MINUTES
EMPLOYEE BENEFITS COMMITTEE
September 18, 2008

Members Present
Darryl McCullough, Chair           Debra Bemben
Dick Bennett                        Debbie Copp
Alisa Dougless                      Brenda Freese
Karan Glickman                     Donald Harrison
Steve Livesey                       Sue-Anna Miller
Robert Roswell                      Will Wayne

Members Absent
Stacy Anderson                      Joann Dean
Simin Pulat

Ex Officio Members
Barbara Abercrombie (absent)
Julius Hilburn (absent)
Nick Kelly

The meeting was called to order by the Chair at 1:34 pm. New members who were not present at the August meeting were welcomed by Darryl McCullough. Introductions were made.

I. Approval of Minutes

Minutes of the August 21st meeting were approved without discussion.

II. 2008-09 Chair and Vice Chair

Darryl McCullough expressed at the August meeting his willingness to continue as chair of the EBC. There were no other volunteers or nominations for the position of chair. Darryl will continue as chair for 2008-09.

The vice chair position is vacant. Nancy Matthews, whose term has ended, was serving as vice chair. Darryl nominated Brenda Freese. There were no other volunteers or nominations for the position of vice chair. Brenda will serve as vice chair for 2008-09.

III. Update on BlueCross BlueShield and Delta Dental Implementation (Nick Kelly)

BlueCross BlueShield of Oklahoma will be the health insurance provider for the University beginning January 1, 2009. The rates for 2009 are virtually flat. The University’s contributions for dependents will remain the same. The PPO rate is a little lower than this year and the HMO rate a little higher, but the most variation in dependent
rates is approximately $5. The provider network for BCBS is slightly larger than Aetna’s network. BCBS offers a good national and international network.

Nick discussed the wellness features BCBS will offer. This includes the BluePoints program, a program that rewards employees for engaging in healthy behaviors, such as exercising or eating healthier. The program is available to all members and their dependents. As members engage in health activities, they can go online to report these activities and receive points for them. These points can be redeemed for prizes.

BCBS has also offered the University $500,000 over the course of the three-year contract for biometric screenings, including blood pressure checks, glucose screenings, body mass index screenings and cholesterol checks. The biometric screenings will be set up on campus, and qualified personnel will be on hand to conduct the tests, as well as provide counseling based on each participant’s test results.

In addition, BCBS has given the University a plan which allows members to get a routine physical every year rather than every two years. Also, a smoking cessation benefit will be available with BCBS. The program provides a $1,500 lifetime benefit to be used for drugs, behavior therapy, acupuncture, hypnosis and other methods which will assist a person in quitting smoking permanently.

Most of the other benefits with BCBS are the same as the current plan. The deductibles and co-pays will remain the same. There will be some differences in the drug formulary. A list of the most commonly used prescriptions and the corresponding BCBS pharmacy tiers will be provided to employees.

BCBS has a communications guide they have been working on which is to be distributed to employees in early October. Employees will have the opportunity to look over the information well in advance of the annual enrollment in November.

Delta Dental will be the dental insurance provider beginning January 1st. There are some significant enhancements with Delta Dental, including a $1,500 lifetime orthodontia benefit for any eligible member, child or adult. Delta Dental will also cover implants. Additionally, the cost of a routine cleaning and exam will not apply toward the maximum annual benefit as was done in the past.

PayFlex, a BCBS partner company, will be the new vendor for the administration of the flexible spending accounts. Debit card technology will be available through PayFlex, reducing the amount of paper forms which have to be submitted for reimbursement. With the debit card, there is an inventory system utilized by major stores so that when a member uses the debit card, only those items which are eligible for FSA reimbursement will be charged to their account. The debit card cannot be used for the dependent care reimbursement account. The debit card technology will hopefully cause increased participation in the FSA program. Currently, approximately 15% of OU employees participate in an FSA.
The long-term disability rates are going down about 20% for 2009. Also, The Standard, the University’s long-term disability carrier, will offer a true open enrollment this year. For this enrollment, the medical qualifying has been waived so that employees can enroll in any level without approval. However, if an employee has been denied coverage in the past based on medical qualifications, they will have to try to qualify again.

There will also be a new high option with the vision plan through VSP. The premiums are more expensive for this high option, but it gives the member more frequency in getting glasses or contacts, and the co-pays for exams and materials are lower.

