

The University Senate Of Michigan Technological University

Minutes of Meeting 355

12 September 2001

Synopsis: The Senate

- (1) approved senate committee assignments.
- (2) heard a report from the Benefits Liaison Group.
- (3) tabled Proposal 1-02.

1. CALL TO ORDER AND ROLL CALL

President Bob Keen called University Senate Meeting 355 to order at 5:32 p.m. on Wednesday, 12 September 2001, in Room B45 EERC.

Secretary Craig Waddell called roll. Absent were At-large Senators Dieter Adolphs and Kelly Strong and representatives from Electrical and Computer Engineering, Mining and Materials Processing Engineering, Physics, Keweenaw Research Center, and Student Affairs and Educational Opportunity. Liaisons in attendance were Anup Bandivadekar (GSC) and Becky Christianson (Staff Council).

2. RECOGNITION OF VISITORS

Visitors included Kent Wray (Provost), Ingrid Cheney, (Human Resources), Ellen Horsch (Human Resources), Debbie Lassila (Human Resources), Terry McNinch (Civil and Environmental Engineering), and Marcia Goodrich (*Tech Topics*).

3. APPROVAL OF AGENDA

Keen presented the agenda and asked for amendments. There were no amendments or objections to the agenda as presented. [**Appendix A**. NOTE: Only official senate and library archival copies of the minutes will contain a full complement of appendices.]

4. APPROVAL OF MINUTES FROM MEETING 354

Keen presented the minutes from meeting 354 and asked for corrections or additions.

Senator Bruce Barna questioned the accuracy of the following passage on page 9502: "Keen said that he was invited to serve on the BLG because of his position as president of the senate." Barna said that his recollection was that Keen had said that there was no relationship between the invitation to serve on the BLG and Keen's position as president of the senate. Barna said that was in this context that many of his subsequent comments must be understood.

Waddell said that he believed that Keen had amended his position on this point over the course of the meeting and that he would check the audio tapes.

Keen ruled that approval of the minutes would be delayed. There were no objections to the ruling.

5. PRESIDENT'S REPORT

Keen announced that Provost Kent Wray was not in attendance because he was attending the campus-wide student meeting that was being held in response to the September 11 terrorist attack on America.

Keen reported receipt of a memo from Internal Audit Director Amy Hughes commending the senate for its wise and careful use of its purchasing card and for retaining all of its receipts. **[Appendix B]**

Keen that he has been elected senator for the Department of Biological Sciences and that Kelly Strong (Civil and Environmental Engineering) has accepted a one-year appointment replacing Keen as senator at-large.

Keen said that he had attended seven meetings of the Benefits Liaison Group (BLG) since the last meeting of the senate. These meetings were largely in preparation for public forums on proposed changes in the benefits package.

Keen met with Provost Wray on September 5. They discussed the term of the faculty representative on the MTEPS Board. The assumption is that the term will be approximately five years. They also discussed the selection of a replacement senator for Keen as senator at large.

Keen said that the Vice President for Research search is proceeding. Candidate Dave Reed was interviewed on September 5 and 6. The remaining three candidates will be on campus later this month (Jacob Odgaard September 17 and 18, Walter Lange September 20 and 21, and Allan Mense September 24 and 25).

The Strategic Planning Working Group met on September 10 to consider procedures for review of the pre-proposals that will be submitted for Michigan Tech's Vision Plan.

The provost and senate officers met on September 10. Tom Snyder (former senator and a member of the University Tenure Committee) joined them to discuss the state of the tenure and promotion proposals that the administration is considering. The proposals as passed by the senate in May 2000 would be rejected by the administration. Wray asked Snyder to draft a white paper explaining why the current procedure needs to be revised and why the current Board of Control policy on promotion and tenure needs to be amended. Participants in this meeting also discussed enrollment and recruiting issues.

Keen met with Human Resources Director Ellen Horsch and Debbie Lassila to discuss the separation proposal. Keen indicated at this meeting that some provisions in this proposal would not be acceptable to the senate.

Keen reminded the senate that nominees are needed for numerous university committees.

Keen said that the discussion about the Benefits Liaison Group at the last senate meeting should have included proposal 22-00, which the senate passed in May 2000. This proposal reads in part, "The Benefits Liaison Group consists of members of the University Senate, the Budget Office, and Human Resources and should become permanent for open communication and distribution as well as an exchange of views on benefits issues." This was approved without dissent by the entire senate. It was a recommendation that is not subject to approval by the administration.

Human Resources Director Ellen Horsch said that the BLG began with a request from the Board of Control to examine stop-loss insurance. Horsch called then Senate President Bruce Seely and asked for recommendations for a stop-loss committee. This committee evolved into the BLG.

