Universitywide Employee Benefits Advisory Committee
April 22, 2010 Meeting Minutes

The Universitywide Employee Benefits Advisory Committee met on Thursday, April 22, 2010 at Varner Hall in Lincoln, Nebraska.

I. Introductions

Members Present: Diane Wasser, Beth Benson, Sharon Skipton, and Debra Hope (UNL); Robin Taylor, Laura Bashus, and Joe Anderson (UNMC); Marie Lee [Polycom], Scott Dickey [Polycom] and David Corbin [Polycom] (UNO); Mary Heater [Polycom] and Bryce Abbey [Polycom] (UNK); Turan Odabasi (UNCA).

Ex Officio Members Present: Greg Clayton (UNL); Joanne Watkins (UNMC); Esther Scarpello [Polycom] (UNO); Cheryl Bressington [Polycom] and Linda Clark [Polycom] (UNK); Keith Dietze and Ed Wimes (UNCA).

II. Review of Meeting Minutes

Sharon Skipton moved to approve the Universitywide Employee Benefits Advisory Committee minutes from the September 17, 2009 meeting. Motion was seconded and approved.

III. Universitywide Employee Benefits Advisory Committee Concerns

Discussion was held regarding several benefit issues raised by the Faculty Senate Presidents. Concerns included committee member communication, educating and communicating university benefit programs, and the benefit decision making process. Keith reviewed the Universitywide Employee Benefits Advisory Committee “Statement of Purpose and Organization” highlighting the key objectives of the advisory committee.

a. Improve benefit programs through continued review and suggested modification.
b. Promote efficient use of available resources to serve the greatest number of university employees possible.
c. Maintain communication between employees and administration concerning benefits.
d. Promote uniformity of benefits programs among major administrative units.

A lengthy discussion ensued related to improving committee and benefit communications. To address these concerns, many suggestions were discussed including hosting brown bag meetings focusing on specific benefit topics, adding a Q&A format to the university’s benefits webpage highlighting the most commonly asked benefit questions, presenting webinars and video presentations explaining each benefit; promoting hyperlinks to the university’s benefits website on various webpages throughout the campuses to facilitate easy and frequent access, posting committee minutes in multiple places including Firefly, university’s benefits webpage, and various campus communications, and scheduling webinars during the annual NUFlex enrollment. Members also discussed various ways they could disseminate benefit information to their peers and constituents.
IV. **Health Care Reform Update**

Representatives from Blue Cross Blue Shield of Nebraska presented highlights of Health Care Reform legislation and a timeline for the different provisions. The bill was signed by President Obama on March 23, 2010, with several changes to occur in the next few months while others take effect over the course of the next 8 years. Detailed information regarding the provisions has not been finalized by the government at this time. Several of the provisions discussed included:

- Insurance plans will no longer be able to include pre-existing conditions related to coverage for any dependent;
- Medical coverage for dependents will be extended until age 26;
- No lifetime maximum benefit limit will be allowed.
- Annual Health Care Reimbursement Account contribution limit will be reduced to $2,500 per year.
- Over-the-counter (OTC) drugs, except insulin, will no longer be eligible for reimbursement under the Health Care Reimbursement Account.

At this time, it is unknown how Nebraska’s LB551 (which allows medical coverage continuation for dependents until age 30) will be impacted by Health Care Reform.

The full impact of the Act will not be known until future implementation regulations and guidance has been issued by applicable government agencies. University of Nebraska Central Administration will update the committee when more detailed information becomes available. An email will be sent to all benefits eligible employees informing them of Health Care Reform and the university’s intent to evaluate the new legislation and potential impact on university benefit programs.

V. **Long Term Disability/Medical Insurance Premium**

The committee reviewed additional information regarding Griff Elder’s proposal to eliminate benefit offsets from a disabled employee’s long term disability income and move a disabled employee’s medical insurance experience from the non-active group to the active group. Keith created a Q&A document which addressed the questions raised at the September 2009 meeting, as well as a chart that summarized the cost impact of moving disabled retirees to the active employee group.

Moving disabled retirees to the active employee group to reduce the medical insurance premium would result in an employer premium subsidy. This subsidy creates a future unfunded retiree health insurance liability which the university is required to record on the university’s financial statement. A future unfunded liability is created when an employer provides a financial subsidy to the retiree by not charging a premium that is equal to the full cost of the health insurance coverage. This subsidy must be acknowledged for current and future years until the retiree’s death.

