

MINUTES OF THE SPECIAL FACULTY SENATE MEETING OF MARCH 21, 2002

A special session of the Faculty Senate was called to order by Chair Dan Sheffer at 3:05 p.m. in Olin Hall, Room 124.

Thirty-eight of the sixty-eight Faculty Senators were in attendance. Senators Barrett, Belisle, S.Clark, Drew, Lavelli, Marino, R.Pope, and Riley were absent with notice. Senators Anderson, Brouthers, Carri, Chafin, Conrad, First, Hajjafar, Hebert, Holz, Laipply, Louscher, Pinheiro, S.Pope, Purdy, Qammar, Redle, Sterns, Trotter, Turning, Wallace, and Walter were absent without notice.

SENATE ACTIONS

*** APPROVED LIST OF CANDIDATES FOR SPRING 2002 GRADUATION.**

*** PASSED TWO RESOLUTIONS: RESOLUTION #1) RIGHTS AND RESPONSIBILITIES OF SENATORS WHO PERFORM MULTIPLE ROLES WITHIN THE UNIVERSITY; RESOLUTION #2) PROTEST AND DOCUMENTATION OF ADMINISTRATION'S FAILURE TO ENGAGE SENATE IN REAL SHARED LEADERSHIP.**

The Chair began the meeting by stating that the Senate was meeting in special session this afternoon to address two issues. The first issue was that of the resolution that was worked on by Senate in committee of the whole. We would deal with that first, and then we would come out of committee of the whole and work with the Senate on the resolution again. The second item of business would be the draft presented by the Well-Being Committee, a draft of the recommendations being considered by the Well-Being Committee on the health care issues. The third issue that was sent to Senators dealt with tuition and fee requests; we were to take some information or our recommendations to the President and then on to the Board. That has been withdrawn by the Vice President of Finance at this time for consideration at this time. They felt there needed to be some more input before the Senate received it.

The Chair then asked for a motion for the Senate to go into committee of the whole. Senator Norfolk made the motion; Senator Lyons seconded it. The body then voted its approval of the motion.

Vice President Erickson served as the chair for the committee of the whole. She then reported that, **"The committee of the whole has risen and is reporting that this resolution is now being considered by the Senate for a vote."** The Chair called for discussion of the resolution from the floor.

Senator Norfolk stated that he had read this multiple times but didn't speak up at the last meeting. In particular, item 5 that Senate had just amended, what might a festering boil to the campus, had nothing to do with the current administration. The software discussion and the implementation was decided, he

thought, 6-7 years ago, and he disagreed with item 1. He was on PBC and we had had a quite spirited discussion in the past few weeks on these items. He liked the sentiments of the people, but he did not like the specifics.

Senator Erickson stated that she thought the Senate had come out of committee of the whole in order just to vote on the change from PeopleSoft to "management software."

Chair Sheffer stated that Senate could still discuss it and speak to or against the motion on the floor. Parliamentarian Gerlach added that in committee of the whole you changed the software, but did the Senate pass the entire resolution as revised? All you wanted to do now was approve this small change, but the Senate had to act on it now to make it enforceable. The Senate would then have to consider the entire resolution.

Senator Erickson stated that the Senate would have to go back into committee of the whole for that. Senator Harp wanted to call the question on the amendment.

Chair Sheffer pointed out that after the Senate voted on calling the question there had to be a two-thirds majority vote on this amendment. Did everyone understand what we were voting on? A vote was taken. The motion to call the question was passed. The Chair then asked for a vote to change the word PeopleSoft to management software. The motion passed.

Senator Harp moved that the body go back into committee of the whole for discussion of the entire resolution. This was seconded and passed by the Senate.

Vice President Erickson again served as chair of the committee of the whole. She returned to report, stating that a paper ballot had been taken on Resolution #2 (**Appendix A**).

The Senate then took a paper ballot regarding Resolution #1, which stated,

Whereas, Senators manage multiple roles; Whereas, Senators act in the Senate, on or on behalf of, any committee designated by Senate. Be it resolved that Senators, regardless of what other roles they manage, have not only their right but also the responsibility to represent the faculty and staff constituency from which they were elected.

The Chair called for a vote on this resolution. Resolution #1 passed without dissent.

The Chair stated that next was the report of the Well-Being Committee relating to the draft recommendations on health insurance, and the second piece of information was the recommendations being considered by Well-Being on health insurance (**Appendix B**). As he understood it, this was not to be voted on but was just the beginning of information regarding the work of the Well-Being Committee. He wanted to express the deep gratitude of the Executive Committee and he hoped the rest of the Senate to the Well-Being Committee for the amount of work they had had to attack to come up with these particular recommendations. He asked Senator Erickson, as chair of Well-Being Committee to report.

