

# The University Senate Of Michigan Technological University

## Minutes of Meeting 341

25 October 2000

### Synopsis: The Senate

- (1) heard a general report from Vice President Tahtinen.
  - (2) heard a report on health care costs from Ingrid Cheney, Benefits Office.
  - (3) heard a brief report on fringe benefits rate structures from Tony Rogers, Fringe Benefits Cost Recovery Planning Committee.
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### 1. CALL TO ORDER AND ROLL CALL

President Keen called University Senate Meeting 341 to order at 5:32 p.m. on Wednesday, 25 October 2000, in Room B45 EERC.

Secretary Pickens called roll. Absent were At-Large Senators Oberto and Kunz and representatives from Army/Air Force ROTC, Civil and Environmental Engineering, Materials Science and Engineering, Mining and Materials Processing Engineering, Physical Education, Institute of Materials Processing, and Student Affairs and Educational Opportunity. Liaisons in attendance were Anup Bandivadekar (GSC), Josh Bennett (USG) and Ted Soldan (Staff Council).

### 2. RECOGNITION OF VISITORS

Visitors included Dale Tahtinen (Vice President for Governmental Relations), Tony Rogers (Chemical Engineering), Ingrid Cheney (Benefits Office), and Marcia Goodrich (*Tech Topics*).

### 3. APPROVAL OF AGENDA

President Keen presented the agenda. There were no objections to the agenda. [**Appendix A.** NOTE: Only official Senate and Library archival copies of the minutes will contain a full complement of appendices.]

### 4. PRESIDENT'S REPORT

President Keen reported that Proposals 23-00, Amendments to Proposal 13-95, Faculty Grievance Policy and Procedures; 1-01, Summer Instructional Session; and 2-01, PhD Program in Forest Molecular Genetics and Biotechnology, were transmitted to the administration. [**Appendices B-D**]

The Fringe Benefits Cost Recovery Planning Committee met on October 19.

Keen met with Provost Wray on October 23.

The Benefits Liaison Group met on October 23.

The Senate Executive Committee will meet on October 26 to discuss the status of the Institute of Materials Processing and an amendment to the Senate Bylaws.

### 5. COMMITTEE BUSINESS/REPORTS

#### A. Remarks from Vice President Dale Tahtinen

Vice President Tahtinen provided a summary of the activities of his office. He has responsibility for

government relations, is the Secretary of the Board of Control (BOC), and both Risk Management and Internal Audit are under his office.

He serves as the primary liaison between MTU and the federal and state governments. He said that in this role he is often involved in promoting MTU research proposals to agencies and departments. He noted that only very strong proposals generally get funded, but that support in the political system is also needed. He takes the lead in securing that political support. He encouraged individuals developing proposals to come see him.

VP Tahtinen also represents MTU with a group called the Science Coalition. This organization is an advocate for increasing federal funding for research.

VP Tahtinen believes that MTU will need to seriously consider having a permanent office in Washington, DC, at some point as our federally funded research continues to grow. He indicated that he believes our federal funding will grow to about \$30,000,000 within four or five years, and that MTU should then seriously consider having a Washington office.

Efforts with the state include trying to increase both general fund allocations and other funding outside the general fund. The state-funded universities work together to try to increase the size of the pot, but then compete vigorously for that pot. He noted that term limits complicate the process of promoting MTU because our representatives cannot stay in office long enough to get key committee assignments.

VP Tahtinen finished his presentation by providing an overview of the internal audit and risk management functions of his office. We are part of the Michigan University Self-Insurance Corporation (MUSIC) for liability and damage claims. MUSIC limits our liability to \$100,000 per year, and we have not reached that level recently.

Senator Pegg asked what Michigan universities do not participate in MUSIC, and VP Tahtinen responded that the U of Michigan (Ann Arbor, Dearborn, and Flint) and Michigan State are not in MUSIC.

