

MURA Benefits Committee 2010

Meeting Minutes: February 2, 2010

Retiree, Health and Other Benefits Advisory Committee

Clydesdale Hall

Chairman Hahn called the meeting to order at 12:30 p.m.

Those present included: Barb Savio, Leanne Peace, John Bauman, June DeWeese, Jack Batterson, Steve Pallardy, David Mehr and Marj Leavene. Michael Paden, as ex officio, was also present.

Copies of the October and December meeting minutes have been submitted and are posted on the internet. (see <http://mura.missouri.edu/benefits-committee/>)

Mike Paden reported that the survey polling faculty and staff perceptions on the value of the benefit programs has been delayed. In response to employee concerns, a 2-minute video has been added to the front of the questionnaire addressing the purpose of the survey. Paden hopes that the survey will be released by the end of the week.

There are currently at least five bills in the state legislature that could have financial implications of around \$ 75 Million for the University. Two senate bills (SB 722 and SB 715) have progressed to Senate hearings stage. The bills to bring the UM benefits plan under the Missouri State plan are being strongly contested by the University.

There is also a bill under consideration covering prescription drugs that could cost the UM \$2.2M/year, one on fertility that could cost UM \$6.4M/year and proposed legislation on autism that could cost UM \$3.9M/year. UM is actively lobbying against all proposed legislation with the exception of the autism and fertility issues. The push to include UM benefits under the State program has the potential for constitutionality issues.

UM Benefits office made a recent presentation to the Board of Curators regarding the UM pension program. The pension program is still funded at 100%. The good news is that the projected joint contribution funding of 7.3% actually ended up costing 6.9%. The actuarial gain was due in part because there were no salary increases. UM does not expect to ask

employees to contribute a higher percentage to the retirement plan. Furthermore, there is no active discussion about reducing pension benefits nor having furloughs

The University completed negotiations last week to renew the contract with Coventry to administer insurance claims. Administrative costs are less than 5% which places the University in the lower quartile nationally for administrative insurance costs.

The Benefits office is beginning to see an increase in medical costs. These costs are projected to increase by the year 2011. The addition of employee contributions is an effort to keep the University benefit costs down. No changes are expected in the benefit plans for the near future.

When asked if fewer people are retiring under the current economic conditions, Paden reported that there has not been a change in the number of person retiring but it appears that fewer people with the defined investment benefit are leaving for employment at other institutions.

Hahn thanked Jack Batterson for sharing internet sites with benefit information with members of the committee.

Copies of the scheduled pre-retirement seminars were distributed to members. The link for people to register online: <http://www.umsystem.edu/ums/departments/hr/benefits/>

Paden reported that his office is there to educate employees but is not in a position to give advice. When asked, Paden suggested a 6-month to 1-year lead-time for making final decisions on distribution of an individual's retirement package. A new pension administration module should be on line within a month or two. The computer program is being currently being tested for ease of use.

John Bauman volunteered to share information on the Chancellor's Retiree Luncheon when it has been set. The MURA picnic is scheduled for Wednesday, May 26, 2010.

The next meeting will be held Thursday, March 25, 2010, at 12:30 p.m. Hahn will check on the availability of the Clydesdale conference room.

On a motion from Bauman, seconded by DeWeese, the meeting adjourned at 1:30 p.m.

Respectfully submitted,
Marjorie Leavene

Meeting Minutes: March 25, 2010

Retiree, Health and Other Benefits Advisory Committee

Clydesdale Hall

Chairman Hahn called the meeting to order at 12:30 p.m. in 301 Clydesdale Hall on campus.

Those in attendance, in addition to the chair, were: Jack Batterson, Barbara Savio, Peter Welden, Steve Pallardy, Lisa Wimmenauer, Doris Littrell, June DeWeese, Leanne Peace, and Suzanne Hart (attending for Michael Paden).

Minutes

Hahn verified the committee's acceptance of the recent minutes. He will verify that the minutes were indeed posted and share the web site address with committee members.

