

## **Retirement and Fringe Benefits Committee Meeting Minutes**

**1:30 p.m., Tuesday, January 10, 2006**

**PIO 313**

Present: Greg Bell, John Sauer, Robert Emerson, Bob Terry, Terry Lehenbauer, Bill Dare, Carol Moder, Sheila Harp, Peter Shull

### Approval of Agenda and Minutes of December 13 meeting

Agenda was approved by unanimous vote. Minutes are approved by unanimous vote.

### Old business

Bell asked Lehenbauer to make opening remarks regarding survey. Lehenbauer responded that his subcommittee will meet later in the week, and a survey will be distributed to all OSU Faculty and Staff. They will emphasize that administration will not be receiving the input, instead Information Technology will set it up so input is anonymous. The goal is to get viewpoints from faculty and staff regarding health care options. One of the questions will be where do employees who do not purchase OSU's health insurance get healthcare for dependents. HealthVoice had an article about the Wellness program for current state employees and OSU employees are not considered state employees for purposes of their Wellness program. Lehenbauer contacted Valerie Judy with the Wellness program to verify that we cannot participate. He asked if all OSEEGIB employees pay the same premiums. Judy replied that yes, we pay the same premiums as OSU employees as other state government employees. She agreed that it was not fair and would like to see the Wellness program expanded. Lehenbauer intends to find out why the disparity exists. Sauer asked what the Wellness program provides. It provides one office visit and lab tests. Sauer asked if it would include retired employees or not. Lehenbauer doubted that it includes retired employees. Sauer stated that is another inequity. Lehenbauer asked Judy if the state employees benefits council is providing money for the program, and the answer was no, OSEEGIB is providing the funds. Dare asked who negotiated the contract. Lehenbauer's impression is that it was proactive efforts by the employees benefits council, but wasn't positive exactly how it was negotiated. Lehenbauer is troubled by the inequity in the amount of benefits depending on if you are a state employee, education employee, or retired.

Bell opened discussion on tuition waiver. Information was distributed showing recommendations and Bosserman's cost estimate as well as a justification for the program. Bell stated that it won't cost the University a significant amount of money. The proposed cost was conducted on census data. Bell doesn't consider this a cost to the university. He felt that the only cost is for dependents who already attend the University. The rest is only estimates on loss of potential income, not actual income. Moder stated that the additional students gained by offering this program would actually increase the university's income. Shull asked if we have information from other universities. Moder responded that Bob Oerhtman is planning to get that information. Bell plans to propose this at the March faculty council meeting. He would like to have the additional information from other universities. Bell asked the committee to read his justification

and see if they want modifications made. Moder commented that he did an excellent job on the justification. Dare asked if there is an exact estimate. Bell felt that he thought the administration would try to shoot holes in an exact estimate. Moder felt that those numbers could be included in the justification and state the information source. She felt that the program would increase enrollment which is good. Bell stated that is a good point. Moder said that the university would actually be gaining revenue in fees because the waiver for dependents would only be half of tuition, and they would still pay all of the fees. Therefore the increase in students would mean more income in fees for the university. Dare stated that the estimate of 41 current dependents attending could be low because it did not take into account those living outside Payne county. Moder responded that she felt the estimate is very accurate because information was hand checked and employee addresses were compared with student permanent addresses. Dare doesn't see anything wrong with spelling out the points being made in this committee. He doesn't feel that it is costing the university anything. Moder also stated that increase enrollment means more state allocation money for OSU. Emerson felt that Restore, Reward, Grow should be mentioned in the justification. Sauer stated it might be worth while to add in how the number was arrived at of 41 current dependents who are currently enrolled since he felt it is a very accurate number. Dare said the administration sees it as a cost, but he doesn't feel that it is a cost to the university. Terry said this would be an opportunity cost because it is an investment toward what would come later. Emerson asked if it could end up being a net loss. Moder responded that if OSU needed to hire more faculty or provide more space, then it could be considered a cost. Shull stated that it depends on the ratio of the students who would have come versus those that would not have come here without the program. Moder felt like if it attracted 200 additional students, that is not enough to increase costs significantly. Terry suggested that you might include some of the neighboring counties if a more accurate estimation was requested by administration. Bell said that as Moder mentioned last week, it could be that only Dr. Bosserman is not in favor, and the rest of administration may be more open. Harp asked if this would be for OSU-Stillwater only. Lehenbauer responded that he thought it would be system wide, but Moder responded that the estimates were only for Stillwater. Dare suggests to estimate numbers system wide by using a percentage of the students enrolled here and applying it to the other campuses. Dare asked if the program would cover graduate school. Moder responded that it would for the employee but not for dependents and spouse. Harp asked if we need to separate the employee from the dependent benefits proposal. Moder responded that she felt it should go as one proposal, and then details could be revisited in a negotiation stage. Moder felt that the program could attract better employees as well. Bell felt that Schmidly and Strathe will like this program. Bell asked if there is anything else to be added, he would like to present it tomorrow to the flex benefits committee.