Keith also explained the medical premium options available to a disabled retiree, including COBRA coverage, which has a lower premium than the Non Medicare Disabled Retiree premium. Although COBRA is limited to 18 months, there is a provision which would extend coverage by 11 months when a disability occurs. This would allow the disabled employee to continue medical coverage through the 24 month Medicare waiting period.
Several alternative options that would help offset an employee’s medical premium and expenses upon disability were discussed. These options included:

- A new LTD option that provides a 60% Income Replacement benefit, a 180 day Elimination Period, and a $500 monthly benefit (Healthcare Protect) for 30 months to pay medical insurance premiums and expenses.
- An Emeriti Retirement Healthcare Savings plan that provides a tax-advantaged way for individuals to accumulate funds to pay qualified medical and health-related expenses in retirement. The plans are offered by both TIAA-CREF and Fidelity Investments through a Voluntary Employees’ Beneficiary Association (VEBA) or Section 115 governmental trust. Employees contribute after-tax payroll deductions with no annual limit. Both programs require substantial implementation costs and annual participation fees.

Committee members felt it was appropriate to take the newly provided information to their respective groups for discussion. Robin Taylor moved that any action be tabled for a period of 30 days to allow review of this information, and further that if no response to the report was received by University of Nebraska Central Administration, the report would be accepted as written and no further action would be taken on this issue. The motion was seconded, and passed.

VI. Health Care Reimbursement Account
Health Care Reimbursement Account information and participation facts were provided in response to Debra Hope’s request to extend the period to incur Health Care Reimbursement Account claims from 12 months to 14½ months (from “January 1 – December 31” to “January 1 – March 15” of the following year). Although the 14½ month period is allowed under Federal regulations, employers have the option to use the 12 month period. The “Uniform Coverage” rule allows participants to receive their annual Health Care Reimbursement Account funds before the total contribution has been withheld or contributed. When a participant terminates employment (Early Departure) before the annual contribution has been collected by the university, a deficit is incurred by the Reimbursement Account Plan. Plan forfeitures are used to offset the (Early Departure) deficit and balance the Reimbursement Account.

For example, if an employee elected $5,000 in the Health Care Reimbursement Account and incurred expenses totaling $5,000 in January, the employee would receive the full $5,000 reimbursement. If the employee subsequently terminates employment with the university in February, the university would have paid out more ($5,000 vs. $416 employee contribution in January) than what was withheld from the employee’s pay. Conversely, if an employee elects to contribute $5,000 and only incurs $4,500 in claims for the plan year, the employee will forfeit $500. These forfeitures are used to offset the deficits incurred by the “Early Departure” employee who leaves the university before the full contribution amount is withheld.

Extending the claims incurred period would have a significant impact on the amount of forfeitures that would be available to cover the “Early Departure” deficits. The university has a fiduciary responsibility and obligation to insure the Health Care Reimbursement Account fund is financially stable.
The committee felt that taking an action that would adversely affect a large number of employees to address the issue for a few was not appropriate. Debra Hope moved the report be accepted for review and that if no response to the report was received by University of Nebraska Central Administration within 30 days, the report would be accepted as written and no further action would be taken on this issue. The motion was seconded, and passed.

VII. Roth 403(b) Retirement Plan Option
Information regarding a Roth 403(b) Retirement Plan option was discussed. This option would be different from the traditional 403(b) plan that is currently offered in that contributions are made on a post-tax vs. a pre-tax basis. Under the Roth 403(b) option, while you do not have the current tax savings of pre-tax contributions, the contributions as well as earnings would not be taxed at the time of distribution, provided that: (1) you have had the monies in the Roth 403(b) plan for a minimum of 5 years; (2) you have attained age 59½; (3) you are disabled; or (4) you are deceased. Just as in the traditional 403(b), no in-service withdrawals are allowed unless a financial hardship occurs as defined under the IRS “Safe Harbor” definition. There are no additional administrative fees associated with the Roth 403(b) option.

If you participate in both the traditional 403(b) and the Roth 403(b), the total of the two combined plans cannot exceed the annual IRS limits (currently $16,500 for employees under age 50 and $22,000 for employees ages 50 and over). Employees must also use the same investment allocation for both plans.

Robin Taylor made a motion to adopt the Roth 403(b) retirement plan option. The motion was seconded and passed.