Senator Tony Rogers said that some of the recommendations from this group that have since been adopted by the administration include providing a 90-day notification for benefits changes and a more formal reporting back to the University Committee on benefits costs and issues. The administration has not responded to a proposal to carry over surplus fringe-benefits monies to the next year.

Barna asked whether that proposal was part of 22-00.

Rogers indicated that it is provision #5 of proposal 22-00.

Senator Bill Gregg said that he had read the group's stop-loss report and found it effective, but that it wasn't clear whether the BLG reports to the senate or to the benefits office or the budget office.

Keen said that the BLG is not a reporting group but a group that provides advice to Human Resources in the area of benefits.

Senator Carol MacLennan said that she and other faculty have been working on the tenure and promotion proposal for about seven years. She asked why the administration has found this proposal unacceptable.

Keen said that the problem was with the wording of the proposal. Proposed modifications to the original proposal would allow the senate to be responsible for developing tenure and promotion procedures that the Board of Control would not have to micromanage.

Barna said that he has heard that some of the actions currently being taken by some of the colleges and some of the deans are being taken on the grounds that the university is in a state of financial exigency. He asked Keen to clarify whether the university has taken that position, particularly with respect to severance policy.

Keen said that as far as he knows, neither the Board of Control nor the president have said that the university is in a state of financial emergency. Such a state is required for a university to lay off a tenured professor. Tenure in the state of Michigan is a property right that can only be denied for two reasons: (1) cause--behavior unbecoming a tenured professor; and (2) bona fide financial emergency. The proposed separation policy would require the administration to demonstrate to the senate that any financial emergency is real before any attempts are made to lay off tenured faculty. The proposed procedures also mandate that all other possibilities be examined before such layoffs are taken.

Keen said that he would make a formal request of the administration as to whether or not they perceive the university to be in a state of financial emergency.

The Senate concurred without objections.

6. COMMITTEE BUSINESS/REPORTS

A. Senate committee assignments [Appendix C]

Keen presented a preliminary list of senate committee assignments and asked the interim chairs to convene their respective committees for the purpose of electing permanent chairs.

Pickens MOVED and MacLennan seconded the motion to approve the assignments. There was no discussion. The motion to approve PASSED on a voice vote without dissent.

B. Benefits Liaison Group [Appendix D]

Keen introduced Human Resources Director Ellen Horsch.

Horsch said that the BLG sprung out of the Stop-Loss Committee. That group had been so successful that Horsch wanted to continue it. Horsch reviewed the current membership of the BLG [see Appendix D, slide #2] and said that she would like to keep this membership in place until proposed health care changes have been implemented.

The mission of the BLG is to serve as an advisory group--not just to Human Resources, but to the university--to provide the best possible fringe-benefits program within available resources, in terms of both dollars and assistance.

Last Spring, Provost Wray charged Human Resources with reducing projected fringe benefits costs. The proposed changes will reduce projected fringe benefits costs by \$750,000 per fiscal year (July 1 through June 30).

The BLG wanted to look at the fringe-benefits package holistically. Healthcare is a huge part of fringe benefits: \$26 million. Some fringe benefits, such as FICA, are untouchable because they are federally mandated; others are variable.

The BLG considered various possibilities for reducing fringe benefits. They did not want to touch retiree medical coverage, so they looked at healthcare. They wanted the burden to be shared by employees, the university, and healthcare providers.

Senator Dana Johnson asked whether administrators had the same healthcare coverage as faculty and staff.

Horsch said that except for police officers, all Michigan Tech employees have access to the same healthcare options.

Assistant Director for Benefits Ingrid Cheney said that hearing tests are covered in physicals for senior administrators but not for other employees.

Debbie Lassila said that there is a Board of Control policy requiring the president and vice presidents to have annual physicals.

Horsch said that although the external consultant recommended saving costs by contracting with an exclusive healthcare provider, the BLG wanted to maintain access to diverse healthcare providers. The BLG also wanted to continue to allow access to out-of-state healthcare providers. Also, there are no changes in the current policies on either in-patient hospitalization or preventative services, for example, employees will still not be required to make a co-payment with physicals.

Horsch said that the new plan includes four healthcare options: Premium, Standard, Deductible, and Opt-Out (see slides 12-19 in Appendix D). Horsch distributed a chart entitled "Plan Design Modeling--Update (see Appendix D). Horsch said that the healthcare packages currently carried by some Michigan Tech employees may not be described under the Current Plan column of this chart. For example, some employees have F Riders [Family Riders], which cover healthcare benefits for dependents who are over 19 and under 25 [if they are unmarried students still supported by their parents or guardians]. Hence, the Current Plan described on this chart is not all inclusive, nor are the descriptions of the new options. The chart does cover key healthcare issues, such as co-insurance and out-of-pocket maximum.

