

University of South Alabama Fringe Benefits Committee – Meeting Minutes

Date: August 11, 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	Absent
Ms. Elnora Davis	Central Supply	Absent
Mr. Pat Downing	USA Brookley Center	Absent
Mr. Charles Dunnam	Maintenance Dept	Present
Dr. Julie Estes	Chair, Faculty/Senate Fringe Benefits Committee	Present
Ms. Amy Fleet	Marketing	Absent
Dr. David Johnson	Academic Affairs	Present
Mr. David Knight	Supply, Processing & Distribution	Absent
Mr. Andy Lightbourn	Computer Center	Present
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	Present
Ms. Barbara Shirvanian	Dean of Students	Absent
Dr. Stephen Teplick	College of Medicine	Present
Dr. David Turnipseed	Chair of Faculty/Senate	Absent
Dr. J. Allan Tucker	College of Medicine	Present
Ms. Karen Watts	Nursing-Quality Management	Present
Ms. Carolyn Williams	College of Medicine	Absent

Others Present:

Ms. Pamela Henderson, Assistant Vice President Human Resources
 Mr. Gerald Gattis, Associate Director of Human Resources
 Ms. Meg Baker, BCBS Wellness Enhancement Analyst
 Ms. Lori Schneider, BCBS Customer Relations
 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 April 28, 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 Mr. Charles Dunnam, Mr. Andy Lightbourne and Ms. Karen Watts, new members to the committee.

Meg Baker:

Ms. Baker stated that she is a wellness analyst with Blue Cross Blue Shield. She stated that she had been asked to review the BeHealthy program and specifically the results from the Health Quotient survey. She stated that the University, due to its support through the incentive, had excellent results on the first wellness initiative with 2,765 eligible health plan members participating. The survey results indicate three intervention opportunities including: stress management, depression and weight. She stated that three indicators, depression, stress and high blood pressure, could result from a lack of physical activity. She went through the report and discussed specific results. She stated that the participant responses were within the norm. She stated that Blue Cross Blue Shield offered a good number of resources, many of which are free, and distributed some material. She stated that she would be pleased to work with the University on future programs.

Ms. Henderson stated that the intervention opportunities were noted and programs would be forthcoming. She stated that the new recreation center would be an excellent resource for employees. She stated that Ms. Esther Rogers, Employee Assistance Program Coordinator, is working on a program in response to the wellness initiative.

Experience Report:

The experience report completed for the six-month period ended 6/30/2009 was distributed. The benefits consultant reviewed the report. The cost of benefits has increased by 17% year to date, and the plan shows a deficit of \$1,230,331 compared to a positive cash flow of \$635,808 this time last year. The benefit changes effective at the start of this year account for a portion of the increase in cost. The population has increased by 3.6% with 152 new subscribers and 325 new members. The increase in population also accounts for a good amount of the increase in cost. He stated that a review of the major lines of coverage indicate double digit increases across the board. He noted that the plan had an extended period of low trend and that the current increase in cost is driven in part by large claims. He stated that the current increase was not unexpected. He stated that Mr. Davis had always warned that the trend would change and that it appears it was only a matter of time. He stated that a more in-depth review would be performed with the annual valuation which will commence as soon as utilization and cost reports were received from the claims administrator. He stated that the experience period closed on July 31st and the claims administrator is preparing a number of reports which will allow for a detailed review of the data. He stated that at this time it was obvious that some increase in funding or benefit adjustments would be necessary to support the 2010 cost.

Review of Benefits:

Mr. Gattis distributed a list of benefit changes which were recommended by the Faculty Senate Fringe Benefits Committee of another university in Alabama to address the increasing cost of health care. The changes, effective for the 2010 plan year, were reviewed and compared to our current schedule of benefits. It was noted that the changes included a copay differential between primary and specialty care physicians. It was also noted that the annual prescription drug deductible was increased from \$50 to \$100. Mr. Gattis mentioned that of the 2.2 million projected reduction in costs, \$1.4 million or approximately 60% overall was a result of employer/employee premium increases.

Mr. Davis stated that these changes indicate the problem with all large employers dealing with the increasing cost of healthcare and especially educational entities which were being pressured by the state's budget. He stated that some changes may be reviewed for the USA Health & Dental Plan. He mentioned the possibility of developing an entirely different plan for new hires. Such a plan would offer reduced benefits to help cope with the problem of the increasing trend. He acknowledged that such a plan would take time to produce any meaningful financial results but that all things are on the table due to the difficult economic times.

Adjourn:

There being no other business to come before the Fringe Benefits Committee the meeting was adjourned at 4:30 p.m.