MINUTES
EMPLOYMENT BENEFITS COMMITTEE
January 19, 2012

Members Present
Don Clothier          Sue-Anna Miller          Will Wayne
Debbie Copp           Mark Morvant            Frances Wen
Brenda Freese – Chair Jannie Porter
Aimee Franklin        Al Schwarzkopf
Suzanne Gilmore

Members Absent
Alisa Dougless
Jerome Weber
Don Harrison
Chad Johnson

The meeting was called to order at 1:36.

I. Approval of Minutes
   • The December minutes were approved.

II. Retiree Medical Review
   • Town hall meetings have been scheduled. Two are scheduled for the Norman Campus, two for the Health Science Center campus, and at least one will be scheduled for the OU-Tulsa campus.
   • In addition, Human Resources has offered to hold meetings and provide written materials for the Retiree Association members.
   • One of the issues discussed at the last meeting was the date that would be recommended for implementing changes to the retiree medical plan.
   • Another question posed by the EBC members was whether there were a group of retirees that should be grandfathered, meaning they would not be subject to changes in the deductible and would not be subject to the exclusion method of coordinating Medicare benefits.
   • If changes are implemented on December 31, 2014 there would be a $100,000 difference in cash flow in the first year. By 2017 the difference is approximately $500,000. This would amount to a $5 million dollar difference in 10 years.
   • The current post retirement obligation is $542 million; if the changes are implemented in 2015, this will decrease to $382 million.
   • The most equitable solution seems to be designing the program so that all employees are subject to the changes.
In the current proposal, the University would pay from 55% to 95% of premium costs for employees who become eligible for retirement, depending on the retiree’s age and years of service.

One member raised a question regarding employees who are forced to retire due to a disability. Will this employee receive the same benefits as if he/she had been able to retire at age 65? This question will be researched and the answer provided at the next meeting.

The retirement plan proposal will be submitted to the President and the Regents for discussion and changes as appropriate.

A motion was made to recommend implementing the retirement plan changes on December 31, 2015.

Motion: 6 in favor; one opposed; 3 abstained.

A second motion was proposed to exempt 43 OU employees (those who retired prior to 7/1/1995 and are currently enrolled in and receiving benefits from the OSEEGIB retirement plan) from the proposed changes.

Motion: Unanimous in favor of the motion.

An email will be distributed to employees explaining why these potential changes to retiree medical benefits are necessary. Included in this communication will be the rationale and proposal.

EBC members will receive a draft of this proposal to submit comments so the draft can be placed on the website as soon as possible. Members were asked to send their comments or suggestions to Julius.

A frequently asked questions section will be added to the website so employees can submit questions regarding the proposal. This will be available after the town hall meetings have occurred.

III. Update on Proposed OTRS Changes

Since the December EBC meeting, OTRS has determined that the proposed changes in interpretation of policies are subject to a public review process, which requires OTRS to share changes and allow for feedback prior to implementation.

All proposed changes will require OTRS to allow a comment period and is subject to legislative approval.

The first proposed change, which would be effective July 2, 2012 if implemented, involves the definition of membership. In the past, OTRS has ruled that any exempt employee who works 20 hours or less was not eligible for membership. The proposed interpretation is a requirement that all exempt (professional) employees must contribute to OTRS and the University must also contribute even if employees are working less than 20 hours per week. OTRS officials acknowledge this requires a change in their rules, so it is subject to the public process.

OU employees currently have a choice between OTRS or the optional retirement plan. If this proposal passes, affected employees would be given the option of joining one plan.

Employees who work less than full time will earn service credit on a fractional basis. In other words, .25 FTE employees will earn service credit
at the rate of .25 per year, meaning they would work 4 years to get one year of service credit. To become vested they would have to work 20 years.

- Julius stated that the financial impact of this proposal is being assessed at this time.
- One other proposed change affects service credit. Currently, employees who work 30 hours or more get a full year of service credit. Under the proposal, these employees would receive .75 service credits per year. They are proposing this will be applied to service after 7/1/2013.
- The third proposed change also affects service credit. Currently if an employee works ½ of a year they get a full year of service credit. According to the new proposal, these employees would receive one half year of service credit. This is proposed to take effect July 1, 2013 and will also be prospective, but will affect current employees.

IV. Fidelity Transition
- Communication is being planned to assure employees are aware of the ongoing presence of Fidelity. Fidelity will be presenting workshops, offering one on one consultations, etc. Information will be distributed to employees (website and email) soon.
- Human Resources will be developing an annual survey regarding employee experience with the Fidelity website.
- Human Resources staff believes it is critical to stress to employees the importance of continuing to consider retirement plans throughout work life and beyond. It is becoming increasingly critical to plan for retirement.

V. Wellness Activities Update
- Healthy Interactions is a new pilot program Human Resources has begun in cooperation with Blue Cross and Blue Shield, at no cost to the University.
- Smoking cessation programs will be increased this year, as will the publicizing of programs available to those who desire to stop smoking.
- Weight Watchers at Work continues to be successful.
- Research has shown that some of reductions of health care costs begin after a person loses 10% of their weight. This has likely had some impact on the positive premium renewal rates with BCBS.

VI. Update from CHRO
- No updates

VII. Other Business
- Some EBC members received an email from an employee who discovered that nitrous oxide is not offered on either dental plan. This employee had thought this had been covered in the past. However this has not been covered previously.
- Adding coverage for nitrous oxide would add about 3% to the rate. If an employee pays for this at the time of service, he/she would normally pay between $20-$30.
• Employees will be encouraged to set aside money in flexible spending accounts to pay for this expense.

Meeting was adjourned at 3:11.