MINUTES
EMPLOYMENT BENEFITS COMMITTEE
June 28, 2012

Members Present
Brenda Freese, Chair  Jannie Porter
Don Clothier  Will Wayne
Aimee Franklin  Jerry Weber
Suzanne Gilmore  Frances Wen
Ron Kantowski
Sue-Anna Miller

Members Absent
Debbie Copp  Vince Leseney
Alisa Dougless
Don Harrison
Chad Johnson

Guest Present
Norm Jacobson

Ex Officio Members
Barbara Abercrombie
Julius Hilburn
Nick Kelly
Angela Hawpe

The meeting was called to order at 1:30.

I. Approval of Minutes
   • The May minutes were approved with clarification regarding the first Retiree Medical Regent’s action pertaining to Retiree Medical. This has been revised to state “Employees eligible to retire on or after January 1, 2016 with 25 years of service and age 65 or above will receive 100% subsidy rather than 95%.”

II. Healthcare Renewal Presentation
Norm Jacobson of Segal presented a discussion of 2013 medical rates, including preliminary premium renewal rates and strategies that could be explored further if additional savings become necessary.
   • Norm stated substantial savings were realized with the plan changes introduced last year.
   • Rates for this year will be based on experience from June 30, 2011 through May 31, 2012.
   • Claims experience is very good, which can be credited in part to the Healthy Sooners program. There are some areas where improvement is needed, such as
decreasing the high cost claims, which might be improved by promoting healthy habits or encouraging participation in Healthy Sooners programs.

- Preliminary renewal for 2013 is expected to increase OU premiums by 3.4%; this renewal utilizes data through May 31, 2012.
- The annual trend rate for medical and pharmacy blended is 6.78%. This has dropped approximately 2% in the past two years.
- Based on trend and claims experience, the starting point for renewal of the PPO/HCA is an increase of 4.3%; for the HMO it is .6% and for the indemnity plan (which represents medical only coverage for Medicare participants) it is 11.4%. National trend is a 9.2%-9.8% increase (including prescription drugs) depending on the plan option.
- The renewal rate for 2013 will be finalized within the next 2 months.
- Norm stated the relationship between Blue Cross Blue Shield and OU is positive, and he does not believe it would be cost effective at this time to pursue an RFP (request for proposals).
- Julius stated that any turmoil or movement in the insurance market would likely occur in 2014 after most of the regulations in the Patient Protection and Affordable Care Act go into effect.
- Julius stated the current budget challenges include no increase in state funding, increased fixed costs, with a 3% increase in tuition. There have not been any recent requests to identify further cost savings based on further budget cuts.
- Norm outlined some potential changes that could be considered to decrease medical and pharmacy expenses. These include changes to the plan design, changes to the contribution strategy and enhancement of the Healthy Sooners program.
- Design options which could be considered are:
  1) Change Blue Preferred Network provisions to be the same as the 2012 Blue Choice Network provisions, which would increase the Blue Preferred Network deductible by $100, from $400 to $500, and increase the office visit co-pays by $5. The current Blue Choice network deductible of $500 would increase to $600, and those office visits would also increase by $5. This would result in a reduction in claims in the range of 2-3% ($740,000-$1,100,000).
  2) Increase the HMO deductible from $300 to $500. Norm estimates this would result in a reduction in projected medical claims in the range of 2.25%-3.25% ($390,000-$560,000).
- Contribution strategy modifications could include basing contributions on employees paying a larger percentage of the increase, consolidating or eliminating the salary tiers, or introducing wellness incentives.
- Julius stressed the changes that could be considered are not proposals, but rather options that would be available for us to explore if needed.
- Norm discussed the programs that have been developed have improved and continue to encourage a healthy campus. These include establishing a wellness committee and wellness director, introducing smoking cessation assistance, introducing coverage for prescription cessation products, introducing incentive programs through Blue Cross Blue Shield such as Weight Watchers at Work, the 24/7 Nurseline and establishing walking routes.
Julius stated some organizations offer a discount to employees who are non-smokers; however, at this time the University is promoting voluntary compliance with a tobacco free campus.

Norm suggested if a discount or other incentive is considered in the future, it will require developing a matrix and strategy well in advance of implementation.

Nick stated that Blue Cross is changing and rebranding their wellness program and adding some new items to the program. These will be addressed in detail with the Benefits Committee in subsequent meetings.

Julius stated OU pays 95% for employee coverage while most organizations pay around 70-80%. For dependents OU spends approximately 50-55% and peer institutions spend 70%. However, if viewed in aggregate, the University is spending as much, if not more than, peer institutions.

Nick stated the Regents will vote on health care changes at the September Board of Regents meeting for the plan which will be effective January 1, 2013. Enrollment for the next year will begin the end of October.

Julius stated that preliminary information is favorable, and recommends negotiating exclusively with Blue Cross Blue Shield for 2013. If there is a significant need to consider any alternatives, or change the program design there will be a special meeting of the Employee Benefits Committee. Otherwise, there may not be a reason for the committee to meet in July.

Nick stated the increase for Delta Dental is approximately 5%. Community Care HMO in Tulsa is likely to be a double-digit increase.

III. Tobacco Free Norman Update

Julius stated an email message will be sent to all employees describing the OU tobacco-free policy, effective July 1, which is in compliance with the Governor’s executive order. There will also be increased communications promoting healthy options to assist those who desire to cease using tobacco.

Julius stated the University is promoting voluntary compliance and creating a community oriented approach to the policy. It is important to stress a tobacco free environment, but we need to be sensitive to those who are affected.

OUPD’s policy includes some provisions to issue citations for those who repeatedly violate the policy.

There has been some confusion regarding electronic cigarettes. The policy does not ban electronic cigarettes.

An email address has been established for providing suggestions or submitting questions regarding the program, which is breatheeasy@ou.edu

IV. Updates from CHRO

There were no updates from the CHRO.

V. Other Business

There was no other business.

Meeting was adjourned at 2:50.