

# Employee Benefits Advisory Committee

Minutes from the May 10, 2011 Meeting  
AO, Room 403A

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**In attendance:**

Steve Kruszewski (Career Alt)  
Margo Martin (APC)  
Steve Milczanowski (Faculty)  
Robert Peeples (Career)  
Catherine Rifkin (Faculty Alt)  
Jack Spears (Retirees)  
Elaine Tisdale (Acting Chair)  
Ken Whitten (Faculty)

Stan Jurewicz (Resource)  
Janet Meigs (Minutes Recorder)  
Sonya Polke (Resource)  
Judy Robbins (Resource)  
Larry Snell (Resource/APC Alt)  
Dawn Swed (Resource)

**Absent:**

Christine Arab (Chairperson)  
Bill Barfield (APC)  
Peggy Boord (Resource)  
Steve Bowers (Resource)  
Belinda Potts (Career)

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The meeting commenced at approximately 3:03 p.m. A quorum was confirmed to be present by Acting Chair Elaine Tisdale.

**Approval of Minutes (9/16/10)** (Tisdale)

**Motion:** Approve the minutes as presented with the modifications distributed through email prior to the meeting. The motion was approved by unanimous vote. (Moved by Snell; seconded by Kruszewski.)

**Approval of EBAC Meeting Calendar for 2011** (Tisdale)

- There may be several items that will require formal solicitations this year for 2012 implementation.
- Discussion of timelines was pushed down into the agenda to be discussed with Committee Action Items.
- It should be noted that District Board of Trustees (Board) approval is not required for contracts of less than \$190,000.

## Reports and Discussion

### Open Enrollment Results (Tisdale)

The initial concern was whether changes made to the plan for this year would result in dramatic enrollment level changes. For the 2011 benefits year, open enrollment numbers were fairly consistent as in previous years. Therefore, the open enrollment numbers can neither confirm nor negate the impact of plan changes to employee enrollment levels.

### 403(b) Enrollment Review (Tisdale)

- As of the meeting date there are 579 participants in the various 403(b) plan.
- Participant levels were at their highest in 2008 (907 participants) when the prime-the-pump strategy was active (College matching program).
- Reasons reported by employees for stopping contributions varies but includes retirement or separation from the College, loss of their vendor in 2009, and they don't believe they can afford the loss in take-home pay any longer.
- Elaine Tisdale and Bill Ganza have been charged with developing an education session on planning for retirement which will include the benefits of 403(b) plan contribution. Robert Ard with TSA Consulting Group will present the sessions as a neutral subject matter expert. The educational campaign will start in June/July and be held again when faculty return to campus and then again in the spring. The intent is to hold the sessions three times per year. Vendors will be invited to participate during some of the sessions.
- With the College's current funding situation, it is doubtful that a matching program will be implemented this year but the door is not "closed".

The discussion returned to exploring why there is such a significant drop in participation levels.

- Employees seem "ignorant" of the 403(b) plan offerings and processes.
- Employees had a zero percent salary increase one year that impacted their take-home pay.
- Previously offered information sessions were poorly attended.
- There's an increase in loan and hardship withdrawal requests.
- Employees seem to have a mindset that they have a retirement plan and don't need anything else.
- An analysis has not been conducted to indicate who is joining and who is leaving the plan.
- When matching funds were offered, primarily faculty and administrators took advantage of the offering.

### Employee Claims Data Update (Robbins)

- Last year the College had good claims experience.

- Claims were a little over 9% less than the previous year (2010 vs. 2009).
- Looking back for a 12 month period from today, the claims are 5% less than where they were same time last year.
- In terms of dependent claims, we feel good about where are at this point.
- Number crunching will be done the next couple of months to be able to begin discussions on premiums for next year.

#### Pharmacy Benefit Management Review (Snell/Jurewicz)

The question was raised as to whether the College would benefit from having a separate contract for prescriptions (Rx) versus having prescriptions as part of the health insurance plan. The following discussion points were made:

- The current Rx vendor is Prime Therapeutics, a subsidiary of BCBS.
- It is very difficult to obtain Rx information as there is nothing in the contract indicating they are required to provide the information.
- The College's independent consultant does not believe that a savings could be realized by carving out our Rx program. This is based on his involvement in at least five RFPs with other colleges on this same issue.
- Our contract with BCBS was revised to allow for the College to receive the benefits of pharmacy rebates as the College is self-insured.
- The revenue from the pharmacy rebates was absorbed into the insurance premiums which kept the increase to a minimum.
- Agreements are being reached with Prime Therapeutics which will allow the smoother sharing of data.