Health care bill:

Suzanne Hart, attending for Michael Paden, reported that a statement regarding how the new federal health care plan may affect the UM Benefits Plan is in preparation and will be distributed to all employees when completed. The complexities of the just passed 2000 page health care reform bill (H.R. 3590) and the extenuating factors, including peer institution and state government actions, will take time to process.

Currently the University offered Medicare Part D coverage does not include a "donut hole." It is too soon to determine how the federal plan to close that "donut hole" might affect UM coverage. The University plan also has no pre-existing restrictions, and the University plan never cancels an employee policy due to a medical illness and the University plan covers children of employees to the age of 25. Any UM benefit plan changes would not be effective until January 1, 2011. Currently, any UM system plan changes that become effective January 1 with notification and have an opportunity for employee changes during late October/early November time period. Federal implementation plans will allow the UM to follow its current system for implementing changes

Ms. Hart will notify the committee when the UM Benefits Office completes the statement telling how the new federal health care bill will impact the UM Benefits Plan.

Employee survey

The committee asked if any preliminary results were available from the recent employee survey completed by active benefit-eligible employees. Suzanne Hart reported that they were scheduled to meet with the consulting firm, Hewitt Associates, which processed the survey in April. She said the 38% participation rate for the survey was good by industry standards.

Retirement plan

Batterson passed around a copy of the retirement investment portfolio as of September 31, 2009, the most recent available information on the University of Missouri Treasurer's Office web site. Members commented that the University is very fortunate to have a stable fund that is conservatively managed. The university is committed to fund the current defined benefits package. According to the Batterson email sent before the meeting, the retirement fund is funded at 103% and the actuarial assumption is 8%. Batterson looked at the previous minutes and determined that the University contribution rate is currently 6.12%. Next year, the total contribution, which includes both the UM and employee contributions, will be 6.9%. The contribution rate will be much higher in future years to make up for the bad retirement fund performance during the last recession.

Ms. Hart will see that the UM retirement plan annual report for 2009 gets posted soon.

Mike Paden's Retirement

There was some discussion regarding Mike Paden's upcoming retirement in May and possible recognition for his time and support of the committee. Littrell will pursue the matter further and inform the committee. Ms. Hart will notify the committee when Mike Paden's retirement party date has been set.

Next meeting

The next Committee meeting is scheduled for Thursday, May 13, 2010, 12:30 p.m. in 301 Clydesdale Hall. Chairman Hahn will check with Mike Paden to be sure this meeting time will work.

On a motion from Peter Weldon, the committee adjourned at 1:30 p.m.

Respectfully submitted:

Marjorie Leavene, Secretary Pro Tem,
(with the assistance of Jack Batterson)

Meeting Minutes: May 13, 2010

Retiree, Health and Other Benefits Advisory Committee

Clydesdale Hall

The committee gathered for a carry-in luncheon to honor Mike Paden's service to the University and to the Committee.

Al Hahn called the meeting to order at 12:55 p.m. In addition to Hahn, those present included: Mike Paden, Bonnie Gregg, Doris Littrell, Leanne Peace, John Bauman, June DeWeese, Steve Pallardy, Jack Batterson, and Marj Leavene.

Hahn thanked Littrell for organizing the event and committee members for their contributions to the luncheon.

Hahn announced that all committee meeting minutes are now located on both the MURA (<http://mura.missouri.edu/benefits-committee/>) and the MU committee (<http://committees.missouri.edu/retiree-benefits/>) web sites.

The session began with discussions of the state legislative actions regarding issues that would affect University benefits and pensions. Paden reported that it looks like the insurance changes regarding autism will be approved. The legislature has capped the yearly benefit at \$45,000/year. This coverage will increase costs to the university benefits program. It does not appear that the legislations regarding infertility and drug managements will pass. It also looks like legislation combining pension programs for the university and other state organizations with the State of Missouri will fail. The committee believes that this issue will continue to plague future Missouri legislative sessions.

There was also some discussion on the Medicare Advantage option. Paden observed that the University had looked into this option previously and found that it was not favorable from a funding standpoint. However, if the federal health program supports the Medicare Advantage option, the university will want to revisit this possibility.

