

MINUTES
UAF STAFF COUNCIL MEETING #91
Friday, June 6, 1997
Wood Center Ballroom

I Ron Pierce called the meeting to order at 8:35 a.m.

MEMBERS PRESENT:

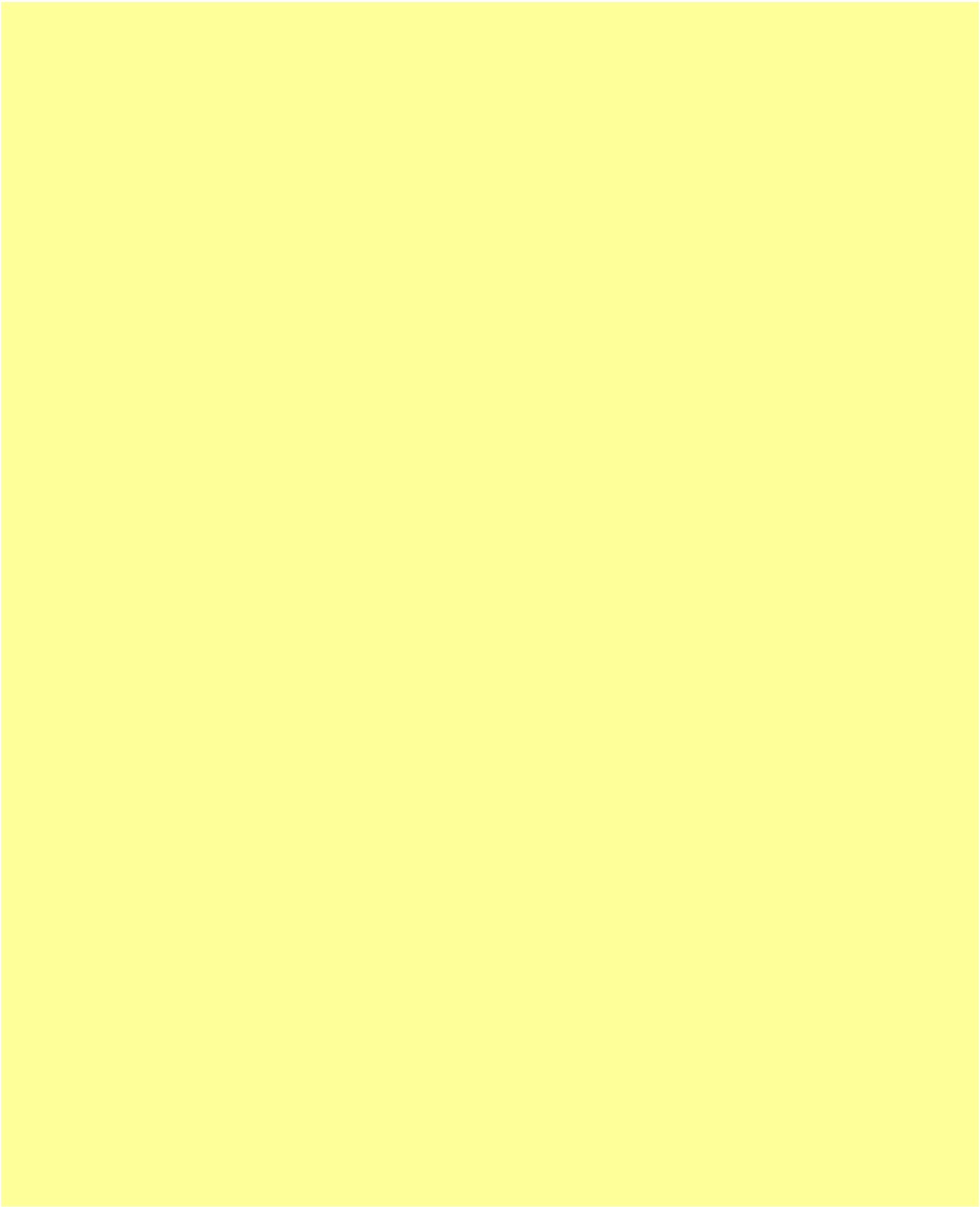
Banks, P.
Chapman, C.
Christensen, S. (for C. Plowman)
Downes, I. (for B. Geick)
Enochs, K.
Frey, B.
Guinn, L.
Harris, L.
Howald, C.
Kenworthy, M.
Leavy, D.
Long, P.
McDaniel, D. (for P. Carroll)
McHenry, Y.
Oleson, B.
Pierce, R.
Scalise, G.
Stubsjoen, A.
Thomas, M.

