

UBC Minutes - September 19, 2014

The University Benefits Committee met Friday, September 19, 2014 in the Human Resources Conference Room.

Members in attendance: John Rovers (Chair), Tricia Atterberg, Trenton Grundmeyer, William Garriott, Matt Dore, John Stacey, Venessa Macro, Teresa Krejci and Jana Peterson.

Members not in attendance: Gretchen Beckley, Chrystal Stanley and Gary Johnson.

J. Rovers began the meeting at 11:07 a.m.

Committee Discussion

J. Rovers invited the Committee to discuss the scenarios provided by Drake Benefit Consultant, Mark J. Becker, to address the required 8-9% increase for the 2015 Plan Year.

M. Dore stated after reviewing the pros and cons of each, Scenario Two appeared to present a fair approach by combining minimal plan design changes with a minimal premium increase. M. Dore stated he personally prefers Scenario Two.

J. Peterson questioned whether large deductible and out-of-pocket costs would prompt participants to dis-enroll from the Plan. V. Macro replied such a response would be unlikely.

T. Grundmeyer reported faculty and staff in the School of Education did not respond when presented with the three scenarios. He stated Mark J. Becker and Associates has served Drake University well. T. Grundmeyer stated he values Mark J. Becker's suggestion that Scenario Three appears to serve the Plan best in the long-term. T. Grundmeyer further indicated participants who use the Plan should be expected to pay more.

W. Garriott reported his preference was Scenario Three, as it is the best option to bend the long-term trend. He also stated implementation of Scenario Three may reduce the frequency of additional plan design changes in the future. He noted major plan design changes were last implemented in 2010.

Should Drake implement Scenario Three, and major plan design changes are warranted in the near future, T. Grundmeyer suggested the Committee would be able to demonstrate its efforts to diminish increased costs.

T. Atterberg stated she is learning toward Scenario Three, although feedback from her colleagues indicated a preference for Scenario One.

J. Peterson stated Scenario Three was acceptable to her colleagues.

J. Stacey indicated Bargaining Unit employees preferred Scenario Three, as there would be no change to their paychecks.

J. Rovers stated faculty responses from the College of Pharmacy and Health Sciences indicated a preference for Scenario One. He asked the Committee how they view health insurance. He reported that system-wide, employers are encouraged to promote access to healthcare. J. Rovers stated a small premium change would equate a prepaid medical expense. He suggested if preventing catastrophic loss is Drake's overall goal, Scenario One would best serve participants; Scenario Three would least participants.

M. Heuertz indicated more participants will be impacted by a deductible increase than an out-of-pocket increase. She stated participants will be required to pay the first \$1000 immediately with Scenario Three, and indicated an increase from \$400 to \$1000 will be significant for some participants. She noted the \$1000 deductible exceeds that of Iowa Colleges (\$738/2013) and National Colleges (\$500/2014).

T. Grundmeyer stated the difference between Scenario Two and Scenario Three's deductible is not significant (\$250). He suggested Drake would inevitably need to implement the plan design changes proposed in Scenario Three to mirror market comparisons. He stated the average Drake recruit will be more concerned with the Plan's monthly premium than its out-of-pocket maximum.

M. Dore asked when the Plan last experienced a rate increase. V. Macro reported the Plan experienced a 5% increase in 2014. She indicated Drake views best practices when evaluating its benefit plans.

T. Krejci suggested that because the proposed changes are significant, Drake will need to communicate why the changes are being implemented. She reported a mixed response from her constituents; the majority preferred Scenario Three because they do not use the plan extensively. She indicated a preference for Scenario Two or Scenario Three.

T. Grundmeyer reaffirmed his preference for Scenario Three, due to his respect for Drake Benefit Consultant, Mark J. Becker.

V. Macro suggested increasing the deductible to \$750 instead of \$1000 may generate necessary dollars to keep the plan solvent. She stated most participants would not be surprised with a 3% increase per Scenario Two.

J. Rovers asked whether further discussion was needed – or whether the Committee was ready to vote. The Committee subsequently voted as follows:

- Scenario One - three votes
- Scenario Two - one vote
- Scenario Three - four votes

V. Macro stated all scenarios were acceptable options for meeting the need for an 8-9% increase. She noted the lack of support for Scenario Two and asked members why the compromise was not a preferred solution.

T. Grundmeyer stated Scenario Three was the best option to bend the Plan's long-term trend.

W. Garriott indicated that a 3% rate increase, in addition to a deductible and out-of-pocket increase, will affect participants on both sides.

V. Macro stated she would report the Committee's recommendation to Cabinet. She informed the Committee of the need for a follow up meeting to discuss proposed changes to Drake's retirement plan(s).

The Committee agreed to meet in November. The meeting was adjourned at 11:45 a.m.

Respectfully submitted by Marlene Heuertz.