

Senate Committee on Finance & Planning

Minutes of the Meeting

April 7, 2015

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

In these minutes: [Human resources services; Committee on Committees draft report; old and new business]

PRESENT: Russell Luepker, chair (for Gary Cohen); Dan Feeney, Quinn Jurgens, Fred Morrison, Catherine Fitch, Jill Merriam, Paul Olin, Karen Seashore, Linc Kallsen, Tracy Peters, Renee Cheng, Taylor Barker, Michael Korth

REGRETS: Gary Cohen, Megan Wiza, Kara Kersteter, Jennifer Gunn

ABSENT: Samantha Jensen, Pam Wheelock, Erik van Kuijk, David Fisher, Karen Ho, Michael Volna, Laura Kalambokidis, Richard Pfitzenreuter

GUESTS: Kathy Brown, vice president, Office of Human Resources; Ken Horstman, director, Benefits and Compensation, Office of Human Resources

Professor Luepker welcomed the committee.

1. Human Resources services

Professor Luepker welcomed Kathy Brown, vice president, Office of Human Resources (OHR), and Ken Horstman, director, Benefits and Compensation, OHR, who provided an overview of services offered by OHR. Brown began by saying that much of the past two to three years had been spent working on bringing health benefits in line with the Affordable Care Act (ACA). Horstman also discussed the elimination of the Medica Insights from the University's health plan; changes in deductibles and copays last year; a premium "holiday" in March 2014; and continuation of the low income benefits assistant program in 2015-16.

Horstman noted a modest cost trend in health insurance of 5-7% nationally. However, he said, the University's plan is performing significantly better than the national average. Horstman also discussed the challenges of specialty drugs. He noted such drugs are 48% of pharmacy costs, and said they were working to proactively manage these costs. .

To the committee's question, Horstman explained the "Cadillac plan" issue. One part of health care reform is an excise tax of health plans that goes into effect at certain tiers in 2018. Horstman said they looked at ways of avoiding the tax in a financially responsible manner. The result was the merging of tiers. The committee asked about alternatives being considered by other universities for managing the high cost drugs. Horstman said strategies are difficult since there is so much continual discovery and research. However, Horstman noted, there were conversations through the Council of Independent Colleges (CIC) as well as with an outside consultant. Luepker said the committee had been concerned about the changes in assistance for low-income

employees and that the program might disappear. Horstman said it was in place for 2015-16, and details were being worked out for the first credit to employees to occur later this year. He said the most recent program had about 400 people enrolled. The committee discussed how eligibility was determined, and Horstman said it was by household income and tier. To the committee's inquiry about a long-term contract with Medica and a plan to test to the market, Horstman said they were required to go to market every six years and they would be working on the pharmacy bid for 2017 later this year.

Luepker thanked Brown and Horstman for the discussion.

2. Committee on Committees draft report

The committee briefly discussed the draft report from the Committee on Committees (ConC). The committee agreed with ConC's recommendation about providing an orientation, or "onboarding," for new members. It was also noted that it appears in the report as though SCFP isn't very busy or effective because it doesn't make any reports to the Senate, when in fact its reports are made to the Faculty Consultative Committee.

3. Old and new business

The committee discussed the status of UMore Park. Lincoln Kallsen said a resolution would be brought to the Board of Regents in May regarding its direction. Luepker said he felt it was important for the committee to stay on top of the issues around UMore Park.

Professor Feeney said the committee should also discuss structural issues in the colleges, noting there have been major changes and there needed to be a big picture assessment of the situations in the colleges. Professor Cheng said compact processes moved around a lot of money and it would be helpful to see trends and patterns around that.

The committee agreed to go off the record for the remainder of the discussion.

Hearing no further business, Luepker adjourned the meeting.

Mary Jo Pehl
University Senate

