

Budget Planning Council Meeting Agenda
January 30, 2009
10:00 am – 12:00 Noon
Baker Center 239

In Attendance: Kathy Krendl, Peter Wickman, David Thomas, Joe McLaughlin, Bill Decatur, Betty Sindelar, Brenda Noftz, Dennis Irwin, Chuck McWeeney, Hugh Sherman, Kent Smith, Ann Tickamy, Sergio Lopez, Michael Adeyanju

Absent: Jeff Fulk

Staff: John Day, Katie Quaranta, Rebecca Vazquez-Skillings, Marjorie Mora, Dawn Weiser, Becky Watts

Guests: Luis Lewin, Greg Fialko, Craig Cornell, Steve Flaherty

Goals of Meeting:

- Receive feedback from Health Benefits Advisory Committee
- Receive feedback from 'Other' Benefits Workgroup
- Discussion of Next Steps in Budget Process

State Support Update: Governor's state of the state – education is still a top priority. He is proposing a fee cap of 0% next year (FY10) with main campuses increases up to 3.5% in FY11 – it is hoped that the priority status of higher education will result in additional SSI to offset some of the loss of fee increase. Regional campus fee increases proposed at 0% each year.

I. Health Benefits Advisory Committee

A. Summary of Committee Efforts - - - EE = employee and ER = employer

- \$1, \$3, \$5 million scenarios on cost reductions
- Scenarios present difficult choices for reductions but also some recommendations that we add or enhance current benefits
- Committee tried to balance 'user of the plan' fees, such as deductibles and co-pays, with premium increases

- ~ \$1 million
 - \$400K - Mandatory generic - if generic available EE still opts for brand then EE pays difference in cost -> need an exception process for requests for brand instead of generic on a case-by-case basis when doctor indicates that generic will not work for a patient
 - \$400K - Mandatory mail order once a prescription is filled three times in a row
 - \$100k - Spouse surcharge if spouse works somewhere else and are not utilizing their ERs health plan we are proposing \$50/month surcharge to put them on the OU plan
 - \$60K - When married employees are both employed by OU, base premium on highest paid EE

- ~ \$3 million
 - \$1M scenario ABOVE plus
 - \$900K - Increase EE premiums from 9.85% to 12.15%
 - \$800K - Add a \$200/\$400 deductible – currently have no deductible
 - \$137.5K - Increase co-insurances to \$1000/\$2000
 - \$220K – Increase office visit co-pay from \$15 -> \$20

- ~ \$5 million
 - \$1M ABOVE plus
 - \$2M - Increase EE premiums from 9.85% to 16%
 - \$1.2M - Add a \$300/\$600 deductible – currently have no deductible
 - \$495K - Increase co-insurances to \$1500/\$3000
 - \$220K – Increase office visit co-pay from \$15 -> \$20
- Chart of premium increase impacts shared for 12.15% and 16% levels
- Deductible is amount EE pays before insurance kicks in
- Recommended improvements to health benefit offerings:
 - enhanced dental coverage with a slight premium,
 - enhanced vision for all to match current classified plan,
 - include opposite sex domestic partner eligibility,
 - increase child eligibility from 23 to 25 if full time student with a slight monthly surcharge,
 - increase medical lifetime maximum,
 - enhance mental health benefit to match office visit co-pay,
 - emergency room co-pay to encourage family physician visit instead of emergency room,
 - survivor health care benefits for up to 5 years,
 - adoption benefits,
 - put Dental, Vision, Life Insurance out for bid through IUC as we just did with prescription drugs
- Continue Wellworks Healthy Ohio - \$339K cost - decision required by Feb 13
- Enhance some of the 100% employee paid benefit offerings – supplemental and dependent life, short-term disability, long term care, legal services
- Benefits Advisory didn't 'vote' on this presentation but the committee agreed to this coming forward to BPC – \$3M represents 50 jobs – the \$3M proposal is palatable per Administrative Senate and a 'town hall' meeting conducted in the College of H&HS
- Once premium increases are discussed there will be issues that tie to salary increases – 0% salary increases are still thought to be the FY10 projection
- Still waiting on projection for health care cost increases for next year by Milliman – we currently have 7% built into budget scenarios but actual recommendation may end up being half of that or less
- Flexible spending accounts are pre-tax dollars to use toward out-of-pocket health costs – if spending account isn't used within year you lose it, however, employees can utilize the full benefit immediately
- Discussed the need to ensure employees are provided sufficient and easy-to-understand information regarding available benefits

BPC recommendations for Health Benefits go to Faculty Senate. BPC recommends moving forward with the initiatives in the \$1M recommendation and fund Wellworks Healthy Ohio initiatives with some of those savings. The message must be clear that BPC and Health Benefits are continuing discussions on premiums, co-pays, co-insurance, and deductibles and further recommendations may be forthcoming. There was a unanimous show of hands to move recommendation forward.

II. "Other" Benefits Workgroup

A. Summary of Workgroup Efforts

- **Educational Benefits**– group felt that this benefit should continue for existing employees "as is" but with the possible changes listed below– Need to consider if any are implemented immediately or slowly phased in
 - Eliminate the option for departments to pay general fee for employees

- Eliminate the out-of-state waiver for employees and dependents from out of state -> there was much discussion and concern about this suggestion
 - Eliminate the benefit for full-retirees -> issue...emeritus professors get the benefits in place at time of retirement
 - Consider altering the educational benefits for early retirees
 - Limit the death-benefit to dependents to a set number of hours or years
 - Limit total number of credit hours per dependent
 - Consider 'vesting' employment before benefit is available – need to clearly define 'vesting'
 - If leave the university within 'X' years must repay university for any educational benefits
 - If fail the class then pay for the class
 - If 'employee' leaves employment then benefit ceases
 - Consider using the FAFSA definition of dependent which would limit the age of education benefit recipients
- **Parking Proposal** is moving forward from Transportation – proposing fee and priority lots that would cost EE more and a tiered approach based on salary – coupled with an increase to the indirect rate charged to the Parking Auxiliary
 - Plan needs linkage to the needs for ADA parking
 - need to consider additional parking availability and condition of lots – increases will help cover cost of maintaining lots, snow removal, resealing, striping
 - paying for parking is a 'license to hunt' when you don't have sufficient supply of spaces – we are at a point where options for additional parking may require building 'up' and not out which is much more expensive
 - Can technology be used to assess 'parking' fees?
 - How does public transportation fit? Partnership with city?
 - The master planning done 2 years ago called for a Parking and Transportation Study but it is on hold with the current budget limitations

III. Next Steps

- A. Review State Operating Budget – Governor's budget should be out next Monday or Tuesday
- B. Update of FY 2010 Budget Model – BPA will be dedicated to updating the budget models following the release of the Governor's budget
- C. Calculate Single FY 2010 Reduction Target for Planning Units
- D. Request Development of Reduction Scenarios
- E. All transfers to meet FY09 savings targets are to be completed by next Friday. \$13.4 million was intended to cover an anticipated 5% cut in SSI that hasn't occurred as well as other shortfalls – there have been other issues come up which still make that \$13.4 million a good number at this point.
- F. Continue discussion regarding benefits

IV. Next Scheduled Meeting: February 13, 2009