MINUTES
EMPLOYMENT BENEFITS COMMITTEE
August 11, 2011

Members Present
Don Clothier          Sue-Anna Miller
Debbie Copp           Jannie Porter
Brenda Freese – Chair Will Wayne
Aimee Franklin
Don Harrison

Members Absent
Alisa Dougless        Mark Morvant
Suzanne Gilmore       Al Schwarzkopf
Chad Johnson          Frances Wen

Guests Present
Norm Jacobson - The Segal Company
Ruth Donahue – The Segal Company

Ex Officio Members
Barbara Abercrombie - Absent
Julius Hilburn
Nick Kelly

The meeting was called to order by Brenda Freese at 1:30 pm.

I. Approval of Minutes

• The June minutes were approved with no changes

II. Health Insurance 2012

Norm Jacobson of Segal was present to update the committee on the 2012 health insurance renewal.

• Looking at claims through 5/31/2011, and using BCBSOK’s methodology and assumptions, Segal estimated:
  • Overall increase of approximately 5.13%
  • PPO contribution to overall: 5.07%
  • HMO contribution to overall: 7.86%
• BCBSOK agreed to finalize the renewal based on available claims data through 5/31/2011. In addition BCBSOK agreed to:
  • Decrease the trend assumption to 8.0% (from 8.6%) for 2012
  • Reduce the risk margin and retention by a combined 1%
  • Include a $150K wellness credit
• Proposed plan design changes:
  • PPO
    • Inclusion of a tiered network which offers the opportunity for lower out of pocket costs
    • Prescription coverage which matches the HMO
  • HMO
    • $300 deductible
    • $100 copay MRI, CT, EEG and PET imaging
• Based on the decrease in trend, reduction in risk margin, and the proposed plan designs, the renewal increases/decreases are:
  • Overall change of approximately -1.36%
    • PPO change: -2.00%
    • HMO change: 1.96%
• Segal has indicated there may be some slight additional savings. Human Resources will communicate any changes to the EBC.
• BCBSOK and Norman Regional have completed negotiations to include Norman Regional in their smaller Blue Preferred Network. The smaller network will be offered only to OU employees. Human Resources has requested permission to name the Norman network “Sooner Blue”. It is anticipated that an affirmative decision will be reached in the coming weeks.
• Due to changes mandated under healthcare reform there will be additional benefit enhancements as a broad range of “essential benefits” will be covered at 100%. A list of essential benefits will be provided during open enrollment.
• CommunityCare HMO rates will remain flat in 2012, however, there will be some plan design changes:
  • Deductible increases from $0 to $250/$500
  • PCP Office Visit increases from $20 to $25
  • Urgent Care increases from $40 to $50
  • Emergency Room decreases from $100 to $75
  • Outpatient Surgery decreases from $100 to $50
  • High Level Imaging increases from $100 to $150
  • Max Out of Pocket decreases from $2,000/$4,000 to $1,000/$2,000 (deductible not included)
• Medicare Retiree Plans will decrease 18.34%
• Part D Medicare Plan will decrease 10.47%
• The purpose of the contribution strategy was to move OU closer to the peer universities with regard to contributions for dependent coverage.
• OU is currently above market with regard to employee only coverage.
  • National higher education average for employee only coverage is 80% employer paid and 20% employee paid
  • OU contributes around 90% toward employee coverage
• OU is currently below market on dependent coverage
• Keeping the current contribution strategy would result in the following:
  • PPO - 2% decrease
  • HMO - changes vary widely, as they did in 2011
• Julius will discuss the use of savings with administration.
  • Debbie is concerned about the possibility of increased dependent contributions in a year with savings and then rates going up higher than anticipated in 2013.
  • Aimee suggested banking the savings and using a portion for wellness initiatives.
  • Jannie proposed keeping the current contribution strategy in place.
• Julius proposed a special meeting on Thursday 8/24 to present the final renewal and get a recommendation from the EBC, if there are changes.
• Other benefits:
  • Dental – 6% increase
  • VSP – 5% decrease
  • LTD – 50% decrease
  • Life – some rates were reduced,
  • LTC – no change
• Benefits Fairs will be held in late October
• Open Enrollment will be October 31st through November 11th.
  • HSC is experiencing problems with their secure portal when accessed from an off-campus location. IT is currently working on a solution.

Motion: Debbie made a motion to maintain the current contribution strategy in 2011 and accept the renewal as presented. Aimee added that if the renewal changes the committee will not meet, but HR will provide a final proposal and the committee will vote electronically.

The motion was unanimously affirmed by the committee.

III. Fidelity Record Keeper

• Nick told the group that the Master Record Keeper project is moving along on schedule. The “go live” date will be 11/1/2011
• Transition guides have been mailed and employees should start receiving them at their home address this week.
• Large group and individually scheduled meetings will start in Norman and at HSC next week. Meetings in Tulsa started August 8th and the initial feedback has been positive.
• Fidelity will be holding individual departmental meetings after Labor Day through October.
• The Fidelity Web Portal will open August 15th.
• ING and VanGuard members will have a black out period in which they will not be able to make changes in their investments.

IV. Retiree Medical Update

• Julius and Nick met with the HSC Retiree Association prior to the EBC meeting to discuss potential changes in the retiree health insurance benefits. There were approximately 150 retirees in attendance, and some good questions were posed. Julius made a commitment to the Association to keep them informed throughout the planning process.
• Julius and Nick will meet with the Faculty and Staff Senate in late August or early September.
• Human Resources is seeking feedback now in anticipation of an October recommendation to President Boren.
• No changes would be implemented prior to 1/1/2013.

V. Updates from the Chief Human Resources Officer

• Julius discussed a rule change in the Oklahoma Teachers Retirement System (OTRS) plan which impacts employees that were over the age of 45 when hired.
  • In the past no irrevocable election between OTRS and the Optional Retirement Plan (ORP) was required for this group. Now everyone will be required to make an election within 90 days of becoming eligible. If an election is not made the employee will be defaulted into OTRS.
  • Human Resources has sent letters to all affected employees. It was requested the letters be returned prior to October 11th so anyone entering OTRS will join under the old eligibility rules.
    • Effective November 1, 2011 for new entrants into OTRS:
      • The normal retirement age is changing from 62 to 65
      • Early retirement age will change from 55 to 60
    • Effective July 1, 2011
      • Anyone in an exempt position, regardless of age, will be required to make an election to OTRS or ORP.
  • A letter was sent to all hourly employees informing of the changes in OTRS retirement eligibility rules.
The next regularly scheduled meeting will be September 15, 2011. There being no other business, the meeting was adjourned at 3:10 p.m.