At this time, Senator Sterns then asked whether the votes were tallied regarding Resolution #2, and the Chair reported that for resolution #2, the vote was 29 votes for the resolution, 8 votes against, and so it passed.

Senator Erickson continued her report. As Senator Sheffer had said, there was a mountain of material,

and this was just a tiny fraction. She had come here for input, and the Well-Being Committee moved towards getting its recommendations because we had until May to come up with recommendations and would plan to bring this material to the Senate in May. But in the meantime we were interested in feedback.

Senator Kahl asked whether it were possible that the system being used to get these bids was part of the problem, that that was what was fundamentally flawed? When he came here 13 years ago he paid extra to get on the HMO because of the quality and because of the benefits. Now he would not touch it with a 10-foot pole, as he had had experience with Home Town. But was it possible that by going for the lowest bid that we were forcing people to move up the ladder to the PPO and the indemnity plan, and that that was what in fact was causing higher cost; and if so, was there anything the committee could do about it?

Senator Erickson replied that the committee was trying to address these issues, but at this point we only knew what we could not do. Back in the old days, as Desnay told us, we were able to have a long-term relationship with a carrier and negotiate each time for conditions. With the all the competition out there now, Medical Mutual and Summa said that that was not possible, and clearly it was not if you looked at what was going on around us. But our consultant also said that there were some possibilities of changing the bidding system in terms of shifting things around to reduce costs.

As far as the issue with respect to the HMO's, Senator Erickson could tell all what had happened. First of all, we did not just choose the lowest bidder. In the particular case we were discussing, we needed two HMO's, one to go with City Hospital and one with Akron General. So the carrier we had had in the past submitted an unbelievably high bid, and there was no way we could stay with them. What we did instead was say HomeTown was the one that covered Akron General, but then we added Kaiser. Now we found there has been a very big migration to lean toward PPO's, but there were additional people going to the HMO's as well. What has happened with people on traditional indemnity this time around moved in a major way to PPO's. There had been some increase with the HMO's, and certainly, the extra costs came from the traditional indemnity. Within the bidding structure we had, that was certainly not our intention to get people to move away from the HMO's.

Senator Kahl continued by stating that Senator Erickson said there was a very high bid on the one HMO in particular. He wondered how it compared to the PPO and the indemnity plan.

Senator Erickson replied that she was not certain, but would look this up for Senator Kahl.

Senator Lyons then stated that he wanted to express appreciation to the committee doing all the work, but he had one question. In the report the committee stated that it accepted the inevitability of cost sharing and he did not want to prolong that. But in the competitiveness with other universities section, the committee surveyed universities, and five of them had free plans and Miami had three free plans. Why shouldn't we shoot for a free plan?

Senator Erickson thanked Senator Lyons for giving her a chance to speak to this, because she wanted to add some things here. After looking at some information, we dealt with the issue of retiree dependents and we dealt with keeping two free plans. But the cost of those two free plans plus retiree dependents would save us over \$300,000. When talking about the inevitability of cost sharing, this was not the inevitability that you were going to pay premiums. The committee was not saying that; it was not our job to say that. Our job was to report to the President about profit sharing, and perhaps more

importantly, to report to PBC on the cost situation. The committee was asking PBC what the national trends of plans were, that the national cost of health care was now going straight up again. It could well be that PBC said it would make a cut somewhere else in the budget. But the committee was telling PBC that there was this 45% overall long-term cost increase, and the committee could not find a way to reduce it. She would not be the slightest bit surprised if the next time the increase would be 30%. In that sense, however we did it, it was cost sharing. It might be because we lost something else, but it was a trade-off. There was nothing to be squeezed out of health insurance.

Senator Erickson continued by saying that the committee came to you a few months ago saying there was liability dumping. A lot of people have taken U of A insurance because it was free even though they had good plans, but they had to pay for them. We went back and said, let's try and see what would happen if we made the employees free and then charged for the others. They said you would have adverse selection; the healthy would choose that situation, and they would increase the rest. Now Medical Mutual at the moment was essentially the only bidder on our PPO, and they knew that. It did mean we had to back off with some possibility to reduce the size of the pool. What we felt was that given these kinds of cost increases, we wanted to set up a new kind of system and the conditions for any kind of premium system that we introduced. We had considered that when and if it was necessary, we should put a cap on the percentage of the costs, and that they should be in concert with definite steps to improve the compensation. Then for some, cost sharing may be by premiums. We would determine to keep a free plan, but to get free plans you had to use benefits. That was why we had this one which was in-network with somewhat higher deductibles than the most basic ones and then catastrophic for people who wanted catastrophic.

