

THE SENATE OF MICHIGAN TECHNOLOGICAL UNIVERSITY

Minutes of Meeting No. 221  
19 October 1994

Synopsis: The Senate

- (1) Approved the Minutes from Meeting 220.
- (2) Received first notice of Proposal 6-95: Policy on Discrimination and Prohibited Conduct.
- (3) Heard a presentation on alternative University Health Care plans from Ingrid Cheney.
- (4) Heard a presentation on the Conflict of Interest draft document from Bruce Seely.

1. CALL TO ORDER AND ROLL CALL

President Bornhorst called the meeting to order at 5:30 pm on Wednesday, October 19, 1994 in Room B37 of the Electrical Energy Resources Center.

Secretary Jobst called the roll. Several Senators were late. Cal White represented Metallurgy. Absent were representatives from Army ROTC, Education, the Library; and liaisons from CTS, Grad Student Council, Staff Council, and Deans of Engineering, and Sciences and Arts.

2. RECOGNITION OF VISITORS

In attendance were numerous visitors: Gary Agin (PH), Richard Brown (Chemistry), Carl Vilmann (ME-EM), Ingrid Cheney (Human Resources), Ellen Horsch (Human Resources), Sherry Kauppi (Affirmative Action), Rolf Peterson (FOR), Bruce Seely (SS), Fred Dobney (Provost and Executive Vice President), and M. Goodrich (Tech Topics).

3. AGENDA ADJUSTMENTS

President Bornhorst made two agenda adjustments: First, under "8. Old Business," add "E. Proposal 6-95: Policy on Discrimination and Prohibited Conduct." [Secretary's Note: Agenda error; Proposal 6-95 should be listed under "9. New Business."] Second, move Proposal 6-95 to immediately after "Agenda Adjustments" so that it may be introduced and conceivably voted on at the next meeting. Appendix A.] Vanek MOVED and Arici seconded to approve agenda adjustments. Motion CARRIED. [NOTE: only official Senate and Library archival copies of the Minutes will contain a full complement of appendices.]

4. APPROVAL OF MINUTES

Meeting 220

Keen called attention to the present tense verb "carries," which appears many times in the minutes, and asked if this should not be in the past tense. Jobst declined at the time to argue for the historical present and said he would look into it. Leifer MOVED to approve the minutes of meeting 220; seconded by Glime. The senate provided no discussion, and the motion CARRIED on a voice vote.

8. E. Proposal 6-95: Policy on Discrimination and Prohibited Conduct (moved ahead on agenda adjustment).

The proposal is introduced to the Senate. [Appendix B.]

5. PRESENTATIONS

A. HEALTH CARE PLAN

Bornhorst introduced Ingrid Cheney, who discussed a change to the University's health care plan proposed by the Administration. [Supplementary materials are in Appendix C.]

(1) BACKGROUND

Cheney said the University, which is self-insured, covers approximately 3500 employees and dependents, and it paid out \$3.9 million during the 92/93 AY, with an administrative fee of \$300,000 to Travelers Insurance. The current contract ends on January 1, 1995.

Last year Tech paid out \$4.9 million, an increase of \$1 million. The cost is expected to increase 10% in 94/95, perhaps more if employee health problems are more significant.

| INSURANCE FEES PAID   |             |
|-----------------------|-------------|
| 1993-94 ACADEMIC YEAR |             |
| FACILITY              | AMOUNT      |
|                       | (thousands) |
| Portage View Hosp.    | \$1,000     |
| Marquette Gen.        | 700         |
| Calumet Public Hosp.  | 300         |
| Mayo Clinic           | 120         |
| Marshfield Clinic     | 40          |

This substantial rise in rates has provoked the Administration to look at other plans and companies. Tech requested bids from 37 vendors, with 17 replying, and from that came a short list of three: Travelers and Provident are basically similar, but Wausau Insurance appears to be a viable option that could contain costs.

(2) OPTIONS

a. Remain with Travelers Insurance.

To contain costs but remain with Travelers, Tech could lower share payments on such areas as lab fees, emergency room fees, and x-rays, paying 90% instead of 100%. Similarly, Tech could also increase major medical deductible from \$300/500 to \$400/600. Thus employees would pay the first \$400 per person rather than \$300; and \$600 per family rather than \$500. Another alternative is to have employees pay an up-front 10% co-pay for all non-network physicians/hospital.

b. Switch to the Wausau Insurance "Preferred Provider Organization" (PPO).

Cheney said her advisory committee recommends Wausau since this company offers a PPO plan and is the best alternative. The company has recruited most local area physicians and hospitals (called the "network"). The system encourages cost containment and thus employees are expected to use network participants and facilities. Employees could also receive care from non-network physicians, such as specialists, and facilities, such as the Mayo Clinic, but would be subject to an up-front cost and higher co-pay, unless referred by a PPO physician.