The Premium Plan includes a monthly pretax premium, which amounts to \$240 annually for singles, \$480 annually for two-persons, and \$840 annually for families. All of the plans include a percentage-based co-payment for office visits, partly to encourage employees to become better consumers of healthcare services and also to increase competitive pricing among healthcare providers (slide #13 Appendix D illustrates the range of prices currently charged by various local healthcare providers).

Senator Tony Rogers said that the prices on the overhead indicate the listed prices for treatment prior to the Blue Cross and Blue Shield discount that Michigan Tech employees receive.

Referring to slide #15, Horsch said that there will be an increased emergency room visit co-payment. Non-conventional treatments will now also have a percentage co-payment. There is a reduction in the in-network prescription co-payment from 20% to 10%, with a \$5 minimum co-payment and a \$15 maximum co-payment. Only healthcare can go toward the out-of-pocket maximum; prescriptions, dental, vision, and emergency care cannot. Horsch said that mail order prescriptions are most cost effective when ordering maintenance drugs (three-month supplies).

Barna asked who keeps track of the out-of-pocket maximum.

Horsch said that Blue Cross and Blue Shield keep track of this.

Barna asked for clarification on the annual deductible for out-of-network healthcare providers.

Cheney said that if someone covered by Michigan Tech healthcare benefits goes to a healthcare provider who does not participate in the Blue Cross and Blue Shield program, the employee would be responsible for the first \$300 per person but no more than \$500 per family; after that the employee is responsible for 10% of the healthcare costs.

Senator Bill Gregg said that a report presented last October indicated that nervous-system drugs were one of the most costly groups of prescriptions. He asked whether such drugs were available through mail order.

Horsch said that they should be if they are maintenance drugs (available in three-month supplies).

Cheney said that controlled substances (e.g., narcotics) cannot be purchased through mail order.

Horsch said that enhanced dental and vision will now be part of the Premium Plan, including for F Riders. This will cover one pair of glasses per year, with some limits on frame and lens selection.

Senator Don Beck asked whether hearing aids were covered.

Cheney said that they were not.

Horsch next reviewed the Standard Plan. The percentage-based office visit will now require 30% employee co-payment rather than 20%. Emergency visits increase from \$20 employee co-payment to \$50 co-payment. There is a percentage-based employee co-payment for prescriptions, with a lower maximum payment for generic than for brand-name prescriptions. The lifetime maximum healthcare coverage provided by insurance has increased on all of the plans from \$1 million to \$3 million (per person).

Horsch next reviewed the Deductible Plan. With this plan, employees must pay healthcare costs up to their deductible before Blue Cross benefits can be claimed. Co-payments for office visits do not count toward this deductible. However, laboratory and x-ray fees and hospitalization do count toward this deductible.

The final option is Op-Out. To select this option, the employee must provide proof that he/she has healthcare elsewhere. Employees who select this option receive a monthly, taxable payment of \$150.

In summary, Horsch said that the goals of the revised program are to encourage Michigan Tech employees to be better-informed healthcare consumers; to save \$750,000; to share responsibility for healthcare cost containment among employees, the university, and healthcare providers; and to provide employees with healthcare options. The university attorney has said that the university can publish standard fees of various healthcare providers as long as these fees are accompanied by the dates during which they were charged; this may encourage more competition among healthcare providers.

Horsch said that the university's new HARP program (Healthcare Audit Reward Program) --which began this spring--provides financial incentives of up to \$500 for employees to identify financial errors in their healthcare bills. So far, the university has saved over \$11,000 with this program, and one recently discovered billing error may be as much as \$40,000.

Horsch said that there will be open-enrollment seminars in late October or early November. The changes will be effective as of January 1, and enrollment will be for one year, after which time employees can change to a different healthcare option.

Senator Pam Long asked Horsch to explain coinsurance.

Horsch said that coinsurance goes into effect after the deductible has been met.

Long said that employees who receive a 1.5% raise and opt for family coverage under the Premium Plan, would have to earn over \$56,000 in order not to pay more than their raise was worth. According to Institutional Analysis, only 10% of Michigan Tech staff earn more than \$56,000 per year, but more than 60% of the faculty earn more than \$56,000 per year. Hence the people who will lose money on the Premium Plan will be staff.

Lassila said that this analysis should be redone to take into account changes in enhanced dental and vision coverage, which could reduce the gap between previous and projected employee healthcare costs.

Long said that raises are based on a percentage of salary, but costs reductions are not. Lassila said that the Standard Plan might be a better option for lower-paid employees.

