

University of South Alabama Fringe Benefits Committee – Meeting Minutes

Date: April 28, 2009
 Time: 3:00 p.m.
 Place: HR Learning & Development Center

Members:

Mr. M. Wayne Davis	Chairman - Financial Affairs	Present
Dr. Lanier S. Cauley	Mechanical Engineering	Present
Dr. Thomas Chilton	Associate Dean of Education	Present
Ms. Elnora Davis	Central Supply	Present
Mr. Pat Downing	USA Brookley Center	Present
Mr. Edward Felts	Computer Services Center	Absent
Ms. Amy Fleet	Marketing	Present
Dr. Julie Estis	Chair, Faculty Senate Salaries & Benefits Committee	Present
Dr. David Johnson	Academic Affairs	Present
Mr. David Knight	Supply, Processing & Distribution	Absent
Ms. Bessie Lee	Pediatrics	Absent
Mr. Bobby McRee	Maintenance	Present
Mr. John Pannelli	COM Business Office	Present
Ms. Kelly Peters	Business Office	Present
Dr. Victoria Rivizzigno	Earth Sciences	Absent
Dr. David Turnipseed	Chair, Faculty Senate	Absent
Dr. Robert Shearer	Office of the President	Present
Ms. Barbara Shirvanian	Dean of Students	Present
Dr. Stephen Teplick	College of Medicine	Absent
Dr. J. Allan Tucker	College of Medicine	Present
Ms. Carolyn Williams	College of Medicine	Present

Others Present:

Ms. Pamela Henderson, Assistant Vice President Human Resources
 Mr. Gerald Gattis, Associate Director of Human Resources
 Dr. Clara Massey, Professor of Medicine, Division of Cardiology
 Mr. Ed Kahalley, Jr., Benefits Consultant, Secretary to the Committee

Call to Order & Meeting Minutes:

Chairman Wayne Davis called the meeting to order and asked for approval of the January 27, 2009 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. The Chairman introduced the new Chair, Faculty Senate Salaries and Benefits Committee, Dr. Julie Estis.

He also introduced Dr. Clara Massey, Professor of Medicine, Division of Cardiology. He stated that Dr. Massey is a well respected cardiologist who was in attendance to make a brief presentation concerning cardiovascular disease.

Dr. Massey:

Dr. Massey presented information on cardiovascular disease, the number one killer of all diseases. She stated that this is a preventable disease through education, lifestyle and medication. Alabama and Mississippi rank as the top two states for cardiovascular disease and resulting death. Stroke and hypertension are treatable and education is the key. This is a growing problem for women and results in more deaths than cancer. Dr. Massey, using a slide presentation, informed the members about the problem and the merits of education.

Experience Report:

The experience report complete for the three-month period ended 3/31/2009 was distributed. Mr. Gattis reviewed the report with the Committee. He stated that the reserve was \$12.8 million. Expenses have increased by 12% over this time last year. The Plan was showing a deficit of \$104,512 compared to a positive balance of \$403,443 this time last year for a \$500,000 swing. The prescription rebates were lower than the previous year and this is under review. The number of employees covered had increased by 185 contracts or 4.4% due in part to open enrollment and individuals losing other group coverage through their spouse due to the recession. The dental benefit shows an 18% increase due in part to the elimination of the \$25 annual deductible and increase in membership. The USA Health System accounts for about 34% of the benefits paid. The Blue Cross Blue Shield negotiated provider savings was 54% off the billed charge amount. There had been four claims in excess of \$50,000. Mr. Gattis stated that the report covered only three months but indicated that the cost for the current year may be substantially higher than the previous year.

Chairman Davis stated that the last change to the employee contribution was January 2006 and that was for the dental and other benefit changes. The employee contribution has not changed since January 2005 except for the addition of benefits. The policy was to retain three months of projected claims cost in reserve. The reserve was adequate, even with the outstanding general fund loan, but experience indicates that an increase may be necessary if not for January 2010, certainly for January 2011. It will be important to monitor this closely.

Care Management:

The consultant distributed a report on the Blue Cross Blue Shield “Care Management” program. He discussed the program and how it assists in monitoring chronic illness. The report indicated utilization of services compared to the benchmark. A general discussion followed. It was agreed that this and other programs offered by Blue Cross Blue Shield should be publicized in the University’s newsletter.

Health Quotient:

Ms. Henderson presented information on the Health Quotient program and results reported by Blue Cross Blue Shield. She stated that while the results are preliminary they appear to be good in comparison to the benchmark. She stated that there were intervention targets that would help in the design of future programs to improve health. Programs such as stress management are ongoing and additional programs would be added with the assistance of the EAP coordinator.

Long-Term Disability:

Mr. Gattis stated that the long-term disability program sponsored by the University had been with Sun Life Insurance Company since 1980. A survey of peer institutions had been performed and indicated that USA offers better benefits overall. He stated that LTD was under review and discussions were being held with Sun Life to improve the cost effectiveness of this program.

Maternity-Adoptive Leave:

Ms. Henderson reported that a request had been received concerning the University's adoptive leave. She stated that maternity leave had two provisions for paid leave. The University complies with the Family Medical Leave Act (FMLA) for up to 12 weeks of protected leave. That includes maternity, new father, adoptive and foster care leave situations. An employee may use paid leave such as vacation during the FMLA leave period. The maternity leave may also include sick leave; when it is determined by a physician that the employee is disabled due to maternity or complications. Maternity sick leave is paid leave but is only granted if a physician declares medical necessity due to illness. Overall the University's leave policy benchmarks well to peer institutions. There is no proposal to change the leave policy at this time but it was under review.

COBRA Subsidy:

Mr. Gattis stated that under a new stimulus package the federal government was paying 65% of the cost of COBRA continuation coverage for some assistance-qualified individuals. When an employee has an involuntary termination of employment from September 1, 2008, through December 31, 2009, the employee may apply for assistance. In such case the University would collect only 35% of the required premium and file with the government through payroll taxes to collect the remaining 65%. He stated that while the federal government was providing the subsidy, there may very well be additional claims incurred due to adverse selection that would adversely impact the USA Health Plan.

Adjourn:

There being no other business to come before the Fringe Benefits Committee the meeting was adjourned at 4:05 p.m.