

MEMORANDUM

TO: Senate President Nancy Reincke and the Drake Faculty Senate
FROM: University Benefits Committee
RE: 2016-17 Report
DATE: March 31, 2017

Summary and Overview:

The University Benefits Committee prepared this Report in response to your request that we conduct a review of the benefits provided by Drake and respond to several specific questions.

By way of overview,

Part I (pages 1-2) covers our Committee's composition and operational practices, and also responds to questions you asked about appropriate terms for service on the Committee.

Part II (pages 3-5) summarizes the benefits Drake currently provides to its employees.

Part III (pages 6-8) covers recent changes to Drake benefits—primarily adjustments to premiums for health and related insurance coverage. Part III also explains the principles the Committee considered when recommending those adjustments.

Part IV (pages 8-9 and Exhibit A) evaluates Drake's benefits using several of the criteria you requested that we consider. These include equity, worker/family friendliness, and comparisons to peer institutions.

Part V (page 9) lists the Committee's views on whether there are additional benefits, practices or services Drake might offer that would enhance our work climate.

Part I: Benefits Committee Composition, Responsibilities, Meeting Practices and Member Terms

Committee Responsibilities and Composition: The Rules and Regulations of the Faculty Senate provide that the University Benefits Committee is a Standing Committee of the Senate with the following mission:

[T]he Committee is responsible for recommending employee benefits policies to the President. The Committee is concerned with but not necessarily confined to insurance and retirement provisions for employees of the University.

The Committee comprises four members of the Faculty of Instruction, the Director of Human Resources, the Drake University Treasurer, a representative of the Provost's Office, a representative of the clerical staff, and a representative of the professional/technical staff. The Director of the Drake Wellness Program sits on the Committee in an ex-officio capacity.

The Senate Executive Committee appoints the faculty membership of the Committee and its chair. To fill the Committee's remaining membership, including clerical and professional/technical employees, Human Resources solicits volunteers for service on the Committee. Human Resources makes these service requests with a view to obtaining a balanced representation on the Committee.

Meeting Practices and Member Terms: The Committee traditionally meets three or four times per year. Marlene Heuertz, Associate Director, Benefits, records minutes of our meetings and posts them on BlueView.

Because Drake renews employee insurance plans on a calendar year basis, the Committee's primary task when meeting during the Fall semester is to consider proposed coverage and rate changes for those insurance plans. The Committee uses meetings in the Spring semester for any other benefits issues that need attention.

Faculty members of the Committee currently serve staggered two-year terms. The Faculty Senate Executive Committee designates one of the four faculty members on the Committee to serve as Chair. You have asked whether a three-year term would be more appropriate for members of the Committee, so that participants could become better informed on benefits matters and put their knowledge to use more fully.

After discussion, the Committee agreed with your three-year term suggestion. The Committee noted that non-faculty members of the Committee have often served consecutive terms, providing a level of continuity for the Committee, but the same has not necessarily been true for faculty members of the Committee. The Committee expects that a longer term of membership might be useful for faculty members who have not previously served on the Committee, and also for the Committee Chair. Some on the Committee suggested that it might also be helpful if employee membership on the Committee were expanded.

Part II: A Summary of Current Drake Employee Benefits

Core Benefits

Medical Benefits. Faculty and/or staff members employed on a regular, full-time basis have medical coverage available under Drake's group medical plan. Employees may choose single or family coverage. Optional participation in the wellness screening/health risk assessment reduces monthly premium costs. Employee premium contributions are withheld from pay before taxes. The current schedule of monthly medical contributions is shown below, effective January 1, 2017.

	Single with Wellness	without	Family with wellness	without
PPO Health Plan	\$132.98	\$159.58	\$452.14	\$478.74

Dental Benefits. Dental coverage is available through Delta Dental of Iowa. The monthly dental contributions shown below are effective January 1, 2017.

	Single	Family
Dental Plan	\$7.92	\$31.12

Life Insurance. Each employee is covered by group term life insurance from Principal Life Insurance Company equal to two times the employee's base annual salary. There is decreasing coverage at age 65 and above. An employee may purchase additional voluntary life insurance for the employee, spouse and dependents.

Business Travel Life Insurance. While traveling on University business, employees are covered under a blanket policy for injury and loss of life up to \$250,000.

