

The Benefits Advisory Committee met for the first time of the 2012 calendar year on Monday, February 20 from 3:15-4:45pm in the President's Conference Room. I have attempted to summarize what transpired in the following report. As I have done in the past, I'm cc'ing Tony Glisson and Jim Cummings so that they are in the loop on the information I'm providing.

Meeting of the Benefits Advisory Committee  
Monday, February 20th  
Report by Jerry Daday

1) New committee members were introduced. These individuals included Kelly Reames (Dept of English - and representative of the University Senate), Brian Strow (Dept of Economics - appointed as a discipline specific member), and Ben Spitler (representing Staff Council).

2) The Health Plan remains in solid financial shape. For the 2011 plan year (January 1, 2011 - December 31, 2011) - an additional \$329,492 was added to the Health Care Reserve Account. This brought the total Health Care Reserve Account to \$5,547,045 as of December 31.

3) Jim Cummings also provided us with figures for the first month of this plan year (2012). After January, we added an additional \$235,670 to the Health Care Reserve Account - thus bringing the current total to \$5,782,715. I should note that from month-to-month, the amount added (or drawn from) the health care reserve fund can swing several hundred thousand dollars. Last year alone, we saw one month where \$498,000 was added to the reserve and another month when we had to draw down the reserve by \$375,000 to cover expenses for that month.

4) President Ransdell visited with the committee for approximately 20 minutes. This is the first time he has attended one of our meetings since I joined the committee in January of 2011. I mention this because I want to be clear that he usually does not attend Benefit Advisory Committee (BAC) meetings. He began by thanking the committee members for their service. He mentioned that in FY11, the university increased its monthly contribution from \$418 per employee to \$471 per employee (an increase of \$883,000 to the plan). For the current year - this university contribution remains at \$471 per month per employee. However, he does not believe it will be possible to increase further the university's contribution to the health plan this year given the impending budget cut. His comments indirectly addressed one of the University Senate resolutions passed in November, which urged "the university to increase its employer contribution to faculty and health care benefits within the next two years to at least benchmark average." He also indirectly addressed the second resolution passed by the University Senate last November - that requested "that the university consider implementing a variable contribution plan for WKU's Health Plan within the next two years." He stated that he is not opposed to the pursuit of a variable contribution plan, but he does not believe it would be prudent to move in that direction given the uncertainty with the budget. Additionally, Deborah Wilkins stated that there remains a lot of uncertainty

regarding the extent to which our health plan will be impacted when all of the provisions regarding the Health Care Reform Act are implemented in 2014. Currently, we will benefit from some grandfather exceptions which could delay or prevent our health plan from implementing some of the required changes; however, if we make a change to the health plan, we would lose these grandfather provisions. I did see a presentation from Neace-Lukens (one of our advisors/consultants for the health plan) at one of our BAC meetings last summer - and they also stated that many of the Health Care Reform laws/provisions are currently being written and there is a lot of uncertainty about how these new laws/provisions will affect self-funded health plans like ours. President Ransdell also reaffirmed that the health care reserve fund will not be used for any other purpose other than for the health care costs of plan members.

5) After the president departed - there was further discussion about the issues in item # 4 above. A motion was offered that the BAC would not recommend any changes to our current benefits/premiums structure for the upcoming year - but that we would revisit both University Senate resolutions at our first meeting in 2013. The motion was unanimously supported by the committee. I realize that this decision will be a source of frustration for some of my colleagues on the University Senate. However, after hearing President Ransdell's comments regarding the upcoming budget and hearing the presentation from Neace-Lukens last summer, it does seem prudent that we refrain from making any significant changes to the health plan at this time. We have a healthy reserve (\$5.7 million) - and I think it is important that we continue to manage our current health plan to ensure that our employees do not see premium increases in the near future. And speaking from a personal standpoint, I would love to see a variable contribution plan implemented by our university. I currently have the standard-family plan - and a variable contribution plan would likely lower my family's monthly premium. However, as I have tried to articulate above, this does not seem like a feasible option this year - and the members of the BAC reached a consensus on this yesterday. The committee will revisit both University Senate resolutions at the beginning of 2013 - and hopefully by then, there will be additional clarity on the Health Care Reform Act provisions and the state of the university budget moving forward.

6) Wade Pinkard gave an update on the WKU Employee Wellness Program. He just received eight vendor responses to a WKU Employee Wellness Program RFP. Several members of the BAC are serving on the committee to evaluate the RFPs. I'll provide more details as this process continues.

7) A draft policy of a revised tuition discount for families was presented to the committee. The new policy would allow spouses and dependents (those 26 years old and younger) of regular, retired, and deceased employees to receive a tuition discount of 50% at WKU in pursuit of undergraduate or graduate level degrees. Currently, spouses only receive 50% off the first six credit hours each semester - but they can pursue as many degrees as they wish. Also, currently, dependents receive a 50% discount on tuition at WKU in the pursuit of 1 undergraduate degree. The new policy is designed to merge these two benefits into one policy - so that spouses and dependents (dependents who are 26 years old and younger) would be able to receive a tuition discount of 50% each

semester in the pursuit of undergraduate or graduate level degrees. The new policy also includes language for the other qualified dependents. The committee voted in support of the policy - but we could not vote on a finalized draft until language pertaining to the various tax implications of these changes was included in the policy. I imagine the finalized draft will be presented to the committee at our meeting in March or April. I will keep you posted.

8) Tony Glisson presented some goals for the committee for the upcoming year. These include: (1) closely monitoring health plan costs, (2) continue to evaluate an alternative pharmacy benefit manager (we currently use Anthem - but a coalition of KY schools has been formed - and we would evaluate whether the coalition offers a better value compared to Anthem), (3) working with the manager of employee wellness on the infrastructure of a wellness program and incentives, (4) continue to review and monitor how the Health Care Reform Act will impact the WKU health plan (there was talk of inviting Neace-Lukens back to do a followup on the status of the revised laws/provisions).

The BAC will meet again on Monday, March 19 and on Monday, April 16. I will send an update following these two meetings as well.