

PROPOSAL 22-00

(Voting Units: Full Senate)

RECOMMENDATIONS ON MEDICAL AND HEALTH INSURANCE BENEFITS

University Senate concerns about fringe benefits and subsequent discussions by the Benefits Liaison Committee have led to a number of structural suggestions for developing, administering, and implementing medical benefits for University employees and retirees. Specifically, the Senate requests that:

1. The Benefits Liaison Group, which consists of members of the University Senate, the Budget Office, and Human Resources, should become a permanent vehicle for open communication and information distribution, as well as exchanges of views, on benefits issues. The Senate commends this type of cooperative forum as a model for shared governance.
2. The Senate recommends more detailed tracking and reporting of medical costs to increase general awareness about the magnitude and nature of medical costs for Michigan Tech. By providing more notice of changing circumstances, MTU employees and retirees will have knowledge before events and not be surprised by changes in benefits policies.
 - a. The administration shall provide a quarterly report, in writing, to the University community on medical and fringe benefits expenditures.
 - b. The administration shall report semiannually to the Senate on patterns and trends in medical and benefit costs and expenses. This report should focus on year-to-date activities in these areas, and also shall offer analysis of those patterns designed to alert employees to possible adjustments in benefits policies so they may make reasonable plans well in advance of any changes.
 - c. The administration shall report more directly on all expenditures that fall under the heading of Fringe Benefits. Currently these expenditures, which take place in the R&I fund, are not visible in regular budget reviews of General Fund expenditures. Ideally, this report could take the form of a line-item accounting of all fringe benefits expenditures. Such a report will simplify the tracking of these expenditures, while making clear to employees and others the costs of all covered benefits.

3. The administration shall provide employees and retirees at least 90 days notice of any change in the available fringe benefits, especially co-payments, along with complete explanations and justifications of the changes.
4. The Senate encourages the administration to adopt a proactive approach to medical cost containment. These steps could include working cooperatively with medical care and service providers to identify mutually beneficial approaches to keeping cost increases as low as possible; expanding efforts to help Michigan Tech employees become informed and responsible consumers of medical services; and exploring the development of incentive programs to reinforce wise choices by employees.
5. The Senate urges that the administration establish the policy of creating a reserve in the R&I account to cushion against unexpected vagaries in medical costs. This reserve should be established from funds budgeted for Fringe Benefits but not expended for that purpose. This action would end the current policy of planned transfers of such funds back to the General Fund at the end of the fiscal year.