MEMBERS ABSENT:

Bender, L.
Cushing, N.
Johnson, J.
Jordan, S.
Magee, P.
Murawsky, N.
Powell, D.
Wilken, S.
Underwood, S.

OTHERS PRESENT:

Burton, M.
Humphrey, M.
Hunter, S.
Kastelic, P.
Mosca, K.
Rice, M.
Schatz, M.
Sowell, P.
Sporlander, L.
Van Flein, E.
Wadlow, J.
Wisdom, M.



Invitations have been sent out to all seniors in the area to attend the picnic and check out UAF. The Chancellor thanked everyone for their help on the community picnic and the staff picnic on June 6.

IV Vice Chancellor for Administrative Services Remarks - M. Rice

Vice Chancellor Rice concurred that this past year was a success for Staff Council and stated that it has been helpful to meet each month with Staff Council.

The Business Council has been dealing with the budget challenges. The work that Staff Council representatives have done on the Health Benefits Task Force has been invaluable. Tackling the rising cost of health benefits will be a challenge in the coming years.

Vice Chancellor Rice touched on a few of the positive things happening at UAF, such as how fast the International Arctic Research Building is going up.

President Long thanked the Chancellor and Vice Chancellor for speaking at the meetings and stated that she would continue this exchange of information in the coming year.

V Governance Reports

A. Faculty Senate - M Schatz

Madeline Schatz, newly elected president-elect of the Faculty Senate gave the report. John Craven took over as president at the May meeting. At the May meeting, there were awards given, new members were seated, end-of-the-year reports were given, endorsed a wellness program, and developed an ethics statement that is similar to that of AAUP. Professor Schatz looks forward to working with Staff Council. Open communication is a very important component of effective governance.

B. ASUAF - S. Nuss

No report available.

VI Guest Speaker

A. Wendy Redman, Vice President for University Relations was unable to attend the meeting so Mary Lou Burton, director of Budget, give a legislative recap. A handout on the FY98 Operating Budget Summary was distributed. The reductions were as severe as past years. The end result for the University's general fund was a reduction of \$3.4 million, but this does not include salary increases, increase in deferred maintenance, fix cost increases, and initiatives that need to be funded. Add up all the increased and the reduction is more like \$10-15 million. The legislature has restored the funding for SALRM and this is pending the Governor's approval. The legislature funded collective bargaining agreements, along with a few other items. It also passed a resolution that it didn't want to see any new collective bargaining unit agreements that have salary increases. PERS rates will decrease next year as a result of better than anticipated investments. The legislature has set up a deferred maintenance task force to develop a plan to reduce the backlog. There is conditional funding for the coal water project in the capitol budget.

VII Committee Reports

A. Elections, Membership & Rules - L. Bender

No report available.

B. Rural Affairs - B. Oleson

The committee met face-to-face on June 5 to address downsizing and how to stay positive and reduce the impact to students and how to be a part of the planning process. Staff wants to provide input in this climate of declining budgets.

C. Staff Affairs - B. Frey

1. Resolution on Health Benefits

Staff Affairs also discussed being a part of the planning processes and providing input. Concerns were expressed regarding changes to the health benefits when people are off contract or off for the summer. A survey would be helpful to identify priorities of health coverage. Irene Downes clarified that any changes to the health benefits would not take place until January 1998. Staff members recommended that communication be increased regarding changes to health benefits. HBTF members clarified that DRAFT proposed changes would be presented to staff and the Board of Regents in September. No final decisions will be made until September when everyone is back on contract. Representatives asked if passing the resolution would change what the committee is working on. The intent of this resolution is to increase communication and that is what the HBTF is doing and the members felt that open communication and input from all staff is very important. There needs to be a survey and forums to communicate what options are being looked at for health benefits. The main concern of Staff Affairs and other staff is that this information needs to be communicated.