Flexible Spending Accounts. Employees may elect to contribute on a pre-tax basis to individual Flexible Spending Accounts for dependent care expenses and/or health care expenses not covered by any other plan. Current annual election amounts for the plan year are:

Annual Election	Minimum	Maximum
Health Care	\$120.00	\$2,500.00
Dependent Care	\$300.00	\$5,000.00

Long-Term Disability Insurance. Regular, full-time faculty and staff are also covered by long-term disability insurance. The insurance provides an income benefit of 60 percent of base annual salary up to a maximum of \$10,000 per month, effective after 90 days of total disability and exhaustion of all paid sick leave and vacation benefits.

Retirement Plans. Eligible employees are required to participate in the retirement program offered through Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA) after a defined waiting period. The University contributes eight (8) percent of the employee's base annual salary to the Defined Contribution Plan (DCP); the employee's required contribution varies with the employee's status. All contributions are withheld from pay before taxes. Employees may contribute extra funds to a Retirement Choice Plus Annuity account (RCP). The RCP plan is voluntary and is available upon employment. RCP contributions are made on a pre-tax basis, and amounts may be changed at any time during the year.

Workers and Unemployment Insurance Plans. The University funds these benefits to provide financial support in the event of expenses and/or loss of income due to an accident on the job or, under certain circumstances, the loss of a job.

Other Benefit Programs

DART Transportation. Des Moines Area Regional Transit Authority (DART) has entered into an agreement with the University that allows full-time faculty and staff FREE transportation upon presentation of their Drake ID Card.

Drake Neighborhood Home Incentive Purchase Plan. Bankers Trust Company, Neighborhood Finance Corporation and the University offer Drake employees a Home Incentive Purchase Plan. The intent of this plan is to provide a financial incentive to eligible Drake University employees, which may be utilized with other available private financing options, to assist in the purchase of an owner-occupied single-family dwelling in an area adjacent to campus.

Employee Assistance Program. The University offers confidential counseling services to regular, full-time faculty and staff and their families through the Employee Assistance Program. Initial assessments are offered at no cost. Follow-up, referral counseling, and treatment is coordinated under the employee's health insurance plan.

Financial and Retirement Planning Series. Drake Human Resources offers an annual retirement planning workshop series for faculty and staff. The program is designed to assist employee retirement planning needs. Sessions may include presentations about financial planning, retirement annuity options, estate planning, University retirement benefits, Social Security and Medicare.

Library Services. An employee may use Cowles Library and the Law Library upon presentation of a Drake ID card.

Sabbatical Leave. Qualifying faculty are eligible to participate in the [University's sabbatical leave program](#), pursuant to which faculty members may take up to two semesters of leave in any seven-year period.

Senior Faculty Status Program. Faculty who have reached age 60 and have ten years of service may take advantage of the [Senior Faculty Status Program](#), which allows faculty to receive full University benefits but teach a two-thirds teaching load, at a salary equal to two-thirds of their regular base salary, during the two-year period prior to full retirement.

Tickets for University Events. Employees receive special prices for University athletic and fine art events with presentation of a Drake ID card.

Tuition Exchange Program. Drake participates in the Tuition Exchange Network, a coalition of over 600 colleges and universities nationwide. Based upon availability and application approval, eligible dependents of regular, full-time Drake faculty and staff members may attend participating institutions and receive tuition benefits. The Office of Student Financial Planning coordinates the administration of the tuition exchange plan.

Tuition Rebate Program. Employees, their dependents, and spouse/partners are eligible to participate in Drake's tuition rebate program. An employee is eligible to participate in tuition benefits if the employee is employed in a regular, full-time position or has completed a probationary period and is on Drake's payroll on the first day of classes of a semester or summer term. There is no tuition cost for faculty and staff who enroll in up to eight credit hours during each fall and spring semester, and no more than eight credit hours during the interim term and summer terms combined. Benefits vary for eligible dependents based on an employee's length of service. Federal tax laws concerning the taxation of graduate level courses are followed.

University Bookstore. Employees may use their Drake ID to receive discounts at the University Bookstore.

Wellness Center. Employees may use the on-campus wellness facilities at no cost with the presentation of a Drake ID card. The Bell Center, Knapp Center, Tennis Center, and Fieldhouse offer a variety of wellness activities (including swimming, basketball, volleyball, weight equipment, stationary bicycles, aerobics classes, tennis, racquetball, handball, and indoor and outdoor track). In addition, fitness testing, nutritional analysis, and exercise program development are available. Membership is also available for eligible dependents, spouses and partners.

