

# MURA Benefits Committee 2008

## Meeting Minutes: January 22, 2008

### **Faculty and Staff Benefits Office Bldg. 7, Woodrail Center**

Al Hahn called the meeting to order at 10:00 a.m.

Those present included June Deweese, David Mehr, Jack Batterson, Debra Denham, Barbara Savio, John Bauman, Michael Paden and Marjorie Leavene.

It is anticipated that the UM Retirement, disability and Death Benefit Plan annual report will be available March 2008. Limited numbers of the report are available in hard copy; but the report is available on line. No major changes are foreseen for the UM benefits package.

At its recent meeting, the system benefits committee reviewed the retirement pension plan and has forwarded two recommendations to the Curators. Current pensions are roughly 10% off the desired benchmark. One recommendation would be a 1.084% increase for retirees which would bring rates up to the August 1996 CPI. The other recommendation would be for a 3.5-3.8% increase which would be roughly 20% of the benchmark discrepancy.

Concern was expressed about comments made at an earlier Board of Curators meeting suggesting a cut in retiree benefits. Paden assured committee members that funding was currently available to fund the benefits and that the University had a moral and legal obligation to continue funding the program. In the event the financial situation would change, any changes to the current benefit policy would not affect current or soon-to-be retirees.

A more pressing concern is with health care. A new option for retirees will become available July 1, 2008. This is a co-pay program. Key to this program is Medicare. The federal government currently will not let self-insured program to take advantage of this program. Retirees will have the ability to opt in and out of the program during the annual benefit change time period. This flexibility is due to unknown factors regarding Medicare. No changes to the Express Scripts program are anticipated at this time. In an effort to steer users into a more cost effective method for procuring prescription drugs, the benefits office

has arranged a 3-month supply of maintenance drugs at the University Pharmacy at the same price level as Express Scripts. Drug costs and histories of individual purchases is available on line at [www.express-scripts.com](http://www.express-scripts.com).

Coventry is the University administrator of claims for retirees under the age of 65; Great West (recently purchased by Cigna) administer claims for Medicare-eligible retirees.

Information sessions on Tax-deferred programs and pre-retirement programs are offered on a regular basis. The committee suggested that any wording indicating that persons who are within five years of retirement should attend the pre-retirement programs be eliminated. In today's market, five years may be too short a time frame for such planning.

One of the charges of the committee is to select the recipients for the MURA retirees of the year awards (one staff, one faculty member). February 1, 2008 is the deadline for nominations. The committee agreed that staff would evaluate and rank staff nominations, faculty will do the same for faculty nominations. The committee as a whole will select the winners.

Staff Benefits office currently offers the benefits booklets to staff in a CD format and sends reminders and updates via e-mail. Al Hahn will contact Ernest Hildebrand to see if this benefit could be extended to retirees. i.e., do a majority of retirees have internet access.

The University is developing a 403B Roth program. This program is available to part-time employees but not retirees.

It was suggested that we ask the MURA president to address the committee regarding the national climate for retiree benefits, since the president regularly attends national meetings on this subject.

Mike Paden said that state law requires the all benefit changes be reported and that his information is available at [www.jcper.org](http://www.jcper.org), the web site for the Joint Committee on Public Employee Retirement.

Future meeting minutes will be mailed to members via e-mail.

The next meeting will be held Tuesday, February 19, 2008, at 10:00 a.m. at the same location.

Respectfully submitted,  
Marj Leavene

## Meeting Minutes: February 19, 2008

### **Faculty and Staff Benefits Office Bldg. 7, Woodrail Center**

Al Hahn called the meeting to order at 10:02 a.m.

Those present included June DeWeese, Jere Gilles, Jatha Sadowski, Patsy Higgins, Jack Batterson, David Mehr, John Bauman, Barbara Savio, Marj Leavene and Mike Paden.

Blake Danuser, newly named Interim Vice President for Human Resources, joined the group for the beginning of the meeting. Danuser reported that the Human Resource Council, newly appointed in February 2008, is scheduled to meet with President Gary Forsee on Thursday, February 21. They will discuss pension issues including the possibility of a cost of living raise for retirees. Danuser further reported that he no longer hears comments from curators regarding cuts to the current pension program. At the time the subject was discussed, many industries were changing their pension programs and the university wanted to compare its program with industry trends. Curators' current emphasis seems to be in the area of support for training, i.e., sexual harassment issues.

Minutes of the January 22, 2008, meeting were approved with the correction to include Al Hahn, Jatha Sadowski, and Patsy Higgins to the list of member present at that meeting.

Al Hahn reported that the selection of the annual Faculty & Staff awards was no longer the responsibility of the Retiree, Health and Other Benefits Advisory Committee. Nominations will be forwarded to the MURA (MU Retirees Association) Board for selection.

Jack Batterson circulated a composite of web information that compared MU with other institutions of higher education. Hahn thanked Batterson for continuing to supply web site information for the committee.

Mike Paden reported that nothing has changed regarding health benefits since our last meeting. The University is experiencing a good transition to Coventry. United Health Care is finishing up claims for the 2007 calendar year. Consideration is being given for a cost of living increase of 1.8 to 3.8% with the majority of retirees receiving 3.6% for the 2008-09 budget year. This increase would result in roughly a \$2.2694M liability for the pension program. The increase will be discussed at the April Board of Curators meeting.

