

The University Senate of Michigan Technological University

Minutes of Meeting 523

10 October 2012

Synopsis: Presentation: **“Benefit Changes for 2013 and Beyond” by VP for Administration Ellen Horsch, VP for Research Dave Reed, Benefits Director Renee Hiller, and President Glenn Mroz**

1. Call to order and roll call. President Bill Bulleit called the University Senate Meeting 523 to order at 5:30 pm on Wednesday, October 10, 2012. The Senate Secretary Brian Barkdoll called roll. Absent was a representative of the Undergraduate Student Government.

Recognition of visitors. Guests included Glenn Mroz (President’s Office), Max Seel (Provost’s Office), Dan Greenlee (Chief Financial Officer’s Office), Ellen Horsch (VP for Administration’s Office), Jim Friendewey (School of Technology), Beatrice Smith and Sandra Boschetto-Sandoval (Humanities), Stephen Anderson, and Renee Hiller and Karen Hext (Human Resources).

2. Approval of agenda. Bulleit asked if there were any changes; there being none Bulleit declared the agenda stood **approved**.

3. Approval of minutes from Meeting 522. Bulleit asked if there were any changes; there being none Bulleit declared the minutes stood **approved**.

4. Presentation on “Benefit Changes for 2013 and Beyond” by VP for Administration Ellen Horsch, VP for Research Dave Reed, Benefits Director Renee Hiller, and President Glenn Mroz

Horsch showed slides and answered pre-prepared questions regarding the Benefits Liaison Group (BLG) and the 3-yr health and wellness roadmap and stated that more details will be available on the Senate web site as well as having Frequently Asked Questions and a glossary on their web site. She clarified that MTU is self-insured with a vendor that processes claims. This provides more flexibility and exemption from some state regulations. There is some effort to investigate trying to get a coalition of Michigan universities to pool together to reduce costs. Scarlett stated that the Senate should be the principle group for discussion and asked if the BLG should be a senate committee? Seel said that there is some need for confidential discussion as well, however. Vable said that the university web site does not list it as a university or senate committee and that a description of the BLG on the university web site is needed. Horsch mentioned that Senate Policy 22-00 gives info on the BLG. Hiller said that the BLG is mentioned on the Benefits web site but will add purpose and membership later.

Reed presented information on health care costs on slides and health care expenditure history. Mullins asked if the figures were adjusted to the Consumer Price Index to which Mroz said that it is about a 15% increase nationally. Reed explained the fringe rate process with the Office of Naval Research that includes health care costs. A consultant estimated our costs for next year to be about \$1.5M higher than expected due to costs from health providers increasing, especially radiology-related costs. The consultant AON HEWITT analyzed why costs are higher and identified reasons as rural locations having higher costs and high payments for dependents. Bulleit asked about Michigan universities to which Horsch stated that only the University of Michigan and Michigan State information is available in Michigan but that she will re-run the analysis for Michigan Tech benchmark universities. When Barkdoll asked if the information could be made available, Mroz replied that the information is proprietary. Mullins wondered what ages and gender is more costly and why we have more dependent costs to which it was speculated that employees have more dependents than others. It was also pointed out that Michigan Tech pays premiums of \$1,000 less per person than other institutions. Reed pointed out that some state legislative policy changes are coming regarding taxes and caps on what employers can pay. In addition, the Affordable Care Act will make changes, such as the maximum amount given to HSA declining. Barkdoll

asked about future trends to which Reed replied that some things have gotten better, but some things haven't. Scarlett asked why do we want to be only average? Why not above average?