Part III: Recent Changes to University Benefit Programs and Related Decision-Making Principles

There have been no major changes to the scope or structure of Drake benefit programs in the past few years.

Health Plan Changes. Most of the changes that *have* been made to University benefits relate to Drake's Preferred Provider Organization (PPO) health insurance plan and related pharmacy benefit plan. Drake self-insures (i.e., Drake funds) these plans.

Plan Administrator Change. In 2014 Drake's PPO plan administrator (First Administrators) ceased offering those services. After a competitive bidding process, Drake selected Wellmark as the new PPO plan administrator and pharmacy benefits administrator. The Committee provided input for that decision and later reported to the Faculty Senate concerning the Committee's recommendation.

Plan Design Changes Generally. While Drake retains Wellmark for administration of its PPO and pharmacy benefit plans, the University is free to set plan rates and co-pays, as well as parameters for covered health and pharmacy benefits. Thus, most of the benefit "changes" on which the Committee makes recommendations concern health and pharmacy plan benefit modifications and rate changes. The University employs Mark J. Becker & Associates to advise Human Resources, the Committee and the President's Cabinet on these issues.

Rate Increases and Plan Modifications. Drake's health insurance rate increases over the past five (5) years were as follows: 2013 (0%), 2014 (5%), 2015 (0%), 2016 (6%) and 2017 (0%). In each of those years the Committee, after consultation with Mr. Becker and his staff, recommended any rate changes that were made, as well as modest plan coverage modifications.

Drake modified its plans in minor respects in 2013-14 to comply with the Affordable Care Act in 2013-14. In most other years, the only plan modification has been an adjustment to co-pays and/or deductibles in order to keep plan rate increases to a minimum. As explained in Part IV, the co-pays and deductibles for the University's plan compare favorably to those at peer institutions, especially when considered in light of our plan's annual out-of-pocket caps.

Reconsideration of Two-Tier Rate Structure. This year the Committee revisited an issue it has repeatedly considered over the years: whether to add a coverage option for "employee + 1," to the current "single" or "family" coverage options. The Committee declined to recommend this change, which enabled Drake to preserve current rates with no increase for all of the approximately 700 Drake employees who participate in University health plans.

The Committee reached its decision only after considerable discussion and evaluation of various options outlined by Becker & Associates that would have added the new coverage category. Based on Drake's health plan population, adding the "employee + 1" option would have produced a considerable reduction in rates (50%) for 97 employees, but would have

triggered a rate increase for nearly 600 employees. The rate increase for approximately half of those 600 employees would have been nearly 20%. The Committee's philosophy relating to health insurance has been to consider the effect of plan design and rates on the best interest of *all* plan participants, rather than any specific subgroup. The Committee unanimously agreed that maintaining the current rate structures best fulfilled that objective. The Committee will continue to reevaluate this issue in the future.

Pharmacy Coverage and Costs. The Committee continues to be concerned about prescription drug coverage costs, which represent about 21% of Drake's overall health benefit costs. Thus our plan co-pay structures favor generic pharmacy options, when available.

One cost driver that Becker & Associates has identified is "specialty drug" prescriptions—drugs that may in some cases be life sustaining, but are often in injectable form and require special handling. Although specialty drugs represented less than .5% of all of prescriptions covered by Drake's plan last year, those prescriptions represented 23% of the plan's total pharmacy costs.

After considerable deliberations, including investigations by a Committee member with the College of Pharmacy, the Committee concurred with Becker & Associates' recommendation that the maximum co-pay for specialty drug prescriptions be increased from \$125 (last year) to \$150 this year. Employees are still protected by the plan's \$2,500 annual out-of-pocket cap for prescription drug expenses.

The Committee *declined* to recommend several other changes relating to specialty drugs that Becker & Associates had offered for consideration. These proposed changes included: (i) limiting the purchase of specialty drugs to Wellmark's preferred specialty pharmacy providers and (ii) distinguishing between preferred and non-preferred specialty drugs, with a 50% coinsurance charge for non-preferred drugs. The Committee relied heavily on the College of Pharmacy's negative evaluation of these options. In addition, several members of the Committee emphasized the perspective of lower-wage employees, for whom a 50% coinsurance charge could present a particular hardship on a monthly basis, notwithstanding protection offered by the annual out-of-pocket cap.