Senator Yoder stated that she needed Senator Erickson to refresh her memory, and asked whether we were trying find 1.6 million.

Senator Erickson replied that that was one thing we were trying to do. She went back and looked at what we were asked to do, and at one point we were asked to come up with 1.6 million. Later it was modified to find ways to reduce the cost.

Senator Yoder asked where the 1.6 million request came from and how the number was arrived at. Senator Erickson replied that the 1.6 million came from the fact that the original increase in health care costs which the University budgeted at 10% turned out to be 22%, and that was 3.2 million. What Vice President Nettling had asked us to do was pay the premiums. But when she had gone back and looked at what had happened since that time, the President had asked the Well-Being Committee to look at how to reduce the costs effectively. In terms of premiums, we said that PBC recommended covering health insurance until June 2003. Well-Being also recommended that it certainly should not be any earlier than Jan. 2004, because you could talk about bidding on a new contract at that time, and there were a lot more options you could take. It was still possible to add EPO's and catastrophic.

Senator Yoder questioned whether there were places from which those monies to support health care could be found beyond what Well-Being did.

Senator Erickson replied, absolutely. That was why our recommendation really went to PBC, because it was PBC that made the decision on how this allocation would take place. We were going through to see very carefully where our possibilities to reduce health care costs were, and then send the recommendations back to PBC.

Senator Buckenmeyer stated that he would like to support the third recommendation. He thought there were a lot of important resources here on campus that could be provided, and he would like to make a suggestion that not only nursing, but in concert with our Zipfit faculty/staff fitness program, we could save significant amounts of money in health care costs. He would love to provide input into this.

Senator Erickson replied that his involvement would be terrific, and the committee would ask him to attend the next meeting.

Senator Harp stated that in point no. 4, under acceptance of cost sharing, he wished that point 4 b) were a little more strongly worded. It implied the beginning of the process toward salary compression. He thought his constituents would be really angry with him if you compared with other universities, not only KSU and UC with two free plans, but if you compared with his history department, for example, average salaries per rank - an associate professor was earning about 7,000 more at KSU, and full professors were earning up to 15-20,000 more on average. He would like to be able to say to his constituents that they would not be cost-sharing more than Kent State University employees until after their salaries had reached the levels of Kent State or UC campuses.

Senator Lyons stated that he wanted to build on Senator Yoder's point. Senator Erickson's discussion was framed on how we could pick up the tab, either through premiums or benefits, and he thought we needed to widen the scope and look at competitiveness with other universities. There were universities in Ohio that had all three plans - where were they getting the money for all three plans?

Senator Erickson replied that the only university that had all three plans was Miami University, and she did not have all the information as to what their particular situation was and the details of those three plans. She would be happy to check it out, but one thing that was discussed with our faculty representative in Columbus was that we were going to be asking faculty to pay premiums in about 18 months. One thing we did want to say was that when we talked earlier, people were prepared to take lower salary increases in order to get free health benefits. There was considerable discussion on the other side as well and we backed off. But if PBC said the only way to go was health care premiums, we wanted to put in place what we thought would be the fair kind if we had to have them. It was a very difficult situation when you knew that we were going to be getting a 3% increase.

Linda Sugarman, who was representing the retired faculty, then asked for and was given permission from the body to speak.

"It has been six years since I addressed a university body so if I'm a little nervous, please forgive me. I also want to thank the Well-Being Committee for all the time they spent and for all the hard work they did, and for Dr. Erickson for allowing retirees to have some input into the committee. Even though I'm a retired representative, what I'm going to speak to is really from my personal viewpoint, not as a representative.

Going back to the retiree dependent benefits, I'd like to point out that some of the retirees had questioned the legality of changing their post-retirement benefits. I don't know the answer to that question, but I would point out that many employees made the decision to retire early based on the expectation that their dependents would be receiving lifetime medical benefits at no cost. Some may have not retired until they were closer to the age of 65 because those benefits were not available. As you know, some of them retired no more than two years ago. Faculty believed that the University had made a legal commitment to provide dependent health benefits when they accepted retirement. Many

staff people and some older faculty retired with relatively low salaries. They are counting every penny and may not be able to afford any health insurance if a charge is instituted.

