

The University Senate of Michigan Technological University

PROPOSAL 12-98

(Voting Units: Full Senate)

REVISION OF THE RETIREMENT MEDICAL PLAN

The Senate proposes that the University revise the AMedical Retirement Plan for Certain Michigan Technological University Faculty and Staff@ to incorporate the following principles:

1. Making and Promulgating Revisions to the Plan

Faculty and Staff (through the University Senate and Staff Council) shall be consulted in advance of any proposed changes in the provisions of the Plan or in any supporting documents; their requests shall be seriously considered, with reasons given in writing if denied. The Retirement Medical Benefits Plan shall incorporate all schedules, supplements, (such as rates for dependent contributions, co-payments, deductibles, &c) and the like. It shall be in force when all parts, including the supplements, are made accessible to all affected parties by distribution to individuals or units of MTU, and deposited in the J.R. Van Pelt Library.

Relevant articles: (Revisions): '1.13, '2.2, '3.1, '3.3, '4.1(a) & (b), '5.1, '5.1(c) & (d), '7.1(a) & (b), '8.8. Promulgation: '1.13, '8.8.

2. Denial of Claims; Appeals

The University shall notify the claimant of any denied claims within 30 days; appeals shall be decided by a board on which faculty and staff have a majority; the claimant may examine any documents he/she deems pertinent, subject to outside arbitration in the event of objection by the University.

Relevant articles: '6.1, '6.3, '6.4.

3. Exclusion for Nonpayment

Individuals may not be excluded from the Plan without possibility of reinstatement if the circumstances leading to such exclusion were beyond the control of the retiree. Benefits of a bankrupt retiree are to be applied to beneficiaries as the Review Board may deem proper. [In several instances, the present language of the Plan does not reflect the policy change approved by the Board in November 1977].

Relevant articles: '2.3, '4.2, '8.3.

4. Setting of Costs

Periodically, a review of MTU=s self-insured status, including MTU=s recent cost history and comparisons with national norms, shall be made available to the MTU community.

Relevant articles: '4.1(a) & (b).

5. Coverage in the Event of Failure of Provider or of the University

In the event that the University's administrator of medical benefits fails, or if the University's own funds are depleted, the medigap premiums collected shall be used only for the purpose for which they were collected.

Relevant articles: '3.1, '4.3, '5.3.

6. Retiree Benefits Matching those of Working Employees

Benefits for retirees shall be equal or better to those available at the time of the employee's retirement. If benefits for current employees increase, retirees should receive equivalent improvements in their benefits.

Relevant article: '1.12.

Appendix

The Appendix (**handout**) contains (1) a list of proposed changes in specific wording designed to incorporate the above principles into the Plan; (2) the specific wording of a number of editorial changes also recommended by the Senate.

Proposal Background

On October 19, 1992, the University released its " Retirement Medical Benefit Plan for Certain Michigan Technological University Faculty and Staff." Amendments to the Plan were released on May 9, 1997 (effective July 1, 1997) Further revisions to that document were approved by the Board of Control at its meeting of November 21, 1997, in response to suggestions from the Chair of the MTU Senate Fringe Benefits Committee. This proposal requests a number of additional changes.

Proposal Development

Changes in the Plan were authorized by the Board of Control on November 21, 1997; the changes proposed here extend the spirit of the Board's revisions to articles of the Plan not covered then. The proposal was approved by the Fringe Benefits Committee and submitted to the Senate on May 7, 1998.

APPENDIX TO PROPOSAL 12-98

1. Making and Promulgating Revisions to the Plan

Article 1, '1.13 (Page 3): ~~A Supplement means the Supplement attached to the Plan, which is incorporated into it by reference, as amended periodically by the Plan Administrator, which sets forth the Benefit Documents that are part of the Plan, the required contributions for a Participant, the Participant's spouse, and dependent Children, and the deductibles and co-pays from time to time in effect.~~@

All supplementary materials affecting employees and retirees are appended. Faculty and Staff (through the University Senate and Staff Council) shall be consulted in advance of any proposed changes in the provisions of the Plan or in any supporting documents; their requests shall be seriously considered, and reasons given in writing if denied. Contributions, deductibles, and co-pays are to be demonstrably consistent with industry norms. The Plan shall be in force when all parts, including the supplements, are made accessible to all affected parties by distribution to individuals or units of MTU, and deposited in the J.R. Van Pelt Library.@

Article 2.2; second full sentence:

~~"By becoming a Participant, each Employee and each Employee's covered spouse and Dependent Child, if any, shall, for all purposes, be deemed conclusively to have consented to the provisions of the Plan and all subsequent amendments."~~