Long said that this might be true until one gets sick and has to pay the out-of-pocket expenses.

Horsch said that the current plan has no cap on out-of-pocket expenses, but the new plan does.

Senator Steve Seidel asked what premium one spouse would pay on the Premium Plan if both spouses work at Michigan Tech and have a family.

Cheney said that one spouse would become the primary and pay \$70 per month (family), and the other spouse would become the secondary and pay no premium.

Beck asked whether there was any difference in prescription prices charged by local pharmacies.

Horsch said that prices at local pharmacies are all the same, but according to Blue Cross and Blue Shield, mail order prices are about 8% less.

Senator Dick Prince said that ordering larger quantities of drugs at one time is less expensive because the dispensing fees are reduced.

Barna asked why emergency-room-visit fees could not be included in the out-of-pocket maximum.

Horsch said that Blue Cross and Blue Shield cannot administer/monitor these fees.

Barna commended the BLG on the life-time maximum increase (from \$1 million to \$3 million) and on the limit on out-of-pocket expenses.

Senator Carol MacLennan said that there is a growing wage gap at Michigan Tech, partly because the university awards raises on the basis of a percentage of salary. She recommended that the senate's Benefits Committee examine this issue.

Barna said that the senate's Finance Committee examined this issue when it looked at the substitution of the 2-plus-2 program for the retirement healthcare benefits and found that in some cases, costs might approach 10-15% of a person's salary.

Senator Judy Fynewever asked if the BLG had considered lowering healthcare costs by encouraging healthier lifestyles.

Horsch said that the wellness physical is now free, whereas it previously included an employee co-payment, but that the university did not have much success with its wellness program.

Horsch said that most of the projected saving will come from the premiums--the employee contributions. Other savings will come from charging for services not previously charged for, such as massages, physical therapy, and mental health.

Horsch encouraged senators to encourage their constituents to attend public forums on the proposed changes.

Williams asked what it cost Michigan Tech to make a 1% across-the-board salary increase.

Pickens said it cost \$630,000.

Williams said that, in effect, the \$750,000 reduction in benefits has negated the raise.

Pickens said that after factoring in fringe benefits reductions, that average raise for a Michigan Tech employee last year was 0.29%.

7. NEW BUSINESS

A. Proposal 1-02, Revision of Senate Bylaws [Appendix E]

Keen introduced the proposal and said that it does two things: establishes a computer committee and adjusts some numbering sequences in the Senate Bylaws.

Bruch MOVED and Long seconded the motion to approve the proposal.

Seidel said that he was concerned about creating a committee with no clear charge. He said that there are diverse issues in computer usage--including financial, security, and ethical issues--and that the senate should not form a computer committee until its mission is clearly defined. He asked whether such a committee would initiate policies or review those initiated by others.

Beck said that the senate should convene an ad hoc committee to make recommendations.

Senator Deb Bruch said that she was not as concerned as Seidel about the direction a senate computer committee would take. She recommended that the committee define itself.

Williams said that it would be normal for an ad hoc committee to define the bounds of a computer committee and then become that committee.

Rogers recommended that some of the issues raised by Seidel be defined as outside the purview of such a committee.

MacLennan asked what the intention of the proposal was.

Keen said that this summer, the University Computer Advisory Committee requested that their function be taken over by the University Senate. If established, a senate computer committee could only make recommendations; it could not establish policy.

Barna asked how the University Computer Advisory Committee and related committees are populated and whether they have senate representation.

Keen said that in the past, the senate has elected members of the University Computer Advisory Committee but that it hasn't done so in the past four or five years. The senate does elect a member to the Computer Executive Committee.

Gregg asked what the normal procedure was for creating senate committees.

Keen said that there are two or three methods. New standing committees can be created by changes in the senate's bylaws. The senate can demand--for example, in a proposal--that a committee be created; and the senate president has the prerogative of establishing both senate committees and senate taskforces.

Gregg asked whether the senate had a proposal for a committee with a title but with no tasks.

Keen said that the description of the proposed computer committee precisely follows the format in the bylaws of all existing senate committees. No senate committees have their tasks outlined in the senate bylaws.

Rogers asked whether the proposed committee would be a policy-making committee or a committee that reviews campus initiatives.

Keen said that this committee could only recommend, not establish, policy.

Beck recommended finding out what the University Computer Advisory Committee does.

Williams MOVED and Vilmann seconded the motion to table the proposal. The motion to table PASSED on a voice vote with no dissent.

8. ADJOURNMENT

Pollins MOVED and Malette seconded the motion to adjourn. The meeting adjourned at 7:32 p.m.

Respectfully submitted by Craig Waddell
Secretary of the University Senate