Going on to changing from the traditional to the Medical Mutual PPO, for those of us living in Summit County there would probably be hardly any change at all. Some people might have to change their positions, but for those retiree dependents who live outside the area, that could be a problem. If you're lucky enough to live in Phoenix, Arizona, or Delray Beach, Florida, you'll have no problem there. There are plenty of in-network physicians, but if you're unlucky and happen to have retired to other places where there may be no general practice physicians or internists on the network list within 50 miles. There are a number of retiree dependents residing in areas without network physicians, and those people will face a drastic reduction in their benefits if forced to migrate to a PPO for traditional insurance.

I'd also like to point out two other things - on the report of the Well-Being Committee it states that retiree dependents should have equivalent benefits. We don't have equivalent benefits now - does that mean that they could start equivalent benefits? The report also states that STRS covers a co-pay, or 3% per year. Yes, it does - 3% per year maximum, but I want to point out that that 3% is on the original base salary. So each year that 3% goes down, and if you're looking forward to 3% when you retire, you're only getting 3% the first year. People who have been retired for 15 years, that 3% has been reduced to 2%. Also, it wasn't mentioned that many retirees are not under STRS; they're under PERS and SERS, and I don't know whether they have the same numbers. I'll hand out a written report, and thank you for allowing me to speak."

Vice President Nettling then asked for permission to speak. He stated that Miami collected in excess of \$20 million more in tuition annually, so they were three times more able to pay for it. Senator Erickson stated that she could corroborate that.

Senator Kahl asked whether the committee could find out what the situation was with retiree benefits, because we had a number of active faculty who were concerned with that as well. There were people, some of his constituents, who were actually not retiring from the University because they were afraid the University would pull that benefit. If those people retired that would be significant cost savings to the University. Was that included anywhere in any health care consideration, because it would be considerable cost saving to the University.

Senator Erickson stated that from the information available, retiree dependents would be covered with a comprehensive medical plan. That was what it said, and as we understood it, it did not say they were free. But at the moment they were a great deal better than ours because they were traditional indemnity, which all of you were paying for. This was a free traditional indemnity which was by far the most expensive, sort of "Cadillac" care. Maybe you did not want to do this because it would be a cost to the University for the next 30 or 40 years. So that was why we felt it didn't seem fair that they should have a system, this traditional indemnity that none of the insurers wanted. It was indeed right that they would be covered with a comprehensive medical plan, but STRS was talking about increasing its payments. From looking very carefully at the network, and from reading the report, Kaiser would cover Ohio, and we were being as honest as we could. We tried to look at each person and noticed there were a few people that were more than 50 miles away. We said at the moment, our recommendations were changes for retiree dependents under 65, not those over 65.

Secretary Kennedy then stated she had a question about the cap and the cost sharing. She understood

the reason for the cost sharing and the cap, and as she understood it, the cap was to take care of the rising increase in health insurance. Or, rather, the cost sharing was to take care of the rising increase. If you put a cap on that, what did you do next year when there was an increase? And what if the situation suddenly became better and we did not need that - would we still have to pay for our health insurance? Was there any provision to remove our contribution should miracles happen? What if things got better?

Senator Erickson replied that the committee had put the cap on the percentage of the costs so if the costs went up, it was the cap on the percentage of the costs.

Secretary Kennedy then asked, so our contributions would increase each year? To which, Senator Erickson replied that it could increase but would be no more than a certain percentage. Secretary Kennedy then stated that, so essentially, if the report was correct, each year we would be paying more and more...

Senator Erickson replied, but no more than, but that was not sure yet because we were looking at two caps. We were trying to work out some combination of percentage of income and percentage of costs. She asked Senator Brant Lee to speak to the body on this.

Senator Lee stated that he would like to say first of all that we had migrated that committee from the idea of 1.65 million. If there needed to be contributions in the future, we were looking for a system that was rational, well thought-out and that we could live with in the long run. One of those things was what percentage of your salary it would be, and we were looking at caps and with 8% of the overall medical benefits, or 8% of whatever the costs were in the future, we might have to increase it.

Senator Erickson added that the committee was also looking at the issue of the percentage of your salary and trying to look at both of those areas.

Secretary Kennedy said that since these were recommendations that were going to be going to PBC, she would suggest that we put in some language to say that should the situation improve, contributions might no longer be necessary.

Senator Erickson replied that she thought the only way the situation would improve was if it was national, but she thought all of us should be working on trying to get that change. There was no way this particular kind of thing was going to last very long.