With a PPO plan, registered physicians would take care of paperwork; employees would no longer have to submit their own claim forms. Employees are responsible for a co-pay but no deductibles. Tech would continue to be self insured.

(3) QUESTIONS

Leifer asked what savings might be expected. Cheney said 15% plus a savings in the administrative fee.

Beck said rural health care worried him because only a few specialties

are represented locally, and area physicians do not see enough patients to develop and maintain the skills found in urban health facilities, which may not be in the PPO network.

To Roblee's question about current cost per family Cheney said \$4,000. Being self insured is advantageous, Cheney continued, because it offers more leeway in selecting a plan. The current system costs about \$40,000/week, and Tech may use the remaining funds until they are needed.

Roblee asked for comparison costs of a non self-insured plan. Cheney said it would be more than \$4,000 per person, and individuals would be subject to a "pre-existing condition" clause.

Diebel asked about a flexible benefit plan whereby employees could obtain their own insurance, and Cheney said she would check into the possibility, but employees not on University insurance must prove they have their own.

Bradley asked about HMOs: Cheney said a PPO was superior because it offered more choices of physician and hospital, and the option, albeit at a cost, of going outside the network.

Several Senators asked about coverage during a sabbatical. Cheney said the employees should notify Wausau or ask their physicians to do this. If an employee were traveling, or out of the country, he or she could pay at the time with, say, a credit card, and then submit the bills on return.

Huang asked about continuing to insure dependents beyond age 19; Cheney said Tech would continue this practice. Tech has not yet determined the amount of co-pays with the networked health care, but it will probably be \$10-20.

Heyman asked whether employees with small children would be better or worse off. The majority of employees, Cheney replied, would benefit.

Brokaw asked about annual physicals, complaining that the current system does not encourage them, although they could, in the long run, help cut costs. Cheney agreed that physicals were probably beneficial and said they should be considered at some point in the future.

Dobney argued for the PPO plan, saying that it would help in cost reduction, and while some employees may pay more in a given year, most would benefit.

#### MAYO CLINIC

White asked the percentage of illnesses requiring a trip to the Mayo Clinic. Cheney said she didn't have that figure, but Tech paid the Clinic only \$120,000 as compared to the million dollars sent to Portage View Hospital.

White, Brokaw and Jobst expressed the concern that network physicians would not refer patients to the Mayo Clinic because of a PPO disincentive. Cheney replied that those employees dissatisfied with their physicians should consider changing.

Leifer expressed dismay at the control of medical costs by an insurance company rather than the medical community.

Beck argued that the topic of health insurance is so important it should be considered in a referendum by all employees. Dobney said that sending a ballot to all employees is possible.

Mullins spoke in favor of a PPO, which was the system that insured him in North Carolina: "I notice no difference from the plan I have here now."

Heyman asked about the coverage for emergency room visits. \$300-400 per visit, Cheney replied.

Whitt said some local physicians are not on the list of those "networked," and Dobney replied that in his experience, after a system is in place, most other physicians join.

Cheney said that dental care would also continue with the new plan.

Arici reminded the Senate that the Administration was looking for direction rather than a decision, and he suggested a forum and possible departmental visits to answer questions. Dobney asked if the Senate would be comfortable with information at a forum from the committee which worked with Ms. Cheney and recommended the Wausau plan. Afterwards, Dobney continued, this group could take questions, followed by a ballot.

White suggested the forum include a local physician. Glime said the forum might be transmitted on the local cable channel.

Givens asked about Calumet physicians, and Cheney said they did not wish to participate.

Bornhorst said the plan offered simplified paperwork for physicians, and this was an incentive.

Bradley asked when the decision on health care plans must be made, and Cheney said Wausau needed 45 days lead time, but Traveler's might extend the end of the current contract.

Roblee said employees might wish to consider remaining with Travelers and forsaking plans for University expansion next year.

Glime suggested holding the forum in the Senate chambers, but Beck argued for a larger room, recording the forum on videotape for later playback over the cable channel. Bornhorst agreed to have the Senate host the forum.

## B. CONFLICT OF INTEREST DOCUMENT.

President Bornhorst introduced Bruce Seely, who described the lengthy Conflict of Interest document [Appendix D]. Seely began by identifying committee members who worked on this proposal with him: Rolf Peterson, Sherri Kauppi, Jon Soper, Cindy Selfe, Tim Collins, Willie Melton and Karol Pelc.

### (1) BACKGROUND

Seely explained that the National Science Foundation (NSF) and National Institutes of Health (NIH), major federal funding agencies, have encouraged Universities to generate guidelines like the one he was going to describe. Seely said future federal funding would depend on such a document being in place. The draft distributed to Senators is a preliminary document, with a final draft due by June 28 of next year. By the end of the winter quarter the University should reach a conclusion on a final draft.