RESOLUTION PASSED (2 abstentions)

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WHEREAS, The University of Alaska Health Benefits Task Force (HBTF) has presented its draft Executive Summary including history, statistics, and suggested changes to the current health plan; and

WHEREAS, The options for change presented in the summary included individual suggestions which were not supported by the entire committee; and

WHEREAS, The committee disagreed on four options in particular (dental deductible, elimination of 4th quarter deductible carryover, vision care, and \$100 per employee charge for the benefit package); and

WHEREAS, The summary does not specify which changes may or may not be implemented or dates of implementation, nor have University of Alaska employees at large been advised of the changes or asked to comment; and

WHEREAS, Informed consent of University of Alaska employees is essential to any proposed changes to the health benefits package; and

WHEREAS, The request of the Fairbanks members of the HBTF for an employee survey and open discussion forums regarding benefit package changes has not as yet been implemented; and

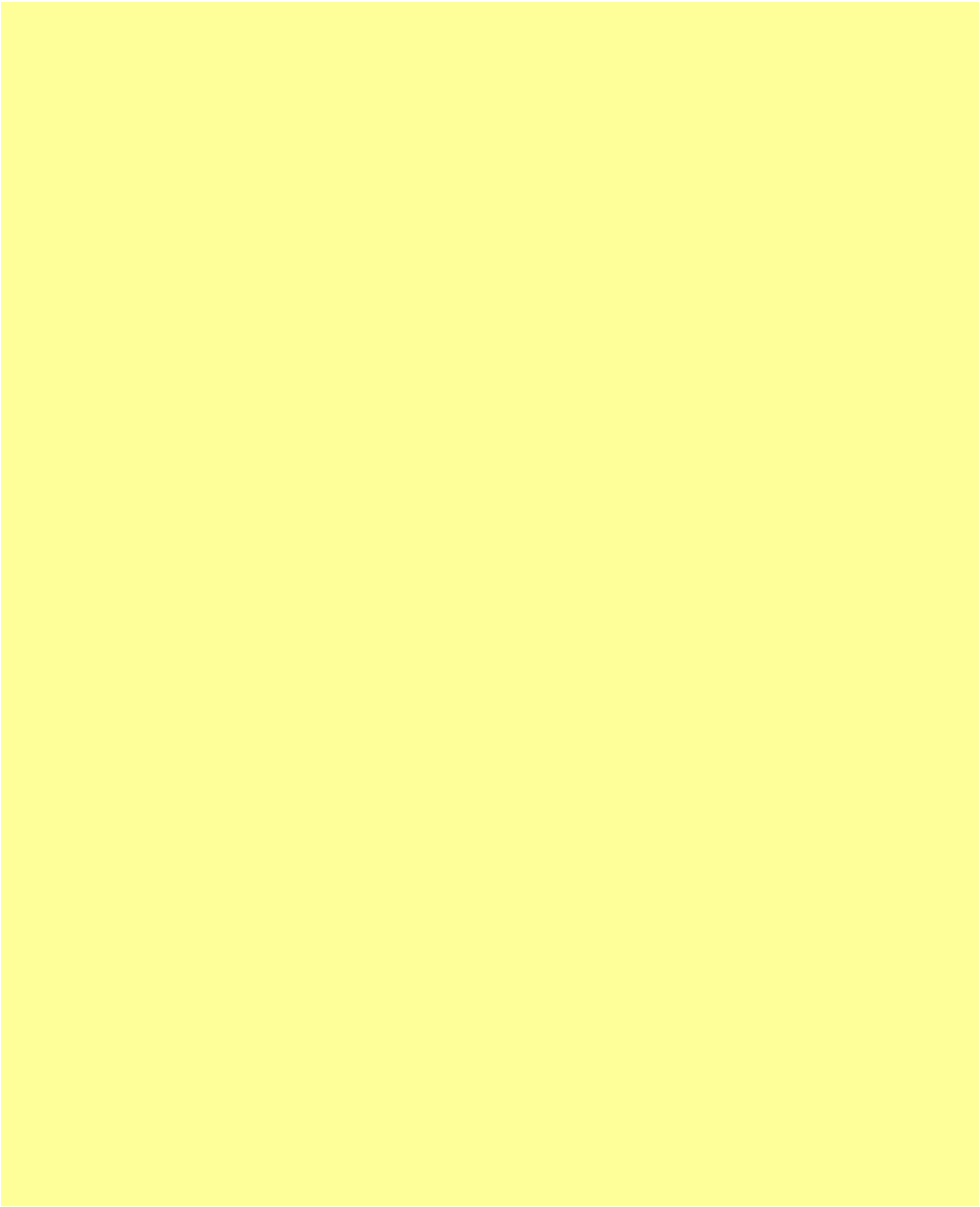
WHEREAS, The proposed timeline prevents the meaningful involvement in the decision process of those employees who are off contract during the summer months; now

THEREFORE BE IT RESOLVED, That NO CHANGES TO THE HEALTH BENEFITS PACKAGE be brought before the Board of Regents for voting and implementation until information on these proposed changes has been disseminated to all University of Alaska employees by direct mail, and until one to two opportunities have been provided for employee discussion in an open forum.