Article 3, '3.1 (Page 6): ~~A . . . The terms and conditions of any insurance contract or policy may be revised at any time, for any reason, at the Employer's sole discretion.~~@

Article 3, '3.3 (Page 6): ~~A~~The Employer may self-insure any Benefit under this Plan. The Employer shall pay the cost of any self-insured Benefits out of its general assets or otherwise. The Employer may revise the

terms and conditions of any self-insured benefit under this Plan at any time for any reason, in the Employer=s sole discretion **only in full consultation with the Faculty and Staff as provided in Article 1.13.**@

Article 4, '4.1(a) (Page 8): ATo obtain coverage, . . . each participant is required to make a contribution in such amount as the plan administrator, **in consultation with the Faculty and Staff as provided in Article 1.13,** determines from time to time, as set forth in the supplement. **Periodically (that is, at intervals no greater than three years), a review of MTU=s self-insured status, including MTU=s recent cost history and comparisons with national norms, shall be made available to the MTU community.**

Article 4, '4.1(b) (Page 8): To obtain coverage for the participant=s dependent child, a participant is required to make a contribution in such amount as the plan administrator, **in consultation with the Faculty and Staff as provided in Article 1.13,** determines from time to time. **Periodically (that is, at intervals no greater than three years), a review of MTU=s self-insured status, including MTU=s recent cost history and comparisons with national norms, shall be made available to the MTU community.**

Article 5, ' 5.1(c) and (d) (Page 9): AThe Plan Administrator shall have the following powers and duties: . . . ~~(c) To decide on questions concerning the Plan and the eligibility of any Employee to participate in or receive Benefits under the Plan, in accordance with the provisions of the Plan;~~ (d) To determine the amount of Benefits which shall be payable to or on behalf of any person or the eligibility of any person for Benefits, in accordance with the provisions of the Plan . . .@

~~Article 7, '7.1(a) (Page 13): AThe Benefits available under the Plan are not vested benefits and by electing to participate in the Plan no Employee attains any right to benefits beyond the expiration or modification of the Plan, as determined by the Employer in its sole discretion.~~@

~~Article 7, '7.1(b) (Page 13): AThe Employer reserves the right to modify, amend, or replace the Plan without notice at any time in whole or in part. Amendment may be made retroactively . . .to conform with governmental regulations . . .or for any other reason . . .@~~

Article 8, '8.8 (Page 15): AThe actual terms and conditions of the Benefits offered under this Plan are contained in the Benefit Documents (**appended**), and those documents shall govern in the event of a conflict with this Plan as to substantive content. To that end, each such separate Benefit Document as listed in the Supplement, ~~as amended or subsequently replaced, is hereby incorporated by reference as if fully recited herein.~~ **Documents will be added or amended only after full consultation with Faculty and Staff as provided in Article 1.13.**

(2) Response to petitions and requests.

~~Article 6, '6.1 (Page 11): AIf notice of the denial of a claim is not furnished in accordance with this section, the claim shall be deemed denied . .~~

Proposed Change: delete such that Article 6 begins AThe claimant shall be permitted . . .@

Article 6, '6.3 (Page 11): A . . .the claimant . . .may review ~~pertinent documents~~ **all documents he/she deems pertinent, by arbitration in the event of University objections.** . . .@

~~Article 6, '6.4 (Page 12): AIf notice of the decision on the review is not furnished in accordance with this section, the claim shall be deemed denied@~~

(3). expulsion for nonpayment.

Article 2, '2.3: A . . . Once a participant=s . . . coverage . . . has terminated for any reason, it will not be recommenced. it will be recommenced only upon determination by the Retiree Health Insurance Appeal Committee that termination occurred for reasons beyond the control of the participant. The Retiree Health Insurance Appeal Committee shall be constituted so that retirees or their chosen representatives shall be in the majority.@

NOTE: [At its November 21, 1997 meeting, the Board of Control changed Ait will not be recommenced@ as indicated in the 1st sentence above.] Proposed further addition: Athe Retiree Health Insurance Appeal Committee shall be constituted so that retirees or their chosen representatives shall be in the majority.@

Article 4, '4.2, last sentence (Page 8): ~~A Failure to make such contributions in full as required within 60 days will result in the termination of participation in this Plan.@~~