Hiller presented slides showing factors that can affect health care projections, such as plan design, discounts, and claims history. Horsch interjected that Michigan Tech cannot find out discounts from providers, making it difficult to analyze them. Hiller gave details for next year regarding the PPO and HSA plans. Beck asked how it was calculated that a child's costs are the same as an adult's in response to the statement that dependents will all be charged the same premium. He expressed concern for lower-income families and stated that costs should be calculated for children separately since they don't cost as much. Horsch replied that about 79 employees earn less than \$30,000 and that they do not have many dependents, in general. Mullins stated that older people cost more and asked if they should be charged more and families with children not be penalized. Hiller stated that dual-employee families will not be charged a premium for either employee, only for children. Hiller also gave the timeline for upcoming changes. She also stated that there will be information forums on options for 2013. Christianson requested a cost calculator to help decide which plan to choose. Hiller replied that it depends on which vendor is chosen. Moran asked if employees will have to change HSA accounts to which Hiller replied that we don't know yet but that will be asked of the new vendor. To Hendrickson's question about why this process is being done so late Horsch replied that it is not too late and that the process cannot be started earlier. Mroz stated that discounts make a difference and this can be improved with a new vendor since our current vendor did not answer questions regarding discounts well. Onder stated that AETNA had a higher charge for the same radiological procedure than BCBS had. Horsch replied that this relates to the discount issue and it is being looked into. Breffle stated that the U.S. presidential election may influence health care. Caneba asked if the analysis can be made to be relative to the number of employees and dependents to which Reed replied that information is on the detailed analysis pages. Vable read a question from a constituent asking why we do not keep health care costs the same and reduce other university budgets. Mroz replied that we don't want to anger employees by cutting other budget items due to increased health care costs. It is better to change vendors first to save money before reducing other university budgets. Scarlett asked if employees would get rebates if health care costs were less than projected to which Reed replied that the university can make contributions to HSA accounts or give a rebate. Christianson asked if salaries can be increased for employees who opt out of health insurance. It was replied that this has been considered, but no in-depth analysis has been performed yet.

Bulleit stated that he sent outside questions to Horsch without any names on them to be answered in the presentation. Bulleit read an outside question asking why parking and health care costs are separated and if all budget items should pay for themselves? Reed replied that they really are not separate in the university budget.

To the question if these cuts are in line with building a world class faculty and staff Mroz replied that they are never in line, but we did have raises and are trying other things. To keep in line with a world-class university more faculty have been hired recently. He also pointed out that health care is not always needed if a person stays healthy and, therefore, may not affect some employees as much as salary. Michigan Tech is trying to be competitive. An example is that the salary raise for promotions was raised. Mullins pointed out that financial aid will cost more in the future due to promises already made and wondered if it should be reduced, to which Mroz stated that costs have been reduced by making scholarships based on need, thereby saving approximately \$4M. Financial aid will level out in 2014. Moran asked if salaries should be increased enough to pay for employees own health care and if the university should get out of the health insurance business to which Horsch replied that some would not ever opt out. Scarlett again stressed that the Affordable Care Act only regulates the minimum amount the employer can provide and that the university should not provide the minimum benefits to make it an attractive place to work.

Hendrickson urged that the University Committees website be kept current to which Horsch and Seel stated that they would work on it.

5. Reports

a. Senate President

Bulleit stated that he will report after BLG meetings.

b. Senate Standing Committees

There were no committee reports.

6. Old Business: none.

7. New Business:

- a. Proposal 1-13: Proposal to rename the “Interdisciplinary Minor in Hydrogen Technology” to the “Interdisciplinary Minor in Alternative Energy Technology” (Voting Units: Academic) presented by Curricular Policy Committee

Gierke presented and recommends it. Mullins stated that the Finance Committee has not reviewed it.

- b. Proposal 2-13: Change of Name of an Established Academic Program from “Bachelor of Arts in Liberal Arts with a Concentration in History” to “Bachelor of Arts in History” (Voting Units: Academic) presented by Curricular Policy Committee

Gierke presented and recommends it. Mullins stated that the Finance Committee has not reviewed it.

8. Adjournment.

President Bulleit adjourned the meeting at 7:13pm.

Respectfully submitted

by Brian Barkdoll

Secretary of the University Senate