David Mehr asked for clarification on insurance payments for the shingles vaccine. According to Medicare, the shot is considered a medical expense and falls under Part D. The drug must be administered within 30 minutes of receipt and is creating confusion for doctors and patients alike. Al Hahn and Mike Paden will investigate and prepare a draft statement for MURA.

MURA Executive Board members are scheduling a meeting with President Forsee. Al Hahn encouraged all MU employees and retirees over the age of 50 to join MURA. Membership fee is \$7.50/year or \$75 for a lifetime membership. Information about the organization can be found at their website: <http://mura.missouri.edu/>.

The next committee meeting is scheduled for 10:30 a.m., Tuesday, March 18, at the Woodrail Center.

The meeting adjourned at 11:00 a.m.

Respectfully submitted,  
Marj Leavene

## Meeting Minutes: March 18, 2008

### Faculty and Staff Benefits Office Bldg. 7, Woodrail Center

Al Hahn called the meeting to order at 10:35 a.m.

Those present included: June DeWeese, Jack Batterson, Al Hahn, Mike Paden, Roger Heath, John Bauman, Patsy Higgins, Jatha Sadowski and Marj Leavene.

On a motion from John Bauman, minutes of the February 19, 2008, meeting were approved with corrections. Minutes of these meetings will be posted on the MURA web site.

The 2007 Retirement, Disability and Death Benefit Plan annual report was e-mailed to Committee members in PDF format and hard copies were available for committee members. In response to questions from Jack Batterson, Mike Paden reported that the actuarial method was used in compiling this report. The program is a pre-funded basis listing \$3 billion in assets. There would be no asset accumulation if the plan was a pay-as-you-go fund. Paden referred members to page 11 of the report with charts showing actuarial and market values of the plan. The 2007 report shows that the plan is fully funded under both formats.

This is the first year that public institutions are required to follow GASB 45 accounting regulations with regard to medical insurance programs. UM has tentative plans in place to fund the post employment health care benefit at the 50% level. There is no requirement to fund at 100%. The UM pension plan is a legal obligation and first priority for the institution. The medical side of the plan is at the Curators' discretion—both for currently employed and retired staff members. This is a controversial topic. In a recent survey, only 3 or 4 out of 12 public institutions subsidize their medical plans. UM does subsidize their plan. Ramification of non-compliance with GASB 45 could adversely affect an institutions bond rating.

President Forsee will not recommend an increase in pension benefits for UM retirees at this time.

The shingles vaccine is available through the University pharmacy and is administered by University physicians. Retirees whose primary physician is not a University physician can make an appointment with a nurse at Kilgore Pharmacy, and several others in town.

Insurance coverage under the preventive care option is available to persons 60 years of age and older.

Mike Paden reported that the University is working with Express Scripts on Medicare changes. This will have very little effect on retirees. They are still working on the Medicare Advantage Fee for Service Option. This is a co-payment model with no deductible. Coventry and Aetna are the finalist in the competition to administer this program. HR is formulating a communication plan to inform retirees of this option. Retirees will have an option to buy into or cancel out of the program during the normal annual enrollment period. Boone Hospital will not participate in this insurance option at this time. Hahn urged those on the committee who know folks on the Boone Hospital Board to contact them and request they urge BJC to reconsider its rejection.

Participants are seeing a less dramatic change in medical premium. In fact, medical premiums went down slightly last year. Currently UM insurees are at a 67-68% generic drug fill rate. (The ideal is a 75-78% rate) The rate for retirees is lower. In addition the university uses an expected return methodology to calculate premiums This smoothing approach includes ups and downs in the market over a 5 year period. The most cost effective way for the University to buy drugs is through Express Scripts or the University Pharmacies. The University would like to encourage purchase of maintenance drugs through these sources. Limiting other pharmaceutical sources to a 30-day refill is one way to encourage this savings. The University Pharmacies have five locations: Green Meadow, Fairview, University Hospital, Ellis Fischel and a new location on Smiley Lane.

The committee has been asked to submit a report to the Chancellor at year end. Al Hahn asked committee members to review the committee's charge and think about recommendations that might be included in this report. Please e-mail suggestions to Al at: [HahnA@missouri.edu](mailto:HahnA@missouri.edu).

Hahn thanked Mike Paden for his participation in committee meetings. He also thanked Jack Batterson for sharing web site information that might be helpful in the committee's deliberations.

The next meeting will be held at 10:30 a.m. on Tuesday, April 22, 2008, at the Woodrail Center.

On a motion from DeWeese, the meeting adjourned at 11:30 a.m.

Respectfully submitted,  
Marj Leavene



## Meeting Minutes: April 22, 2008

### Faculty and Staff Benefits Office Bldg. 7, Woodrail Center

Al Hahn called the meeting to order at 10:35 a.m.

Those present included: Roger Heath, Allen Hahn, Jack Batterson, June DeWeese, Barbara Savio, John Bauman, Gordon Christensen, Mike Paden and Marj Leavene.