NOTE: Delete in conformance with the Board of Control=s revision of '2.3

Article 8, '8.3 (Page 14): ~~Alf any person entitled to Benefits under the Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any Benefit under the plan, or if any attempt is made to subject any such Benefit to the debts, contracts, liabilities, engagements, or torts of the person entitled to any such Benefit, except as specifically provided in the Plan, then such Benefit shall cease and terminate at the discretion of the plan Administrator. Bankrupts who become such through circumstances beyond their control or through expensive experimental medical treatment shall have 6 months to make arrangements to pay any contributions which are in arrears and are to be reinstated in the Plan, at the discretion of the Retiree Health Insurance Appeal Committee, as soon as they are no longer in arrears. If they fail to do so, benefits will pass to their beneficiaries. He or she The Retiree Health Insurance Appeal Committee may shall hold or apply the same or any part thereof for the Benefit of the Dependent Child or beneficiary of such person, in such manner and proportion as he or she the Retiree Health Insurance Appeal Committee may deem proper.@~~

(4) Setting of Costs

Article 4, '4.1(a) (Page 8): A. . . each participant is required to make a contribution in such amount as the plan administrator, **in consultation with the Faculty and Staff as provided in Article 1.13**, determines from time to time, as set forth in the supplement. **Periodically (that is, at intervals no greater than three years), a review of MTU=s self-insured status, including MTU=s recent cost history and comparisons with national norms, shall be made available to the MTU community.@**

Article 4, '4.1(b) (Page 8): ATo obtain coverage for the participants=s dependent child, a participant is required to make a contribution in such amount as the plan administrator, **in consultation with the Faculty and Staff as provided in Article 1.13**, determines from time to time. **Periodically (that is, at intervals no greater than three years), a review of MTU=s self-insured status, including MTU=s recent cost history and comparisons with national norms, shall be made available to the MTU community.**

(5) Coverage in the Event of a Drastic Drop in MTU Benefits Funding.

Article 3, '3.1 (Page 6): ~~AThe employer shall not be obligated to pay such Benefits from its general assets or otherwise.@~~ **To protect the future of employees in the event of financial catastrophe of the Employer or of a third-party insurance or service Administrator, the medigap premiums collected shall not be reduced, or disbursed except for the purpose for which they were collected; that is, they shall not be used to replace shortfalls, allocated to competing budget priorities, or the like.**

Article 4, '4.3 (Page 8): ~~AThe Employer=s obligations under this Plan may be funded through contributions to a trust, or otherwise, but the Employer=s obligations under this Plan are not required to be funded. Nothing in this Plan shall give an Employee any right, title or interest in or to any property of the Employer.@~~

Article 5, '5.3 (Page 10): ATo the extent permitted by law, neither the Plan Administrator nor any other person shall incur any liability for any acts or for failure to act except for their own willful misconduct or willful breach of this Plan.@

(6) Retiree Benefits Matching those of Working Employees

Article 1, '1.2 (Page 2): Agroup health benefits . . .equivalent . . . to the ~~health benefits received by full-time active employees of the Employer~~ **most advantageous (to the retiree) of the plans offered to active, full-time employees at the time of the participant=sretirement and at all times subsequently.**@

Editorial & Other Changes

[Preamble], last sentence (Page [1]): AThe Plan has been amended ~~and restated effective July 1, 1997.~~ effective <July 1, 1999>. **This revision supersedes all previous versions.**@

Article 1, '1.15 (Page 3): A>Years of Service= means as defined in the Michigan Technological University Retirement Benefit Program.@

Article 2, '2.1 (Page 4): AEach **member of** faculty and staff who retires . . .@

Article 3, '3.4 (Page 6): AMedicare shall be the primary payer of medical benefits covered by this Plan who is eligible to receive such benefits and shall be ~~deemed to cover~~ **applied to** charges . . .@

Article 4, '4.2 (Page 8): AParticipant=s contributions must be made no later than 30 days after **receipt of** each billing statement for each month=s coverage.@

Article 4, '4.2 (Page 8): A~~The amount and timeliness of payments will be determined by the plan Administrator in a uniform manner.~~@

Article 5, ' 5.1, lines 4-5 (Page 9): A~~The Plan Administrator shall have the exclusive right and the full discretion to interpret the Plan and to decide all matters arising hereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions. All determinations of the Plan Administrator or the Employer with respect to any matter hereunder ,~~ **in full consultation with the Faculty and Staff as provided in Article 1.13, shall interpret the Plan, shall decide all matters arising in it, and remedy ambiguities, inconsistencies, and omissions. All determinations of the Plan so made with respect to any matter in the Plan** shall be conclusive and binding on all persons.@

[signature block] (Page 15): AMichigan Technological University has executed this amended ~~and restated~~ Plan . . .@

Tabled by the University Senate