Seely said numerous, difficult-to-resolve conflict of interest situations are possible, and the only solution is complete and open disclosure before the fact.

Seely offered several principles which guided the committee as it generated recommendations and assembled the document.

- a. A University is different from other institutions.
- b. Potential conflicts of interest can never be eliminated, only diminished.
- c. Full and open disclosure is the method for dealing with most cases of conflict of interest.
- d. The main responsibility rests on individual members of the MTU community who must act from a sense of professional responsibility.

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Seely next summarized the various categories recommended by the committee for thinking about conflicts of interest. A number of outside professional activities, those generally expected of all University employees, would be completely exempt from consideration under the committee's suggestions.

Category 1 activities generally would be those professional activities that pose potential or real conflicts of commitment.

Category 2 would involve outside professional activities that pose more serious conflicts of commitment or conflict of interest with minimal financial relationships. These would include consulting, assignment of self-authored textbooks, supervision of relatives, and sponsored research proposals.

Category 3 would usually be related to entrepreneurial activities by members of the MTU community, while

Category 4 activities would be simply prohibited. These would

include self-referrals to personal business, directing purchases from a self-owned company, and benefiting from advice offered to the University.

In each case, the committee offers suggestions for determining a policy as well as proposals for disclosure mechanisms.

The situation which up to now has elicited the most response from faculty and students is one in which an instructor selects his or her own-authored textbook for a class. Seely said that the best solution might be a faculty committee in each department to determine if the instructor's text was indeed the most appropriate to use.

Seely said researchers should be aware that the requirements for a Conflict of Interest section and sign-off would require more time in preparing proposals. Many researchers take until the last day to prepare a proposal, believing overnight mail will allow them to make the deadline; this won't be possible when a Conflict of Interest requirement must be included.

Seely also said that federal agencies will be requiring an annual financial disclosure by investigators for all continuing contracts and grants.

## (2) RECOMMENDATIONS

The Committee has written recommendations rather than policy or procedure. Furthermore, they suggest

- a. Appointment of a Conflict of Interest Coordinator, a person with research background. This person could sign off the research proposal forms. The University should also
  - > Locate a place where Conflict of Interest materials could be kept;
  - > Keep track of disclosure forms and be prepared to reveal status to a watchdog committee;
  - > Perform no policing;
  - > Appoint a resource person who would mitigate problems or potential problems.
- b. Appoint an ad-hoc review committee. Membership should reflect the background of the researcher who has a potential conflict.
- c. Establish a standing committee that would act on appeals; it would also advise the Provost and the Senate about needed adjustments in policy and performance of existing procedures. Finally, this committee would address concerns raised within the MTU community regarding allegations involving conflicts of interest by high level administrators or BoC members.
- d. Set up a violations procedure.

## (3) QUESTIONS

Glime asked how to proceed if a researcher discovered a high level administrator or BoC member with a problem. Seely said the accusation might go to a Senate standing committee, but the BoC would probably argue that they cannot agree to a system run within the University which could possibly discipline them. If the BoC did not accept a recommendation from the Senate, then public opinion would be the only likely alternative. Any system, Seely pointed out, would be advisory, as is the case now with our system of shared University governance.

Sloan asked for more detail about how a University employee might be in conflict with outside businesspeople. Seely explained that University personnel have an unfair advantage in that they may use University equipment and thus avoid overhead and other costs carried by those outside. Most Universities have a policy to cover potential areas of conflict, such as college bookstores. Bulleit said he often receives calls for consulting in Civil Engineering projects, but before accepting he has the developer check with local firms to see if they can and wish to do the work.

Brokaw said he saw a need for a Conflict of Interest statement but felt the committee's plan was too strong. Seely said the proposal is a

draft and encouraged University personnel to generate alternative wording and present it to the committee for their consideration.

Seely pointed out that perception rules. That is, how does a situation look to an outsider, to an objective viewer? Does an apparent conflict of interest appear? There should be no perception of this occurring.

Brokaw asked if the proposal could be placed on the gopher system. Bornhorst said it could and would be done.

Whitt asked who would develop procedures for dealing with conflict of interest issues, and Seely said his committee had enough to do in developing the proposal. The University of Minnesota, however, had a much larger committee work on their proposal. He believes that several committee members were from the administration, and they drafted procedures, then these went to the full committee.

Bornhorst reminded everyone that the proposal was a draft and the Senate would work on this over a period of time. He ended by thanking Seely and Cheney for their presentations and announced a probable special meeting of the Senate on November 9 since Senate proposals are stacking up.

#### 10. ADJOURNMENT

Bulleit MOVED and Arici seconded to adjourn. No discussion. The Motion CARRIED. Bornhorst declared the meeting adjourned at 7:32 pm.

Submitted by Jack Jobst

Secretary of the University Senate

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