

MINUTES
UAF STAFF COUNCIL MEETING #106A
Thursday, March 11, 1999
Wood Center Conference Rooms C/D

I Bev Frey called the meeting to order at 8:30 a.m.

MEMBERS PRESENT:

Anderson, L.
Baergen, A.
Candler, R.
Christensen, S.
Comstock, S.
Downes, I.
Duvlea, P.
Enochs, K.
Frey, B.
Hazelton, G.
Martyn, P.
McClellan, L.
White, P.
Wilson, K.

MEMBERS ABSENT:

Aslam, D.
Bender, L.
Dufseth, K.
Evans, C.
Gieck, B.
Murawsky, N.
Parzick, J.
Poe, A.
Powell, D.
Rogers, P.
Rounds, P.
Scholle, M.
Simmons, H.
Thomas, M.
York, R.

OTHERS PRESENT:

Chapman, C.
Kastelic, P.
Layral, S.
Youngberg, J.

B. The agenda was adopted as distributed via e-mail.

II OTHER BUSINESS

A. Discussion and recommendation to Staff Alliance on Health Care Package

President Frey spoke with Judy Michaels from UAA regarding what process UAA used to address health benefits. Their members of the Health Benefits Task Force gave detailed updates which lasted approximately 20 minutes at each monthly meeting. UAA felt that the Health Benefits Task Force did a good job and were satisfied with the UA2000 Plan.

UAA also forwarded the following to Staff Alliance: On behalf of the UAA Classified and APT Councils, we are responding to your request for comments about final revisions to the proposed health benefits plan. In a joint meeting of our employee councils on March 4, the consensus was strongly in favor of going forward with the current UA2000 final version as it has been presented. The representatives felt that the option of a multi-tiered plan would result in higher administrative costs. They also feel that the time line is too short between now and the time the RFP must go out for any major revisions to be successful or to have thorough review as to their impact. The group still believes that more effort could be expended by the Board of Regents towards reaching a defined contribution that would absorb a greater percentage of the cost. However, we also believe considerable time and energy has been spent by Task Forces towards building a workable health benefits package infrastructure. There has been ample opportunities for the Task Force to present options and for our employees to make suggestions and voice concerns. Under these circumstances and given the information that has thus far been presented, we believe a workable and acceptable plan has been developed. It isn't ideal and will not please everyone. However, as we understand from Ms. Kastelic there is room for addressing some of these suggestions within the proposed plan before the contract is awarded and we would hope that these things will be brought forward during bid negotiations. The councils also appreciate the opportunity to have representatives review the RFP and subsequent bids. Two of our members, Mel Kalwoski and Mike Smith has served diligently on previous task forces dealing with health benefits and have agreed to make themselves available for the reviews of RFPs and bids. We ask that they now be included in any communications that might help them continue to report to us on these matters.

Staff Alliance has requested input from UAF Staff Council on our

recommendation for our upcoming health care package. They will make a recommendation to statewide based on the input from all three campuses. Therefore, we need to make a recommendation to Staff Alliance on one of the following options:

Option 1:

Recommend that UA proceed with the UA2000 health plan, with the following changes in mind for the RFP and future negotiations with health care administrators: (areas for discussion taken from the motion passed by Staff Council at the February 2 meeting)

1. deductible
2. out-of-network charges
3. inclusions in the wellness benefit
4. Pharmacy rate coverages
5. Dependent charges

Option 2:

Recommend that UA formulate a cafeteria-style insurance plan with the following items included in the plan:

1. 3-tier charge system - low level of coverage, UA2000 type coverage, high-end coverage

President-Elect Christensen clarified that Staff Alliance has not asked Statewide for a cafeteria style plan. Representative Anderson asked for clarification on what is actually being asked of Staff Council. President-Elect Christensen stated that Staff Alliance went to the Board of Regents meeting to ask questions regarding the proposed plan. During this discussion, the Regents asked staff to sit down with administration and make recommendations regarding what will go into the RFP. Staff Alliance communicated their concerns, but did not vote on any specific plan or dictate any specific plan. Staff Alliance was asked to enhance communication and to participate in reviewing the RFP process and participate in the bid process and make recommendations. Those recommendations will go to Statewide Human Resources and the president.

Patty Kastelic, clarified that staff had the opportunity to provide input throughout the process and not just as a result of the Board of Regents meeting. A cafeteria-style plan was addressed extensively about a year ago. The reason this type of plan was not selected because of input from the consultants. The Task Force felt that this would not be beneficial because there are communication challenges. Employees are spread out all over the state and there are employees who are skeptical of the need to revise the health care plan. The Task Force choose to abandon the cafeteria-style plan.

President-Elect Christensen stated that Staff Alliance will be asking each campus to either go with the plan that administration has proposed with no more input. If the recommendation is made to follow the UA2000 plan, than that will be the health care plan for the next 5 years. The other choice is to develop recommendations that would establish a tier style plan with one level similar to what is currently offered, level two would be similar to UA2000, and level three would be a more stream lined plan that would have a lower out-of-pocket plan but provides less coverage. Representative Anderson stated that changes can be made a year or so down the road if the current plan is not working. However, there will be a cost associated with any changes made.

Patty Kastelic stated that the University on behalf of its employees and their dependants paid \$17.7 million in claims and \$1.1 million in administrative costs last year, which is 6% of the plan. As a result of the switch from Aetna to Blue Cross, the University realized a one-time-only savings of \$600,000. The annual renewal report documents the number of claims, the cost, and the cost of administration. A cafeteria-style plan would roughly increase the cost by \$200,000. Open enrollment would be a more cumbersome process. Changes have been made during a five-year plan, such as well baby visits and dependant charges. Staff were cautioned on making frequent changes to the plan to alleviate confusion. There are approximately 120,000 claims submitted each year. Also, it is in the University's best interest to have employee participation in the development of the health benefits plan.

Representative White asked if this is a done deal or will revisions be made as a result of employee comments. Also, will the

defined contribution increase? President-Elect Christensen stated that UAA put forth a motion at the February Staff Alliance meeting asking that the Board of Regents revisit the 3% cap on defined contributions. This was forwarded to the president for the April Board of Regents meeting. However, the Alliance received the motion back with a letter stating that the University already pays approximately 80% of the cost of the health care plan and administration is not willing to reconsider the 3%. The issue before Staff Alliance tomorrow is establishing a task force that will continue to advise administration on health care issues and a recommendation with one plan or a multi-tier plan.

Representative Downes provided a comparison between the Spenard Builders health care plan and the proposed UA2000 plan. The current plan will cost employees more money to continue. The UA2000 plan will also cost employees, but some revisions could be made to make this more acceptable. The out-of-pocket deductible could be raised and lower the deductible. A suggestion was made to increase the out-of-network charges. Patty Kastelic stated that it is awfully late to make changes. The reality is that the health care bills are \$17.7 million. She has also spoken with Blue Cross who administers the Spenard Builders plan and the UA2000 plan is more comprehensive and covers more items. Changing the deductible from \$250 to \$200 is acceptable, but a substantial change in the out-of-pocket is not acceptable.

Discussion continued and the following motion was made and seconded. The vote was unanimous.

MOTION PASSED (unanimous)
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The UAF Staff Council is in support of the UA2000 plan and should recommend such to Staff Alliance.

EFFECTIVE: Immediately

XII The meeting was adjourned at 10:10 a.m.

A tape of this Staff Council meeting are available in the Governance Office at 312 Signers' Hall, if anyone wishes to listen to the complete tape.

Submitted by Kathy Mosca, Staff Council secretary.