

University of South Alabama Fringe Benefits Committee – Meeting Minutes

Date: January 29, 2008
 Time: 3:00 p.m.
 Place: Human Resources Learning & Development Center

Members:

| | | |
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| Dr. Lanier S. Cauley | Mechanical Engineering | Present |
| Dr. Thomas Chilton | Associate Dean of Education | Absent |
| Dr. Patsy C. Covey | Academic Affairs | Absent |
| Mr. M. Wayne Davis | Chairman - Financial Affairs | Present |
| Ms. Elnora Davis | Central Supply | Present |
| Mr. Pat Downing | USA Brookley Center | Present |
| Mr. Edward Felts | Computer Services Center | Present |
| Ms. Amy Fleet | Marketing | Present |
| Dr. Jean Irion | Chair, Faculty & Senate FBC | Present |
| Mr. David Knight | Supply, Processing & Distribution | Absent |
| Ms. Bessie Lee | Pediatrics | Absent |
| Mr. John Pannelli | COM Business Office | Present |
| Ms. Kelly Peters | Business Office | Absent |
| Dr. Victoria Rivizzigno | Earth Sciences | Present |
| Dr. Robert Shearer | Office of the President | Absent |
| Ms. Barbara Shirvanian | Dean of Students | Absent |
| Mr. Joseph M. Smith | Maintenance | Present |
| Dr. Vicki Tate | Chair of Faculty Senate | Present |
| Dr. Stephen Teplick | College of Medicine | Absent |
| Dr. Allan Tucker | College of Medicine | Present |
| Ms. Carolyn Williams | College of Medicine | Absent |

Others Present:

Ms. Pamela Henderson, Director of Human Resources
 Mr. Gerald Gattis, Associate Director of Human Resources
 Mr. Ed Kahalley, Jr., Benefits Consultant and Secretary to the Committee

Call to Order & Meeting Minutes:

Chairman Wayne Davis called the meeting to order. The Chairman distributed and asked for approval of the 10/9/2007 meeting minutes.

A motion was made, seconded and the vote unanimous to dispense with the reading of the meeting minutes and approve same as prepared by the Secretary with the noted change.

Experience Report Fiscal Year Ended 12/31/2007

Mr. Gattis distributed the year end experience report. He stated that revenue for the year had increased by \$1.1 million. The incentive credit totaled \$763,634 for the year and offset 3% of total expenses. Expenses increased by \$1.3 million or about 5% compared to last year. A credit of \$1,341,835 was taken from the reserve which will in turn be transferred back as an employer contribution in the next year. Mr. Gattis explained that this credit is taken from the general fund obligation in order to meet the funding requirement for 2008. He stated that there was no increase in the employee contribution for 2008.

Chairman Davis stated that the Plan requires a three-month expense amount for the reserve and the Plan is in good shape. He stated that there was an increase required for 2008 which is being funded from the reserve and that requires some caution going forward.

Mr. Gattis stated that there were 93 additional contracts in 2008 as compared to year end 2007. He stated that on page 2 of the report is an 11-year comparison. He noted that item 2 in the comparison marks the employer special deposit of \$5,586,916 in September of 2001 and the credit of \$1,341,835 taken 12/31/2007.

He noted that Infirmery West was continuing as a USA system provider for deductible and copay amounts. Infirmery West does not pay an incentive for this privilege but is retained to assist USA Health System physicians and allow the membership freedom of choice.

He stated that the pharmacy cost was up 5.75% and specifically noted a bio-tech drug which had an average cost of \$5,200 per prescription.

He stated that the dental benefit is running about 78% of the projected cost and is doing very well.

Mr. Gattis concluded the review of experience for the year ended 12/31/2007.

Chairman Davis stated that the Plan had come through some difficult times and with the University's support had overcome the funding deficiency. He stated that good stewardship by all has preserved the benefits at a reasonable cost to the employees.

New Business:

Infertility Treatment:

The consultant distributed a report on infertility treatment. He stated that the USA Health Plan benefits for this treatment are very limited. He stated that the benefit is in line with benefits offered by other institutions and the general insurance industry.

There followed a discussion of the treatment, cost and possible advantages of offering an enhanced benefit in the USA Health Plan.

It was agreed that additional information should be obtained on this subject. The Committee agreed to table the issue for the next meeting.

Tiered Rates:

The consultant distributed a report on tiered premium rates. He stated that the USA Health Plan uses a two-tiered cost sharing method which is the most prevalent for large employers. He suggested that the two-tiered rating was fair based on the actual cost of benefits as shown in the report.

Chairman Davis stated that this had been discussed in the past and that the current system is fair. He stated that the employee pays a premium and has deductible and copay requirements when the benefits are used. He suggested that on the whole the system was very fair and in the best interest of all participants. He stated that he would contact Blue Cross and Blue Shield to obtain rates based on benefit utilization for other tiered rating systems.

Adjourn:

There being no other business to come before the Fringe Benefits Committee the meeting was adjourned at 4:25 p.m.