Members enquired about the viability of the state referendum opposing the federal health care legislation. Objections appear to target the mandate requiring health insurance. Senator Claire McCaskill has come out against the referendum that will come to a vote in August.

Hahn distributed a copy of the article from the AARP magazine that outlined a point-by-point coverage of the new federal health care plan. This information is also located on the AARP website (http://bulletin.aarp.org/yourhealth/policy/articles/reform_splash.html). Paden said that the Department of Labor will shortly be releasing proposed rules and regulations that will help interpret the new legislation.

DeWeese pointed out that Ellen McLain, chair of the MU Status of Women committee, has compiled a listing of campus-wide locations for lactating mothers that will soon be available (an issue covered in the federal health plan).

Paden announced that a national search is being conducted to identify his replacement. His official retirement date is May 31, 2010. Paden has accepted a short term, temporary assignment to look into possibilities for future pension changes that may include replacing the defined benefit plan. Any changes would not affect current retirees or employees.

Batterson shared a few copies of the UM treasurer's December 31 report on the investment side of benefits. It appears the UM funds continue to out-pace financial indexes. The report is compiled quarterly and is available on the UM web site. That website is <http://www.umsystem.edu/ums/departments/fa/treasurer/retirement/>.

The committee gave Mike Paden a round of applause acknowledging his support of the committee.

Hahn thanked members for their service. No meetings will be scheduled over the summer. Meetings will reconvene when the membership for 2010-2011 academic year has been identified.

On a motion from DeWeese and Bauman, the meeting adjourned at 1:30 p.m.

Respectfully submitted,
Marjorie Leavene

Meeting Minutes: October 28, 2010

Retiree, Health and Other Benefits Advisory Committee -- DRAFT

Present: Allen Hahn, Doris Littrell, Yuri Lin, Jack Batterson, John Zemke, Barton Boyle, Peter Wilden, Leanne Peace, Lisa Wimmenauer.

Chair Allen Hahn called the meeting to order for the first meeting of the semester. Introductions were made.

Topics of discussion:

1. Delta Dental Administration Coverage—There has been no change in our dental coverage, but a new plan administrator service is now in place. There was much discussion about the confusion, and lack of information provided to employees regarding new administrator, plus any new orthodontic benefits available. Calls have been made to our HR, and to Delta Dental. Currently there are very few Dentists in central MO that are providers for Delta Dental. This may lead to a financial hardship for employees, as many Dental offices are sending out letters to their patients that payment will be required up front. There is no further clarification in our Enrollment packets. It was decided that this committee will seek further information from HR.
2. At the Dec. Board of Curators meeting there will be discussion about a change for NEW hires' retirement benefit plan: defined benefit vs. defined contribution. Younger employees tend to prefer the defined contribution plan as it is mobile. However this is actually a more expensive route for the University, but it is a set, predictable expense. The burden of risk shifts to the employee w/ a defined contribution plan, and much information will be needed to educate the new hires on their options.
3. Expect the usual legislation in 2011 regarding the merging MOSERS with the University benefits plan. This isn't in the Univ. employees' best interest at this time, as MOSERS funding stability is questionable.
4. Comments were made about the on-going anxiety from staff/faculty regarding their benefits. Any changes are met with mistrust towards Administrators and Curators. This committee would like to increase the voice of staff/faculty.

Next meeting will be mid-Nov, and Betsy Rodriguez and Kelly Stuck will be invited.

Questions to ask them:

1. Is the new increase of insurance coverage for dependents aged 26 for health only, or also include dental or vision? What is the actual # of dependents that will be added? What is the cost?
2. Where will the funds come from if there are new salary increases?
3. What is the amount of \$ paid out for healthcare cost? (I'm not sure about this ?)