#### New business

Bell opened discussion on possible RFP for healthcare. High deductible programs with a health savings plan versus lower deductible plans were discussed, but a decision was never reached in the committee. Bell felt we are not getting a fair break for dependent insurance, and fears paying over \$1,000/mo premium once retired. Lehenbauer stated that the retirement benefit was set high to allow the retirees to pay for healthcare, but

there was not a healthcare benefit for retirees. Moder responded that the mechanism only works if the cost of healthcare and retirement contribution keeps pace with increases. Lehenbauer replied that the portion of retirement payments compared to salaries were in excess of 100% to help retirees pay for healthcare. Moder asked if that has been revisited to see if people have actually received enough money to keep expected income level and pay for healthcare. Bell stated that most people will never meet the rule of 80 or rule of 90, but the university should cover insurance for those that do. Dare asked if the rule of 80 or rule of 90 was being done away with. Lehenbauer said those on OTRS will still be under those rules. Moder responded that new employees choose OTRS or TIAA-CREF. Dare thought they were automatically switched to TIAA-CREF, but Lehenbauer responded that employees choose. Bell asked if the committee felt that a request for proposals to establish health care that is better or equivalent to the existing plan is an acceptable objective? Shull felt that a RFP would not improve our health care package in the long term. Bell said that if we want a new RFP we want to establish a plan that has equal or better coverage. Moder asked if we think it is unlikely to meet the objective, are we willing to go out for a new RFP? Bell asked if we want lower cost for dependant coverage. Bell said that we may be able to find another healthcare plan where it would cost the same to cover employees and spouses. Moder asked if the university would agree to that because then the university would be paying more. Her concern is that if we go after a new RFP, she doesn't feel that it is likely going out for bids will help, she is afraid that the cost will go up. OU went out for a new RFP and ended up paying more than we are paying for 2006. Shull said that having employees get annual physicals might be helpful, because other committees had noted that small numbers of insureds are sometimes responsible for a large portion of insurance claims. Lehenbauer responded that if an organization wants to get serious about healthcare they have to support the wellness programs. Shull asked what if you make it a requirement. Lehenbauer responded that the problem is there has to be a return or payback for an organization to support such a policy, but with OSEEGIB we can't affect the premium even if our employees are healthier. Sauer said that a few years ago retirees used to get the Colvin center fee waived, but that is no longer the case. Lehenbauer responded that wellness programs have been reduced. Moder said that according to OSEEGIB we pay less than we get. Bell asked if an RFP is no longer an objective. Terry responded that for this stage of the process that it is an objective. Moder felt that an RFP requires an investment of resources, and felt that we shouldn't do it if we don't think we can get a better plan. Lehenbauer said that in the near future OSEEGIB will not be offering a health savings plan unless they are forced into it. Bell said that an RFP requires more discussion. Bell said that he doesn't hear any negative discussion on the other two objectives, lowering the cost of dependent insurance and providing more health care for retirees on the rule of 80 or 90. Dare felt that healthcare companies would want to compete. Moder responded that they will reduce cost for the first year, but premiums would go up the following year. Sauer mentioned Lionel Raff's proposals centering on health savings account with catastrophic insurance. Bell felt that those numbers may be out of date.

Bell will deliver update to faculty council on tuition program and healthcare RFP, and IRS ruling has still not come through.