Domestic Partner Benefits. Prior to Iowa's recognition of "same sex marriage," Drake's definition of benefit eligibility was expanded to include the term "domestic partner." Although couples of opposite or same sex now have the same means for marital recognition, Drake continues to offer family coverage for domestic partners on the same basis as is available to spouses of married employees.

Since federal and Iowa law now recognize marriage (via license or common law) between same sex couples, the continued use and inclusion of the "domestic partner" term was questioned. Becker & Associates suggested that the University's plan and administration would be simplified by eliminating "domestic partner" coverage and limiting family benefits for couples in marital relationships.

After further study and evaluation, the Committee learned that domestic partner coverage is still available with some employers – particularly within higher education. Such coverage may be important to couples who wish to avoid the available definitions for a legal union, although there are various implications (tax and administrative) that employers and employees must consider.

After discussion this semester, the Committee concurred with the University’s decision to continue offering family coverage for employees in domestic partner relationships. Human Resources will continue to require an Affidavit from such employees for tax/legal purposes.

Other Benefits Changes. The only other change to University benefits in recent years has been the addition of new investment options for University employees’ TIAA retirement accounts. These changes were implemented by Drake’s Retirement Plan Investment Review Committee (DRPIRC), which comprises the Drake University Associate Treasurer, the Director of Human Resources, the Associate Director of Human Resources, and the University Benefits Director. The DRPIRC consulted the Committee about those changes before they were implemented, but the Committee does not make any formal “recommendations” about such changes.

Part IV: Evaluation of Drake Benefits. You have asked the Committee to evaluate Drake’s benefits using several criteria, including equity, worker/family friendliness, and comparisons to peer institutions.

Equity, Worker/Family Friendliness. The Committee believes that current Drake benefits meet important criteria like equity and worker/family friendliness. As explained below, Drake’s health/pharmacy plans compare favorably to those of peer institutions on cost issues that most directly affect employees, like rates and out-of-pocket maximums.

It is also fair to characterize Drake’s plan coverage terms as family-friendly, insofar as they (i) offer point-of-service coverage that allows employees to choose their provider (as compared to an HMO), (ii) offer a broad network of preferred providers (the “Blue” PPO network), (iii) cover some treatments that many plans do not cover (e.g., vision hardware, pharmacy compounding, infertility, gender reassignment surgery), and (iv) accommodate domestic partner relationships.

Comparisons to Peer Institutions. Drake’s Human Resources staff reviews the entire benefit package bi-annually to ensure an understanding of market competitiveness. To determine whether employee benefits are competitive when compared to other employers and, in particular, institutions of higher education, Human Resources routinely participates in formal benefit surveys. The CUPA-HR Benefits survey and the David P. Lind & Associates Benchmark Benefits Survey provide comprehensive information about benefits available to other institutions of higher education for comparative purposes. A memorandum is developed for the campus community and shared with the University Benefits Committee.

Health insurance and pharmacy benefits are one of the most important parts of the overall Drake benefits package. Exhibit A to this Report contains summaries prepared by Becker &

Associates that compare the University health plan's premiums and co-pays to the plans of peer institutions, drawing from the CUPA survey and other benchmark surveys. As indicated above, our plans compare favorably to those of peer institutions on cost issues that most directly affect employees, like rates and out-of-pocket maximums. Note: To keep this Report to a manageable length, we are providing you a copy of the complete CUPA survey results, as well as the David P. Lind 2016 Iowa Employer Benefits Survey, under separate cover.

Part V: Benefits, Practices or Services that the University Might Offer to Enhance Our Work Climate.

Human Resources and Becker & Associates identified for the Committee a number of benefits that Drake does not currently offer. These include orthodontic coverage (an option that could be added to Drake's dental plan), pet insurance, an on-site health clinic, or on-site child care services.

Except for orthodontic coverage (an option that some employers offer), most of these additional benefits are not commonly offered by local employers. In addition, the Committee has investigated some of these options (e.g., orthodontic coverage, child care) in one or more prior years. However, the Committee would be happy to review those issues again next year.