Senator Lee then had another comment. He heard the comments about the retirees and he appreciated Linda Sugarman's coming to talk to us. He wanted to point out any change in that system we would like to make a win-win situation. In other words, he was glad to hear it said that your current plan did not have dental. Because what that brought to his mind was that if we could find a way that encouraged you to move to a less costly plan for the University by giving you something you did not have now, he thought that was something we should do regardless of cost.

Senator Erickson dove-tailed that comment by stating that for some low-income retirees, they would much prefer to stay in their HMO rather than go to traditional indemnity because they would have to pay. If they went to an HMO they had the \$10 payment, whereas with traditional indemnity you did not have the \$10-12 payment and for a physician's visit you had to pay the doctor bill. So we are suggesting at this point making that open to them, without charging anyone anything.

Senator Kahl then asked whether we were talking about giving them a choice, or were we forcing them into something? Senator Erickson replied, no, it was a choice. Senator Kahl added that he did not see how they could lose if you gave them a choice.

Senator Erickson stated that we would like to at least give them the options for January 2003. If they moved to traditional indemnity it would reduce our costs and that was worth it; it was a win-win. The question at the moment was free plans, except for traditional indemnity where you paid the difference, which was much more of an issue. They would still have the option but they might have to pay for it, as we did.

Senator Kahl then asked whether you could just give them the choice and see how many switched. Senator Erickson felt that this was a good suggestion.

Senator Lee stated that Senator Erickson might have addressed this, but on the cost sharing plans would the idea be that there might be a free plan with reduced benefits versus a catastrophic plan?

Senator Erickson interjected that there were two of them.

Senator Lee stated that his question was whether there was any possibility of saying there might be one basic HMO, the cheapest of those, that would be provided free?

Senator Erickson replied that one of the problems with an HMO of that kind and taking another careful look at the data for Cleveland State, Cleveland State had one basic HMO that was Kaiser. She was saying that specifically, because the problem with using a basic HMO was that the healthy young would choose that one and that was the ideal selection. What they would do next is up the price on the others and we did not save anything. Now Cleveland State had had this system, and with the Kaiser the selection problem was reduced because Kaiser was only available in certain locations. She was not sure whether everyone thought that that would be better, so that was why we had come up with a form of PPO which was in-network that did not have much greater deductibles than our present one but required that you stayed in-network. You could not make it too good or they upped the other ones, and that was the problem. She knew it sounded crazy, but she thought one of our Law School representatives was the one who said the more you found out about it, the more difficult it got.

Senator Erickson then thanked all for their input. She stated that the committee would take this back and if any had other input, to please just talk to his/her own Well-Being Committee members or email her because the committee was only too happy to make sure the agreement had input from everyone.

Senator John had a comment. He was a little perturbed by all the discussions that we were forced to make because of an administrator's mistake to not forecast the increase correctly. Maybe it was not the Well-Being Committee but PBC that needed to be addressing this, but was the University figuring out a way to make up the mistake they had made?

Senator Erickson replied that the committee asked that the UA health consultant report each fall to Well-Being, Human Resources and the Vice President for Business and Finance on likely health cost increases and health insurance issues. The Well-Being Committee then should report this information each fall to PBC and the Senate.

Senator John replied that he understood, but he was just wondering whether they were doing their part to make up for it. That was a futuristic type of thing - what could we do now?

Senator Erickson stated that the second thing we said in September was no way should we be asked to pay in January 2002. At least PBC had said essentially until June 2003, and we said not until 2004 at least.

Senator Broadway commented that we kept saying that there was no increase in health costs in 2002, but if you had gone to the store to fill a prescription, there was an increase. To which, Senator Erickson replied that yes, there was.

Senator Broadway continued by stating that he would like it to be known that there was an increase, although not directly, but we were paying for out of our pockets. He really wished we would stop saying there had been no change in the cost of health care.

Senator Erickson stated that she would be happy to put that in the report because it was true. As a committee member of Well-Being that was on the subcommittee that looked at the very specifics to put into the health care plan, it was our responsibility for saying we would accept going from 5 to 12 as a co-pay. This was basically because we were told that there was no chance in the world we would get any decent bid on the 5, and if you looked around and talked to Summa and Medical Mutual of Ohio and asked them where the problems were, they said it was with increases in pharmacy costs. She did not mind saying we were already essentially losing our benefits, because that was what it was - we were essentially losing our benefits.

The Chair then thanked Senator Erickson and members of the Well-Being Committee. He called for a motion to adjourn. The Senate voted its approval, and the meeting adjourned at 4:40 p.m.

Transcript prepared by Marilyn Quillin