Senator Beck complimented President Tompkins on sending a letter in support of the Department of Energy (DOE) budget, and noted that a letter writing campaign by scientists in fields supported by DOE funding programs was credited with assuring the DOE budget for these programs. VP Tahtinen said that these expressions of support were very important, and encouraged more people to be involved in these efforts.

Senator Sutter asked about the status of the PASS scholarship program, which would support two-year technology students. VP Tahtinen responded that it had not been passed, but that he thought it might still be enacted.

Senator Strong noted that we are currently the third-highest funded university in the state. He asked if there was state political support for the strategic plan, and if that state support would translate to added funding if the plan was implemented. The strategic plan emphasizes programs in engineering and science that are extremely high cost relative to other in-state schools. VP Tahtinen responded that we already have received supplementary funding because of our high-cost programs. He said that we could easily drop to fifth or sixth if we did not have the graduate program and high-cost undergraduate programs. He does believe that there is support for our plan, and that it will lead to more funding. However, there are no guarantees that this will happen.

## **B. Health Care Costs Update [Appendix E]**

Director of Benefits Ingrid Cheney presented an update on health care costs for MTU. Benefits operate on a calendar year instead of the fiscal year used for the rest of MTU's financial affairs.

Prescription costs went up 33% last year, but has decreased by 2% this year because of the increase in co-pays. Blue Cross predicts a 12% increase next year. The shift to Blue Cross also led to an increase in

administration fees. Total health care costs are running about \$1.6 million more this year. This continues the long term trend in health care cost increases. Although the number of contracts has increased somewhat, the primary factor driving costs higher is increases in the cost of health care per contract. Next year's projection for cost increases range from an estimate of 12% for MTU by Blue Cross to 13.3% for PPOs nationally.

Blue Cross provided a comparison of the costs for MTU versus other Michigan public universities. MTU is quite a lot higher for both facilities (hospitals) and professional (primarily physician fees), with other components being similar. Several senators expressed concern with the high cost for MTU, and suggested possible reasons.

The Benefit Liaison Group (BLG) is an advisory committee with Senate and administration representatives. This group provides input and participates in decisions concerning fringe benefits. This group participated in making several recent decisions:

- A recommendation that our medical stop-loss insurance be modified to include a \$200,000 stop loss provision for each individual in addition to our customary 130% total cost stop loss.
- Setting the maximum annual increase for retiree health care premiums at 10% of the full premium based on the Blue Cross COBRA estimates.
- Finalized the Tech Select forms for use by employees to select their flexible benefits for 2001.

Ingrid Cheney discussed the "Centers of Excellence" program, where Blue Cross has negotiated lower fees for very expensive care at selected hospitals. If a covered patient chooses to use one of these facilities, then MTU will pay up to \$5,000 in expenses for other family members' travel.

Other initiatives currently being pursued are participation in the Michigan University Coalition on Health (MUCH) and dialog with local physicians and other health care providers.

Senator Barna asked if the patient is responsible for the difference between the Center of Excellence price and what another provider charges. Cheney responded that, as long as the other provider is in our PPO, MTU will cover the medical expenses; the employee will not receive the reimbursement for travel expenses.

Senator Ftaclas expressed concern about Blue Cross' efforts to control costs. Cheney responded that our experience has been quite good with Blue Cross, but that she is constantly evaluating their services and costs.

Senator Strong asked if there was any effort at the state level to address increasing health care costs. VP Tahtinen said that there was no state-wide effort, and that Blue Cross lobbies effectively against such efforts.

### **C. Fringe Benefits Cost Recovery Planning Committee**

Tony Rogers, Co-Chair, updated the Senate on the Committee's recommendations. The full Committee report will soon be available on the web at <http://www.admin.mtu.edu/hro/fringe/index.html>.

## **7. ADJOURNMENT**

Blanning MOVED and Ekdahl seconded the motion to adjourn. The meeting adjourned at 7:01 p.m.

Respectfully submitted by James B. Pickens  
Secretary of the University Senate