Some modest changes are already in the works. Wellness Director Linda Feiden reports that Drake will soon launch a web portal for a new on-line employee recognition program. The portal will enable employees to acknowledge their co-workers for extraordinary service, for work anniversaries, birthdays, etc. The new portal will be an additional, but more informal, version of the current *True Blue* nomination program. Drake hopes the new portal will enhance the University's work environment.

Respectfully Submitted,

Drake University Benefits Committee

Matthew Doré, Chair and Calkins Distinguished Professor of Law
Lee Joliffe, Assoc. Professor of Journalism & Mass Communications
Michelle Krogulski, Asst. Professor and Director of Student Teaching, School of Education
Nora Stelter, Assoc. Professor of Pharmacy Practice
Chrystal Stanley, Director, Professional and Career Development Services
Anthony Tyler, Director, Student Engagement Equity and Inclusion
Tricia Atterberg, Administrative Assistant
Steve Blaylock, Special Skilled Maintenance Person
John Stacy, Transport Lead Person
Gary Johnson, Director, Human Resources
Teresa Krejci, Chief Financial Officer
Marlene Heuertz, Associate Director, Benefits
Venessa Macro, Chief Administrative Officer
Linda Feiden, Wellness Director (ex officio)

Exhibit A

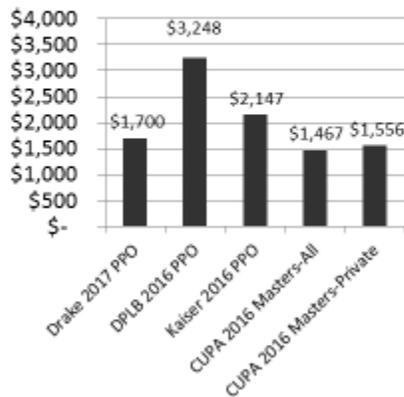
Comparisons of Drake Health Plan Benefit Terms to Peer Institution/Other Employer Plans

PPO Deductible

Single Deductible - PPO



Family Deductible - PPO



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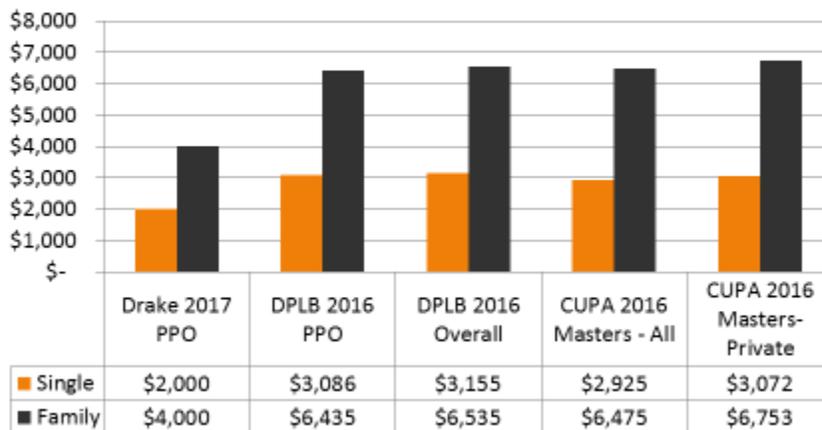
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PPO Out-of-Pocket Maximums (OPM)

Drake Plan remains considerably better on the most important provision.

PPO OPM



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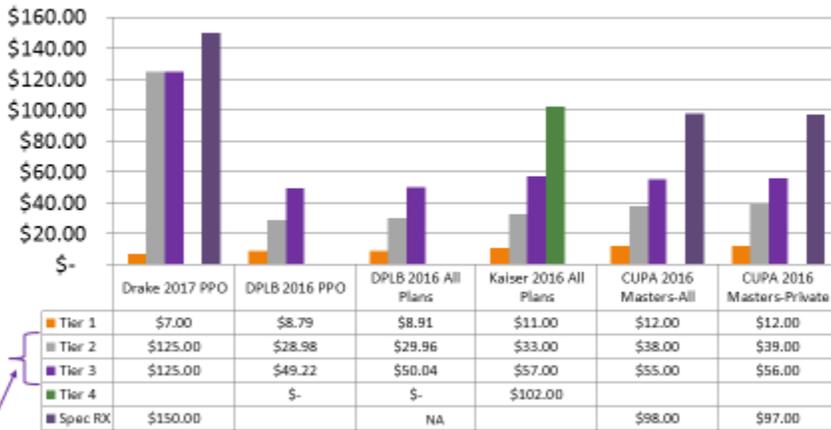
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All Plans Prescription Copays

