

University of South Alabama Fringe Benefits Committee – Meeting Minutes

Date: January 30, 2007
 Time: 3:00 PM
 Place: University of South Alabama

Members:

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

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. Mr. Davis distributed and asked for approval of the 10/24/2006 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.

Financial Report:

Mr. Gattis distributed the financial statements for the 12-month period ended 12/31/2006. He stated that it had been a good year with the reserve increasing from \$12,984,568 at the start of the year to \$13,984,499 at the end, an increase of 7.7%. Revenue is up by \$787,152 or 3% over last year. This is due to the addition of revenue to fund the dental benefit offset by a reduction in the number of covered employees resulting from the Knollwood transition to Infirmery West.

Mr. Gattis stated that expenses increased by \$3,959,003, or 18%, as compared to last year. The new dental benefit accounted for \$1,607,808, or 41%, of that increase and a retroactive adjustment of \$944,512 accounted for 24%. The retroactive adjustment represented claims paid from 2001 through 2005 which required modifications due to billing errors. He stated that the good news was that almost that entire amount was paid to University hospitals.

Mr. Gattis stated that the adjustment had been audited and found to be correct.

Dr. Tucker stated that the adjustment dealt with the University lab which had a billing discrepancy that when found resulted in a considerable amount of billing shortages on claims.

Mr. Gattis noted that the incentive credit would be paid on this adjustment which would refund the Plan 10% of the paid amount. He noted that the incentive credit totaled \$757,628 for the year and offset 3% of the total expense.

Mr. Gattis continued his review of the report. A member asked if Infirmery West was included in the analysis of USA network utilization.

Mr. Davis stated that Infirmery West has been continued as a network facility for the lower deductible and copay amounts. He explained that the 25% University discount was not available at this facility.

Mr. Kahalley stated that the utilization numbers did include Infirmery West as explained by Mr. Davis. He stated that the incentive credit is not available and has reduced since the transition.

Mr. Gattis noted that the pharmacy benefit finished the year with an increase of \$450,969 or 10% more than last year. The average benefit paid per employee was \$1,236 for the year.

The dental benefit finished the year with a total cost of \$1,607,808. That total cost is 20% less than projected.

Mr. Davis stated that there was a projected increase to take effect if the dental plan ran over budget. He stated that there would be no increase. He stated that all rates will remain the same for the 2007 benefit year.

Mr. Gattis concluded his review of the financial statements.

Wellness Advisory Committee

Dr. Michael Doran
Ms Carolyn Williams

Mr. Joe Smith
Mr. John Pannelli

Ms. Barbara Shirvanian
Dr. Jean Irion

Ms. Henderson stated that the Wellness Advisory Committee (WAC) had its first meeting in December 2006. The WAC will pursue a program to encourage employees and their spouses to participate in a “Health Quotient” survey. This is a health assessment which can help the individual measure his/her level of health and risk for disease. It is facilitated by Blue Cross and Blue Shield with services ranging from additional information on health issues to nurse intervention. Ms. Henderson stated that the WAC was recommending a financial incentive to encourage participation. She stated that this would be coordinated with Blue Cross and Blue Shield to begin after all of the programs were in place including WebMD, the medical information system. She stated that this effort would be aimed at raising the level of awareness and would be supported with other efforts in the future.

Mr. Davis asked if the Committee had a recommendation for the body.

Ms. Henderson stated that the Committee would prefer to wait and obtain all of the information before going forward.

Several members asked questions about the proposed program. All agreed that there was a privacy perception issue that needed to be addressed.

New Business:

1. Mr. Davis stated that President Bush was proposing a major change in the tax laws governing employer-sponsored health plans. Instead of giving employers an unlimited deduction and individuals none, Mr. Bush proposes to give every family a \$15,000 deduction (\$7,500 for individuals), regardless of their insurance source. Mr. Davis stated that this was a long way from becoming law but indicated that health care is a continuing national issue.
2. A member asked about a sick leave transfer system. She explained that this was an arrangement allowing employees to voluntarily donate sick leave to assist another employee.

Mr. Davis stated that it had been reviewed in the past. It was found to have some fairly significant drawbacks. One of the most significant being that sick leave counts towards retirement.

3. A member asked about the purchase of military service time for retirement. There followed a discussion on the requirements for purchasing military leave. It was noted that this information was available in the new employee orientation.

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Adjourn:

There being no other business to come before the Fringe Benefits Committee the meeting was adjourned at 4:45 PM.