VIII. Dependent Eligibility Audit
Keith discussed the merits of a dependent eligibility audit for the university’s medical plan. The Employers Health Purchasing Corporation of Ohio (EHPCO) coalition in which the university is a member conducted a Request for Proposal (RFP) for Dependent Eligibility Audit services. Ten companies responded to the RFP with Chapman Kelly being awarded the contract. The objective of the audit is to identify ineligible dependents that are currently covered by the university’s medical insurance plan. Dependent eligibility is currently accepted on the honor system, in that the employee completes a Dependent Information Request Form which requires dependent information such as name, date of birth, and Social Security Number, etc.

The initial communication to employees will be sent by the university. Subsequent notices will be mailed by Chapman Kelly limiting the university’s resources and time. The length of time to complete the dependent eligibility audit process is 120-150 days. Documentation collected from the employee to verify dependent eligibility is destroyed at the end of the audit.

Chapman Kelly guarantees the university will achieve a positive Return on Investment (ROI) based on projected savings over a one year period. If this is not achieved, any shortfall would be refunded. Conservatively, this audit could deliver an ROI of $652,400 if 261 dependents were identified as ineligible and removed from the medical plan.

Debra Hope made a motion the university proceed with the audit; motion was seconded and approved.
IX. **TopHealth Newsletter Distribution**
Discussion was held regarding a suggestion to change the delivery of the TopHealth wellness newsletter from campus mail to email. After much discussion, it was agreed that employee communications of the future will be made electronically. Debra Hope moved to distribute the TopHealth newsletter electronically. Beth Benson moved to amend the motion to include use of multiple outlets for dissemination of the newsletter, including a link on Firefly, university benefits and wellness websites. The amended motion was seconded, and passed.

X. **Enhanced Preventive Benefit**
The committee was updated regarding a change to the routine preventive colonoscopy benefit which is provided to those employees who completed the Health Risk Assessment last fall. Once Blue Cross Blue Shield began adjudicating colonoscopy claims, it was discovered that some medical providers were coding claims with a medical diagnosis when a polyp was found which changed the reimbursement from 100% to deductible and coinsurance. To maintain the 100% preventive reimbursement for routine colonoscopies, the medical insurance contract was changed to provide a $2,500 maximum limit.

XI. **Reimbursement Account Statement Distribution**
The current practice of distributing Reimbursement Account statements twice per year will end in 2010 as the current account information is available to employees on Firefly.

XII. **Health Risk Assessment (HRA) Update**
The Health Risk Assessment (HRA) completion rate (that took place last fall) was reviewed. UNK and UNCA had a 54% completion rate, UNL and UNO had a 36% completion rate, and UNMC had a 32% completion rate for Active and Ancillary employees. The Retiree and COBRA completion rate for all campuses was 14%.

David Corbin requested that a $50 wellness allowance be provided to employees upon completion of the HRA to be used towards membership at one of the campus fitness centers or some other wellness activity. Due to time limitations, this topic will be discussed at a future meeting.

XIII. **Health Plan Employer Contribution (July 1st)**
It is unlikely the university will receive an increase in the group health insurance contribution from the State of Nebraska for the fiscal year beginning July 1, 2010.

XIV. **Campus Representative Input**

**Employer-Provided Life Insurance**
David Corbin requested the group life insurance benefit provided by the university be expanded to include an option for $50,000 of coverage. Currently an employee has the option to (1) waive coverage or (2) enroll for coverage equal to 1x annual salary, up to a maximum of $120,000. This request was a result of several employees who were opposed to paying imputed income tax on coverage amounts exceeding $50,000. Based on the minimal number of employees who expressed an interest in a change, Sharon Skipton moved that employer-provided life insurance coverage options remain as is. The motion was seconded and passed.
Medical Lifetime Maximum Benefit
A request was made from UNMC to increase the medical insurance lifetime maximum benefit. This concern was not discussed since Health Care Reform will require employers to provide unlimited lifetime maximum benefits.

Committee Meeting Suggestions
David Corbin requested the committee meet 6 times a year. It was noted the bylaws require a minimum of two meetings per year, with additional meetings as necessary. It was agreed the committee bylaws provide the flexibility to schedule as many additional meetings as needed. It was also noted that with improved communication efforts, this concern may be addressed to a certain extent. The committee felt there was no need to change the committee bylaws to increase the number of meetings.

XV. Next Meeting
September 2010

XVI. Adjournment
There being no further business, the meeting was adjourned.