On a motion from Bauman, minutes of the March 18, 2008, were approved with the following amendment by Jack Batterson: "The University of Missouri uses the entry age normal method of accounting and assumes an 8% return for its pension plan." The sentence is to be included in page one, paragraph four of those minutes.

The committee discussed the possibility of suggesting that the UM system offer a matching co-payment for 403B plans. Paden reported that only 27-28% of current UM employees participate in the three tax-deferred programs offered by the University System. With the current lack of resources, this program is unlikely. Pension increases are sporadic. Faculty and staff salaries are below the national average.

Batterson asked if a third option for long-term care insurance was a possibility. Paden reported that the system currently reviews these options on a periodic basis; other reviewed plans with cheaper premiums do not appear to be cost effective.

Paden reported that UM has pulled the plug on the proposed co-pay medical insurance option for retirees. Access to care was the major concern. According to GAO publications, out of pockets costs with this program were greater than expected. Also, the Medicare subsidy is not guaranteed.

An e-mail from Professor Lee Wilkins of Journalism was distributed to committee members. Paden assured committee members that he was aware of the situation and that the cost of the test (diabetes screening) is going to be covered for all. Basically, the problem was an encoding issue which has now been corrected. Paden reported that he felt that the current arrangement with Coventry and the University Hospital is working better than anticipated. Managers review all coverage denials on a daily basis. Coventry was selected because of their service record. Benefits staff has spent much less time on issues with Coventry than previous providers. 60-65% of claims are processed electronically.

The change for Medicare Part D coverage has been postponed to January 2009 rather than June 2008. The possible confusion with deductibles and out of pocket for a mid-year change was the motivation for the change.

After some discussion, the committee agreed that the next committee meeting would be held Fall 2008. The committee asked that the minutes reflect their appreciation of Al Hahn's leadership and Mike Paden's willingness to participate and clarify issues of concern.

Members were reminded of the MURA luncheon to be held Wednesday, April 23, 2008 in the Field House, south side of Hearn's Bldg.

The meeting adjourned at 11:30 a.m.

Respectfully submitted,  
Marj Leavene

## Meeting Minutes: November 18, 2008

### Clydesdale Hall, Room 301

Attendees: Chair Allen Hahn, Jack Batterson, John Bauman, Doris Littrell, David Mehr, Mike Paden, Jere Gilles, Lisa Wimmenauer and Roger Heath.

The meeting was called to order by Hahn at 10:35 am

We reviewed our committee charge from the website.

Mike Paden reviewed the impact of the economic situation on retirement benefits. Sept '07, the retirement fund was around \$3 billion. As of last month, it was \$2.1 billion. While this is a major concern it should be noted that the pension plan is coming off of 5 years of double-digit returns. The University's actuarial consultants are currently determining the effect of this downturn on UM's contribution requirements to the plan.

The University currently contributes 5.8% of S/W to the retirement fund (employees do not contribute) and will likely raise its percentage because of the current conditions of the market. The University has reserves that help deal with fluctuations. The plan's actuaries assume a rate of return of 8%. Every 5 years they test actuarial assumptions.

The University has adequate liquid assets in the pension plan at this point in time so that it is not necessary to sell any equity assets. RETIREES HAVE A LEGALLY ENFORCEABLE RIGHT TO BENEFITS UNDER THE PLAN, SO UM RETIREMENT PAYMENTS ARE NOT IN JEOPARDY, AND THERE ARE NO PLANS TO CHANGE CURRENT RETIREES' PAYMENTS.

Health plan and retiree retirement plan contributions are the first items addressed in the general operating budget before salary increases are considered. Independent actuarial consultants review the plan each year to determine the appropriate contribution requirements for the plan.

The hiring freeze, as announced yesterday by President Forsee, is real and campuses will be held responsible.

Our pensioners are in good shape compared to pensioners from other employers that offer only a defined contribution plan where employees bear the market risk.

***Discussion of 403B and Roth options:***

We had to re-contract with 403B providers. Vanguard has given some small problems in the process. The other 9 providers were no problem. Not all providers will allow Roth accounts. Mike Paden will notify us when the Vanguard situation is resolved.

***Discussion of drug prices:***

Wal-Mart and others may have "loss leader" prices, which would make prices different for different drugs and different pharmacies. University Pharmacy should be same price as Express Scripts Home Delivery for 90 day prescriptions of maintenance medications. Medicare eligible retirees enrolled in the UM Retiree Indemnity Medical Program will get a new i.d. card and mailing from Express Scripts the first of the year.

***Questions about data leaks from Express Scripts:***

Express Scripts is offering a \$1million reward for apprehension of those responsible, and offering free identity theft protection for those affected. Anyone enrolled in the medical plan can be affected. Social security information was breached. No credit card information was breached.

For future reference, Mike will be exploring how to have retirees' email addresses on a list to share information from the University.

Our next meeting is Tuesday, January 13, 2009, at 10:30 a.m. at the Faculty-Staff Benefits office, Building 7, Suite 210, Woodrail Center on Nifong.

Respectfully submitted,

Doris Littrell

Secretaru Pro Tem