Also, the Employee Assistance Programs (EAP) offered through the University will be expanded. The Department of Psychiatry at the Health Sciences Center and the Counseling and Testing Center at Goddard Health Center on the Norman campus have provided those services to the University and will continue to do so next year. This will be expanded with some new providers in the BCBS mental health network. Therefore, there will be more providers with 24/7 access, providing expansion beyond the internal resources we have now.

Annual enrollment will be held November 4 – 16, 2008. The Benefits Fairs are scheduled November 3rd in Tulsa, November 4th in Oklahoma City and November 5th in Norman. A series of employee town meetings with BCBS and Delta Dental representatives will be held throughout October at all three campuses.

Questions/Comments from Committee (Answers in bold)

- Robert asked if the rates will change with the new dental plan.
  
  **Nick responded that the rates for employee only and employee/spouse coverage went down and the rates for employee/children and employee/family went up slightly ($6 or $8 per month) because of the orthodontia benefit.**

- Darryl inquired if the dental contract has a limit on how much the rates can be raised.
  
  **Nick said, yes, as with the contract with BCBS, there is a three-year guaranteed contract with Delta Dental.**

- Karan asked if initially EAP did not have an appointment for an employee, if the employee can go to a BCBS provider for no charge or EAP will have to refer the employee to a BCBS provider.
  
  **Nick stated employees will have a choice to go to the internal resources, or they will be able to call another number. The model will be set up the same**
with BCBS as with the current EAP programs. An employee will be able to receive services free of charge for two or three visits and then will be referred to a provider in the BCBS network of the plan in which they participate.

- Debbie commented we need to communicate that we will be fully insured with BCBS this time, not self-insured.

Nick responded that literally BCBS is a new company; they are a combination of BCBS of Illinois, New Mexico, Texas and Oklahoma with a parent company, Health Service Corporation. They are in many ways a new company, and we will never go back to where we were in terms of low deductibles and first dollar coverage we had when we were self-insured. With the fully insured BCBS plans, our plans will not be much different than what we had with Aetna.

- Steve stated in the past, there was a differential co-pay if one used Goddard, for example. He asked if that has been considered since then or if BCBS in its current format could bid on this.

This was under a self-insured program. Nick stated for 2009 this would not be a possibility. For future years, this could be an item to be reviewed.

IV. Tulsa HMO (Nick Kelly)

The Board of Regents approved a contract with Community Care of Tulsa as an alternative HMO for the University’s Tulsa-area employees. St. John’s and St. Francis hospitals in Tulsa are not part of the HMO network for BCBS, and these are the hospitals with which the OU Physicians are affiliated and are the hospitals of choice for many employees in that area. BCBS was not able to get these hospitals in their network. Therefore, a second RFP process was done, and bids were received from Aetna and Community Care. Community Care was the best bid. It is expected that 300 to 400 Tulsa-area employees will enroll in the Community Care HMO. The overall value of the plan is about the same as the BCBS HMO, but there are a few differences, including some of the co-pay amounts. The Community Care HMO is a little more expensive than the BCBS HMO, but their network does include St. John’s or St. Francis.

Only employees at the Tulsa campus, the George Nigh Rehabilitation Center in Okmulgee or the outpost at Ramona, near Bartlesville, will be able to participate in the Community Care HMO plan. These employees will be able to choose between the BCBS HMO and the Community Care HMO.

Hillcrest and Southcrest hospitals in the Tulsa area are in the BCBS HMO network.
V. Update on RFP for Retirement Record-Keeping Services (Nick Kelly)

The University has been working with an investment consulting firm, RVKuhns based in Portland, Oregon. They were chosen in a competitive bid process two years ago. They are helping us look at the University’s investment lineup and how investment options are offered to employees. One of the catalysts for this is that the federal government is creating new regulations for 403(b) plans to be effective January 1, 2009, which requires 403(b) plan administrators to have a written plan document criteria for vendors.

What the University is searching for is a master record keeper, one company which would keep track of every employee’s retirement investments, no matter what company with which the employee is investing.

Today, the University offers a company-based defined contribution plan where the employee chooses a company before considering the investment portfolio. In addition, employees are defaulted into the CREF money market. Under the new record-keeping services, the new default would be target date retirement funds, which the Department of Labor mandates as the default for private sector 401(k) plans. Also, employees would receive consolidated statements. Other features that the University may be able to offer include loans or hardship withdrawals in the retirement plans that we do not have now. Under a master record keeper, the University could also offer a much better retirement education program than is available now. All the vendors which have bid on this retirement record keeping have guaranteed the University at least three full-time representatives on site on all three campuses to educate employees about their retirement investments.