#### Health Care Reform Impact (Jurewicz/Whitten)

A summary of the Health Care Reform Law was distributed to the Committee with the following key points made:

- It is believed that the mandate for employers with more than 200 full-time employees to automatically enroll new employees into their group plans has been pushed back to 2014. At that time employees will have to formally opt out if they do not want the coverage.
- Should an employee opt out of the College's coverage and go to the Health Exchange to receive a government subsidy, the College will be fined \$3,000. If the College elects not to have a health insurance program, it will pay \$2,000 for every full-time employee.
- In 2012 it is anticipated that employees will need at least a 60 day notice prior to the effective date of any substantial plan modifications.
- An employer cannot drop coverage for an employee based on a recession.
- Beginning in 2014, coverage cannot be denied for pre-existing conditions.
- The requirement for insurance premiums to be reported on employee W2 forms will probably be implemented next year with the purpose being data collection.

- The College does not offer a “Cadillac” program so as of now the insurance premiums will not be assessed an additional 40% tax.
- Although the reform removes annual/lifetime limits, this should not impact the College tremendously as no employee has reached the current lifetime limit.
- While most of the reform will not have a substantial impact on the College, fully paid benefits (i.e., colonoscopy) will increase claims costs.

#### Short-term Disability Product (Tisdale)

- Employees who are ill can obviously use their sick leave.
- Should sick leave be depleted, employees have the option, if a member, to request hours from the Sick Leave Pool. However, they must demonstrate that they have a catastrophic or life threatening illness or condition.
- FMLA leave is available, if eligible, but it is usually unpaid leave.
- It is estimated that at least 20 employees per year find themselves ill with no compensated leave available.
- Newly hired employees may not be eligible for FMLA leave and would ultimately need to seek authority for an approved leave of absence. This also means that the employee would need to pay for their insurance. A prime example is an employee who becomes pregnant within the first year of employment.
- Employees are asking for a short-term disability program such as Aflac.
- Should the College choose to offer such a plan, the premiums would have to be paid solely by the employees similar to the Long-term Care plan offering.
- Benefits from the Long-term Disability policy are not available until the employee has been disabled for six months. With LTD approval, the employment relationship is ended.

The suggestion was made to explore this subject further by soliciting information from the Consortium colleges to determine what the market practice is. All aspects of such an offering, to include a discussion with the Payroll Department, would need to be explored. At that point a Request for Information could be implemented followed by an RFP.

#### **Committee Action Items**

##### DHMO – Dental Health Maintenance Organization (DHMO) Renewal/RFP (Snell)

Last year our incumbent DHMO provider (Humana) tried to pass on to the College a 69% increase in costs. However, the College was able to negotiate a one-year renewal with no increase. In anticipation of another attempt to implement a substantial increase, the Committee may need to develop and issue an RFP.

**Motion:** Task the Purchasing Department to negotiate a renewal with Humana targeting a zero percent increase but empower the Purchasing Dept. staff to accept up to a 10% increase. Should their efforts fail, an RFP will be recommended to be

developed and issued for a new DHMO vendor for the 2012 Plan year. (Moved by Steve Milczanowski; seconded by Steve Kruszewski.)

**Discussion:** The question was asked whether the College should go to offering only one dental plan. The following points were made:

- The DHMO plan has lower dependent premiums.
- There are currently 483 employees with 216 dependents and 56 retired employees with 19 dependents on the plan.
- The DHMO plan has an adult orthodontics benefits whereas the PPO dental plan does not.
- The College went with a PPO health insurance plan as the HMO health insurance plan went away.

The motion was approved by unanimous vote.

Should an RFP be needed, a subcommittee was established: Larry Snell (or his designee), Steve Milczanowski, Sonya Polke and Steve Kruszewski.

#### Wellness Prevention Provider – RFP (Snell/Tisdale)

- Human Resources had budgeted for and posted a Wellness Coordinator position.
- The filling of this position was put on hold and subsequently the position was reallocated.
- While the Benefits team has been working on wellness initiatives, it has been suggested that an outside firm be hired to oversee a wellness program to include communications, campaigns, incentives, etc.
- The Segal Company was contracted with to do an independent analysis of our health plan overall to include claims costs, premiums, demographics, etc. At that time a health management program with our provider (BCBS) and a wellness program were recommended.
- It was recommended that the analysis be revisited with the goal of refining the next course of action to be taken (i.e., RFI or RFP). The target is to develop and issue a solicitation by September of this year.
- Volunteers to assist with the implementation include Stan Jurewicz, Margo Martin, Steve Milczanowski, Judy Robbins, Larry Snell, Jack Spears and Elaine Tisdale.

#### **Other Items**

##### Tobacco Free Policy (Martin)

- The APC is very interested in where the College is headed as far as implementing a college-wide no smoking (tobacco free) policy.

- An informal survey of the other community colleges revealed that only 2 or 3 have a college-wide no smoking policy. Others indicated they are working to get there.
- This issue will be carried over to the next EBAC meeting.

There being for further business, the meeting adjourned at 4:22 p.m.