RX Copays



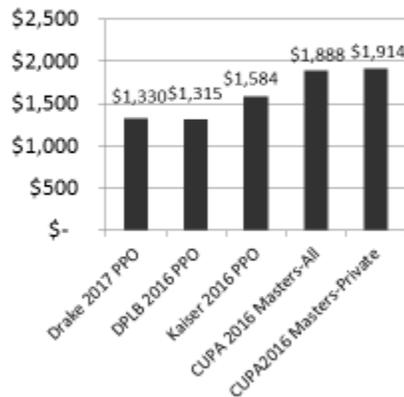
LESSER of 40% or \$125 for Tier 2 and Tier 3

PPO Monthly Premiums

Single Monthly Premium - PPO

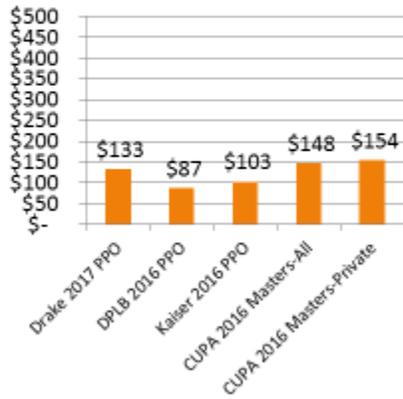


Family Monthly Premium - PPO

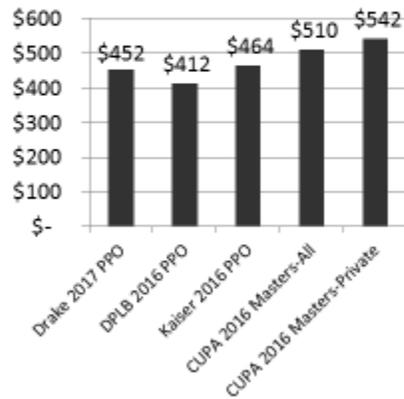


PPO Monthly Employee Contributions

Single Employee Contribution – PPO



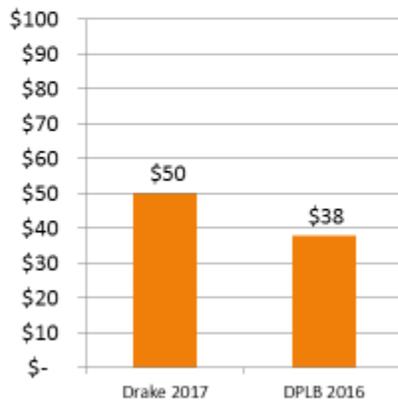
Family Employee Contribution - PPO



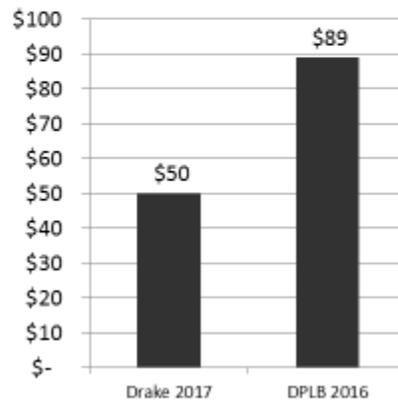
Dental Deductible

\$50 PER PERSON

Single Deductible

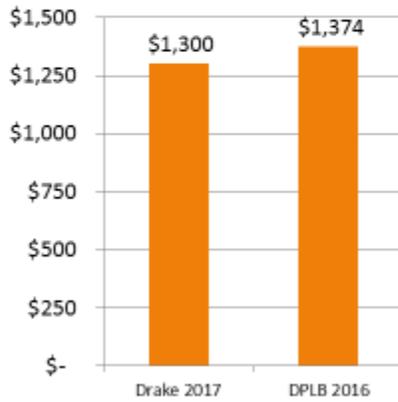


Family Deductible

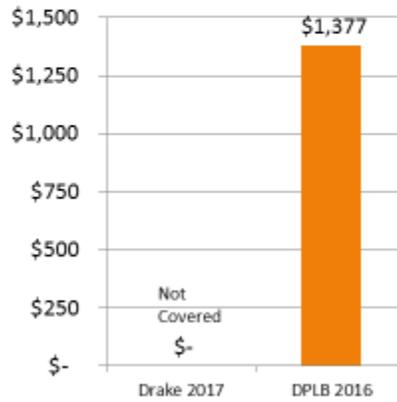


Dental Maximums

Annual Benefit Maximum