The investment model would be in three tiers. The first tier would be the target date retirement funds. The second tier would be a core group of 10 or 12 different funds the University and the investment consultants have reviewed and feel are the best high return, low fee funds; the fees and returns on this core group of investments would be tracked for performance and fees. The third tier would be a brokerage window for those employees who prefer to handle their investments themselves. Most of the options offered today would be available on this tier.

This plan will give OU employees better investment options with better returns and lower fees and better education, as well as helping with the administration of the retirement plans. The full implementation of this probably will not be until July 2009.

Questions/Comments from Committee (Answers in bold)

- Robert asked if the record-keeping company would be independent of any of the vendors.

  Nick responded the record-keeping company might be independent of the vendors but may be one of the vendors, since many of the vendors offer this record-keeping service.
• Robert inquired if Morningstar ratings on each of the offerings would be provided.

**Nick stated we would definitely have ratings and as much information as can be provided to employees on the core group of funds.**

• Robert asked if 457(b) plans would also be folded in.

**Nick said the goal is to fold in both the 457(b) and the 403(b) plans. Hopefully, one plan will be available to cover all three plans, 403(b), 457(b) and 401(a), and the employee can have identical investments in all three plans if they so choose.**

• Will inquired if there will be any new administrative overhead to pay the new record-keeping company.

**Nick responded the way the investment companies are paid now is through the fees. We will pay in the same manner we do now, but hopefully we will pay less and we will get more.**

VI. Update on Retiree Medical (Nick Kelly)

A preliminary report is in the works, which will be reviewed by the members of the retiree medical review committee and then released to campus simultaneously on the review committee’s website probably in a month. After that, there will be presentations on that report to various governance groups, beginning with the EBC. The review committee will gather feedback from campus, including through the committee’s website by email. After the presentations, the review committee will work on a final report which hopefully will be submitted to President Boren by the end of the calendar year. The President will decide which recommendations to act on and/or which recommendations to modify.

As the review committee works on the preliminary report, the following guiding principles are being used:

• The committee does not want to make any recommendation that causes employees to leave earlier than they otherwise would have. Everything the committee has discussed has been based when employees are eligible to retire, not their actual retirement dates.

• The people who have the least amount of time to prepare for changes ought to be affected the least. There is a broad consensus in the committee that those who are retired or those who are eligible to retire should be held harmless against most changes the committee may recommend.
• The committee would prefer that if there are changes, these changes be made gradually, rather than lines being drawn with the person on one side getting everything, and the person on the other side getting nothing. There are only a couple of things that can be changed – who is paying the premium and who is paying for the services used by those on the plans (plan design).

• Another guiding principle for the review committee is sustainability. The administration has to be able to continue to provide a retiree medical program but also has to be able to continue to run the University. The committee has reviewed how the medical premiums are being paid. The University pays full premium for the University’s current retirees. Employees hired after January 1, 2008, can participate in the retiree medical plan, but the University will not pay contributions for them. There was some discussion regarding using health savings accounts as an approach to the retiree medical situation. Steve suggested the review committee might want to take salaries into consideration.

The preliminary report from the review committee may be ready for presentation at the October EBC meeting.

VII. Presentation of Annual Report (Darryl McCullough)

Darryl presented the 2007-08 annual report. He explained the current policy is for the EBC to provide an annual report, and the annual report will be accessible on the EBC website.

Darryl asked for any suggestions or comments on the annual report. One spelling error was found.

The annual report, with the correction, was approved unanimously by the committee.

VIII. Other Business

Darryl said once the EBC website is up and running, he will communicate with campus that the website is available for information, as well as for feedback/comments through an email address.

Nick presented a draft screen shot of the website for review by the committee. Darryl suggested the list of members be a link rather than being listed on the website’s front page. The members concurred.

The committee’s meeting minutes and annual reports can be archived. The committee agreed that a trailing 12 months of minutes would be preferred. The EBC bylaws are also available on the website.
The links to the websites of the staff and faculty senates on each campus will be placed in a separate box from the other links. So that employees can provide feedback/comments, a “contact us” link will be provided.

Nick stated changes can continually be made to the website. Darryl thanked Nick and the staff involved for their work on the website.

There being no other business, the meeting was adjourned at 2:53 pm.