

## **Minutes: Faculty Staff Benefits Committee September 13, 2011**

**Members Present:** Hans Frederick Barsun, Nancy Beck, Carol Bernhard, Karin Retskin, Sharon Scaltrito, Loretta Serna, Randy Truman, John Vande Castle, and Fran Wilkinson

**Members Excused:** Karin Retskin

**Members Absent:** Richard Goshorn, and Elena Plis

**Ex Officio Members Present:** Helen Gonzales and Elaine Phelps

**Ex-Officio Members Absent:** Cenissa Martinez, Raqui Martinez, and Josie Ruybal Abeyta

**Guests:** Kathy Meadows

- 1) Fran Wilkinson (co-chair) called the meeting to order and made a motion to approve the minute from August 30, 2011:

Motion to approve with friendly amendment was made

**\*\*Correction**

Carol Bernhard: p.2, 3B: Lovelace and Presbyterian have had a 20% co-pay, not a 15% co-pay. Sharon Scaltrito will make the changes and sent a revised version to Fran.

Motion: Post minutes on the Faculty Senate Benefits Committee and the Staff Council websites.

Motion seconded and unanimously passed.

- 2) Announcement: The Faculty and Staff Benefit Committee's revised charged was approved by the Faculty Senate.

- 3) UNM – HR presentation on health insurance, including 15% co-insurance, deductible, etc.:

Presentation made by Helen Gonzales and Elaine Phelps.

A. UNM-HR suggests that employees attend a workshop regarding the changes in UNM medical care program to answer remaining questions. Discussion ensued on: what is self-insurance, rising cost of health care, reserve funds, third party administrators, buying stop-loss insurance, etc.

B. Hans asked if we need the stop loss insurance or if we can get it for less money. Answer: We just renegotiated this stop loss contract for less and we have saved money with just one vendor.

C. UNM no longer has a maximum cap on reserve, but we have only had about 15 claims of over \$350,000 per year.

D. FY 2012 health insurance projections:

a. \$59 million. How is it funded? \$55 comes from premiums (plan design changes and some rebates were also used).

Providers set the rates and consumers (we) need to deal with it. Reserve includes dental and medical and has \$18 million in the funds. We are somewhat underfunded at this point. We should have \$18.8 million.

b. How do we add to the reserve to get up to \$19 million?

Answer: Through claims, good wellness programs, and keeping healthy. Currently we do not have excess in the reserve because we no longer have savings or buffers.

c. Are any of these funds invested? Answer: Yes, we made \$135,000 in investment funds.

E. Hans asked how much are employees bearing the burden of the insurance increases vs. how much of the burden is UNM bearing? Answer: UNM pays approximately 60%. Employees pay approximately 40% except for early retirees. They pay 45% and the UNM pays 55% (and the cost to retirees will increase 1% per year for the next five years until it is 50/50). Are there leverages to increase UNM's contribution? Answer: In the past, UNM contributed more when money was available. It depends on available funds. State law states that we must pay a minimum of 20%.

F. Why is health care more expensive in Albuquerque/UNM? Answer: Retirees are in UNM's active pool. Active employees subsidize our retirees. Few employees elsewhere have this benefit. Also, we have a choice in our health care. Anytime you have choices, it costs more.

G. Fran asked who tracks expenses to determine when a patient has reached the individual annual maximum out-of-pocket amount of \$1,750? Answer: When you use both networks, each bills you. You should be able to find the cumulative amount to know when you will meet your maximum deductible. You should track your deductible to ensure accuracy.

4) Alternate Retirement Plan:

- A. Reasons for paying 3% to ERB for faculty on an alternate retirement plan is because it is a law and it is an administrative charge for handling the funds going to alternate plans. A cost to the pension fund is there even when people are not in it since ERB as to administer the alternative plan, hence the 3% fee.

5) Possible one-time fall bonuses for faculty and staff:

- A. Must look at it as a bonus rather than an on-going raise. A plan is still being discussed.

6) Updates:

- A. Express Scripts: UNM has about \$10 million in pharmacy claims annually. Walgreens fills half our prescriptions. They are demanding huge increases. Our provider, Express Scripts, countered with a "no." Unfortunately, Walgreens is holding strong with their demands. We may lose Walgreen's after December 31, 2011, but there is another pharmacy (CVS, Walmart, etc.) within a mile for almost everyone.
- B. ERB: Discussion of possible changes for employees who are not vested. What if the vesting is changed to 10 years instead of 5 years? Or change minimum retirement age? Most do not endorse changes to the multiplier. Another possibility may be to change the final annual salary multiplier from 5 to 7 years. Current discussions about changes would hold harmless anyone within 5 years of retirement.
- C. Meal Per Diem: Postponed.
- D. Long Term Care Open Enrollment: Employees have until September 30, 2011 to enroll for additional coverage. Premium for additional insurance are determined based on your age on November 1, 2011. You are grandfathered in for the basic coverage that UNM pays (\$7.66 per month for \$2000 per month in coverage). Information sessions will be held to answer questions. When you retire, you can continue the coverage by paying the full premium.
- E. Short Term Disability Insurance RFP: Postponed.