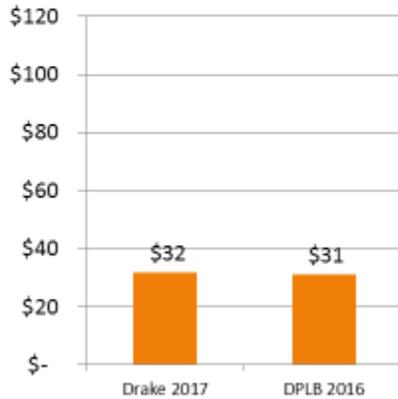


Ortho Lifetime Maximum

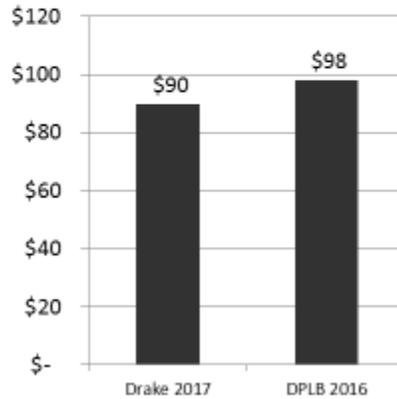


Dental Monthly Premiums

Single Monthly Premium

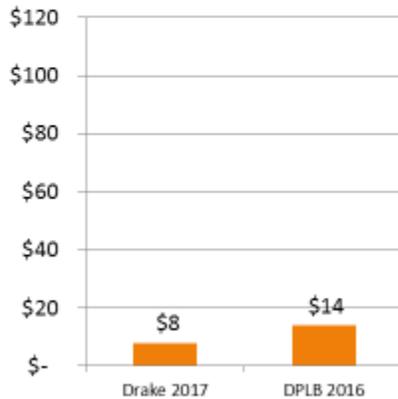


Family Monthly Premium

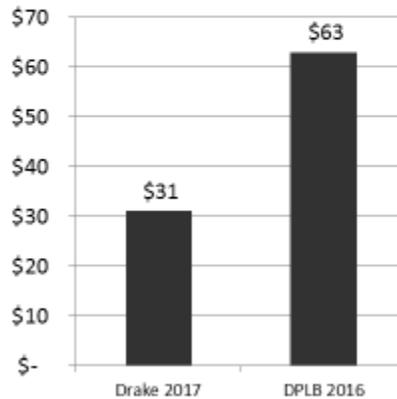


Dental Monthly Employee Contributions

Single Monthly Premium



Family Monthly Premium



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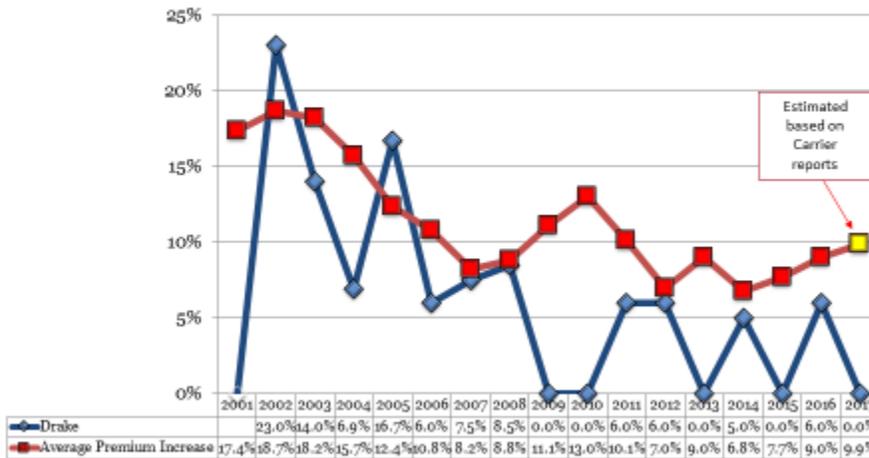
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Drake Health Insurance Rate History

Compared to Statewide Averages 2001 to 2017

Results for Average Increases in 2017 not available yet.



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