Dated this 6th day of June, 1997.

D. Staff Training - E. Ritchie

Elizabeth Ritchie thanked everyone for the work on the longevity awards program. The program was a success and there were a number of positive comments on the media presentation for the staff member participating in the RIP. There will be some training offered this summer. Provost Keating presented Mentoring and Role



consensus on health care plan modification options.

CONCEPTS

The task force agreed on the following concepts:

If the cost of the health care plan grows unchecked, the University of Alaska would have fewer resources to serve students

As the health care plan evolves, the overall increase in the cost of the plan must be controlled

Any new or additional coverage must be offset by new resources or reductions elsewhere in the plan

The health care plan needs to tap into regional health care delivery options to optimize the cost of the plan

For the health care plan as a whole, plan modifications should be incremental

Employees and dependents need to be educated to use the health care plan more effectively

The benefits task force should be continued and charged with reviewing health care options to identify ways to provide optimum coverage for the least dollars

FACTORS AFFECTING THE HEALTH CARE PROGRAM

The task force identified the following factors as affecting the University of Alaska's health care program:

- Legislative funding for the University of Alaska
- the increasing cost of health care
- more care and more sophisticated care being delivered in-state
- more health care services are generally needed as the average age of University employees increases

HEALTH CARE PROGRAM OBJECTIVES

HBTF affirmed that the health care programs should meet the following objectives:

- continue to meet the diverse coverage needs of employees and their dependents
- operate within the cost constraints of the University of Alaska
- must be valued by employees
- must develop long-term wellness options

AREAS REVIEWED

HBTF reviewed and discussed:

- national, state, and University of Alaska health care trends
- the demographics of people covered by the University's health care plan
- the University of Alaska's current plan design
- current plan utilization and costs (1996 S.H.A.P.E. Report)
- short-term and long-term plan options
- current and future methods for communicating health care plan information

SHORT-TERM OPTIONS

The task force recognized early in its discussion that short-term options for controlling cost increases in the next two years were limited. Traditional plan design options would have to be used to control cost increases.

LONG-TERM OPTIONS

HBTF recognized that to slow down the future cost increases of the health care plan to the employees and the University, long-term options would have to be identified which include:

\$500/\$1,000

IMPACT ON 1996 CLAIMS EXPERIENCE: \$152,000

PROS: Large cost recovery; would not effect most employees.

CONS: Additional expense for those incur high claims.

PLAN OPTIONS: Increase Dependent charge to add "4+" tier

IMPACT ON 1996 CLAIMS EXPERIENCE: \$52,000

PROS: More equitable distribution of cost based upon family size and potential increased use of the plan.

CONS: Affects employees with larger families who may have higher health care costs.

PLAN OPTIONS: Dental deductible of \$25 on level two and level three serves (not on preventative/diagnostic)

IMPACT ON 1996 CLAIMS EXPERIENCE: \$82,000

PROS: Moderate savings while still maintaining a comprehensive annual cleaning.

CONS: Additional deductible to track for employees; additional communications to employees and dental community; savings small when compared to "cost" or hassle.

PLAN OPTIONS: Increase pharmacy maximum out-of-pocket to \$150

IMPACT ON 1996 CLAIMS EXPERIENCE: \$27,000

PROS: Cost shift based upon utilization; would not effect most employees who do not reach the pharmacy maximum out-of-pocket.

CONS: An additional out-of-pocket cost for employees who have high pharmacy claims.

PLAN OPTIONS: Increase pharmacy mail order copay to 90/10% from 80/20%

IMPACT ON 1996 CLAIMS EXPERIENCE: (\$13,000)

PROS: Long-term savings to employees and the University

CONS: Short term increased cost of the pharmacy program and the "hassle" of getting medications by mail order.

PLAN OPTIONS: Eliminate 4th quarter deductible carryover.

IMPACT ON 1996 CLAIMS EXPERIENCE: \$68,000

PROS: Not noticed by most employees since most use all of deductible during the year.

CONS: Loss of positive "incentive" for those employees who do not reach their deductible in a given year.

SUMMARY COMMENTS

While HBTF identified a number of health care plan provisions that could be modified to slow short-term cost increases, HBTF did not believe all the identified options should be implemented at the same time. If all the identified options were implemented simultaneously, HBTF believes communicating such a wide range of changes would be difficult and that employee confusion, frustration, and disappointment would be high.

