat operations in the Andrew Boss Laboratory. This facility not only serves programs within the Department, but others across campus that require fresh animal tissues.

In addition, Dick served as superintendent of the meats display and carcass shows at the Minnesota State Fair for many years.

His extension education programs addressed issues important to producers, processors, retailers, consumers, nutritionists, food regulators, 4-H and FFA members. Thus, his "classroom" was frequently in the workplace where people had requested his assistance.

He regularly translated technical articles for all these groups into a wide variety of lay or industry publications. He also conducted many workshops as well as numerous radio and TV programs. In addition, Dick responded to frequent phone calls from individuals seeking information about meat.

His more than 2,200 educational programs and articles improved meat production and processing practices, led to safer and more nutritional products, and informed consumers about meat selection, storage and preparation.

His research program was oriented to understanding practical problems related to the meat industry and its products. He served on editorial boards for numerous journals of professional societies.

In 1994, he established and, until recently, managed a computer listserve that allows fellow educators to rapidly exchange information and ask questions of each other about meat-related issues. This active listserve now assists more than 110 professional educators around the world.

Among Dick's numerous awards were regional and national professional society awards for his extension programs, including the American Meat Science Association Meat Extension Award in 1984. He received special awards from student groups, the Minnesota Association of Meat Processors, Minnesota State FFA and 4-H, and a team award from the Minnesota Extension Service.

The greatest legacy that he leaves is all the students, producers, processors, retailers, and consumers who benefited from his programs on meat.

According to Eugene Allen, a close friend and colleague, "It is difficult to imagine any consumer of meat products in Minnesota who has not been impacted by one or more of his educational efforts that spanned from production to consumption of meat products. He was, in the tradition of land grant universities, a professor who conducted and

translated research to address real-world issues about topics he knew very well and taught with great enthusiasm."

In his spare time, Dick was an avid, single-handicap golfer and belonged to the Midland Hills Country Club. He enjoyed spending time with his family and vacationing with friends and was known as one who enjoyed a good debate with his associates.

Dick Epley's close colleagues will always remember him for his integrity, the organized manner in which he did his work, his ability to question and debate an issue, and for the significant contributions he made to programs of Animal Science, Food Science and Nutrition, University Extension, and COAFES.

He is survived by his spouse, Joan, of Roseville, four brothers, one sister and numerous nieces and nephews outside of Minnesota.