Respectfully submitted,

Marjorie Leavene

Meeting Minutes: Dec. 6, 2010

Retiree, Health and Other Benefits Advisory Committee

Present: Allen Hahn, Doris Littrell, Jack Batterson, Barton Boyle, Leanne Peace, Barbara Savio, Marjorie Leavene, and Steve Pallardy

Chair Allen Hahn called the meeting to order. Betsy Rodriguez was our invited guest speaker and was introduced to the committee. She reports that she has had many meetings with Pres. Forsee and his priorities for employees are: 1. Salary increase to retain/recruit employees, 2. Retirement options, and 3. Medical benefits.

The Oct. 28, 2010 minutes were corrected and then approved. The correction was a clarification of the possible legislation to merge University employee health insurance with the MO state employee's health insurance plan.

Dr. Rodriguez addressed the following concerns from this committee.

1. **Delta Dental change on Jan. 1, 2011.** This change should have NO benefit coverage change to any employee. If there is a change, the employee should contact Univ. Benefits office. There should be improved pricing to dental work performed, if employees go to a network provider. Betsy reports the provider list is growing, as Delta Dental is also serving state employees. There are 3 tiers of dental providers:

- a. Small group of dentists that are preferred providers offering the best discounts on dental work (not routine cleanings.)
- b. Broader network of providers that will coordinate coverage and offer some discount.
- c. Independent dentists w/ no relationship with Delta Dental, but benefit coverage will remain the same as this year. These dentists may decide to request \$ at the time of service, that is their choice.

For HR's info on dental benefits: www.deltadentalmo.com/UM

2. **Decision of retirement plan**---A system-wide UM Advisory committee was created by President Forsee to promote employee voice on the discussion of defined vs. benefit contribution style of retirement plan. (see attachment that will be shared w/

Adv. Committee next week). Lisa Wimmenauer is a member of both the UM system committee and ours, and will hopefully be able to give us a full report at next meeting. Currently the retirement pension plan is in good shape, fully funded. The future of the retirement pension plan is stable, even if new employees don't join it. However, in Dr. Rodriguez's opinion, and based on these attached calculations, the future of the retirement plan FOR NEW EMPLOYEES will need a modification due to employee longevity and volatility of the investment market. Dr. Rodriguez reports that 50% of staff leave before the 5th year, while 70% do not make it to year 10. These employees tend to prefer the defined contribution plan. She expects that UM will stay with the requirement that employee's with income over \$50,000 salary contribute 2% % of salary, and 1% for those with salaries under %50,000 to the pension fund. Most comparable universities require a higher contribution rate.

The Board of Curators will address this retirement issue in the Jan. or March meeting. Two new Curators will be appointed by the Governor soon.

For a full review of retirement meetings, suggestion box, and video presentation: <http://www.umsystem.edu/ums/departments/hr/benefits/retirementplanproject/>

- 3. 2011 Medical Premium increase**----There was an average of 13% prem. Increase, which was due to increase in medical claims/expenses. It was not due to Coventry's administration fee, as that a 3-year bid with a less than 1% profit cap. HR will be focusing on reducing medical claims by encouraging wellness and prevention to employees. \$1 spent on wellness decreases \$3-5 spent on medical claims. Rolla's campus has started a pilot project for their employees: \$150 is given to employees that complete their 5-star exercise program. Another idea that is being considered to reduce medical expenses will be to create a "medical home pilot project". This will be voluntary, and probably will be focused in Columbia, as School of Medicine is interested in participating. The group that is has the biggest medical /drug expense is UM Retires age 55-64. Focus will be given to this group to both increase wellness and reduce expenses. The current retiree medical plan is stable and solid; however there may be future changes to the medical plan as new employees retire.

HR is keeping an eye on the changes in the federal Health Reform programs, the Medicare Advantage Plans, and the Health Voucher options.

4. **Long-Term Care Policy with MetLife**---MetLife will stop enrolling new employees to this plan, and no other insurance companies are interesting in offering a bid on Long-Term Care plans. Current employees can stay with their policies, but expect a prem. Increase.

The next meeting will be Feb. 3 at 12:30 at Clydesdale Hall and Kelly Stuck, Associate HR Vice President of Total Compensation, will join us.

Respectfully submitted,
Leanne Peace, Sec'y, Pro Temp.