

UNIVERSITY SENATE
Special Meeting, Thursday, 7 October 2010, 9:00 a.m.
Room 306, Stewart Center

AGENDA

1. Call to order Professor Joan R. Fulton
2. Acceptance of Agenda
3. Presentation on the 2011 Purdue Medical Benefits Program Vice President Luis Lewin
Director of Human Resources John Beelke
4. Question Time
5. Adjournment

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Present: *Joan R. Fulton, (Chairperson of the Senate) presiding, Professors Walid G. Aref, Thomas W. Atkinson, Zarjon Baha, R.A. Barrett, Patricia E. Bauman, Alan M. Beck, Lynn A. Bryan, Sharon A. Burns, Joseph W. Camp Jr. (Secretary of Faculties and Parliamentarian), Ralph L. Cherry, W.A. Crossley, James R. Daniel, L.P. DeBoer, Janusz Duzinkiewicz, Nancy E. Edwards, Melissa E. Exum, Joan R. Fulton, T.B. Folta, Matthew D. Ginzel, Gabriele F. Giuliani, Chong Gu, L. Tony Hawkins, P.M. Hirst, Amy Keene, Joseph F. Kmec, Stephen F. Konieczny, James S. Lehnert, M. Levy, J.D. McGlothlin, Robert E. McMains, D.C. Nelson, James G. Ogg, Suzanne L. Parker, P.E. Pope, Andrew P. Robinson, Alysa C. Rollock, Arthur P. Schwab, L.A. Sherman, T.H. Siegmund, M.J.T. Smith, Glenn Sparks, Kevin J. Vaughn, Samuel S. Wagstaff, H.L. Weith, David J. Williams, G. Thomas Wilson, Y. Yih, Howard E. Zelaznik*

Guests: *Vern Dahlstrom, Robert N. Davis, Bonnie Fox, Nick Howell, Sue A. Lupinek, Lori O'Connor, Marcinda L. O'neal Tammy Conrad-Salvo, Robert Morman, Nancy Rockstroh, Guofan Shao, Giovanna Sims, Sasse Steele, Joanna Vanaman, Terry Wade, Mark Wright, Natasha Baebler, Brian Auffart, Brooke Colella, Ranae Wetli, Ashley Burton, Susan Prieto-Welch, Janet Pool, Marcie Solis, Becky Rice, Freddie Barnard, John Staver, Xingming Yu, Dan Walsh, Matt McKily, Kathy Greenwood, Jean Jackson, Rita Jackson, Jennifer Redden, April Gunther, Steve Woods, Cheryl Ballenger, Karen Yehle, Marit Best, Sue Grant, Stephanie Griswold, Andra Yeoman, Cherry Delaney, Lester Burch, Maureen Huffer, Judith Ware, Amy Childress, Cheryl Laszynski, Ken Sandel, Lori Pence Barber, Becky Goetz, Todd Wetzal, Tim Riley, Teri Lucie Thompson, Patricia Kantner, Linda Rose, Rob Oglesbee, Mike Everly, Mike Johnston, Bob Novak, Dave Chasey, Carol Buuck, Art Armstrong, Lisa Higbie, Patti Emshousen, Shelley Hawk, Pablo Malavenda, Heidi Murillo, Christina Wilson, Ginger Walkup, Leslie Barnes, Kristina Yoder, Cheryl Spencer, Joyce Detzner, Marsha Freeland, Gordon Skiles, Nancy Cramer, Anna Sledd, Gloria Powell, Donna Fulkerson, Jim Walker, Jayni Rush, Robert Sabol, Jill Stickrod, Nina Haghghi, Bonnie Eddy, Judy Casey, Lori Bryant, Constance Smith, Keith McDermott, Tom Brelage, Amy Jordan, Sharon Steen, Sally Luzader, Laszlo Csonka*

The meeting was called to order at 9:05 a.m. by Chairperson Joan R. Fulton.

1. The agenda was approved as distributed.
2. The presentation on the Purdue University Health Plan 2011 was given by Vice President for Human Resources Luis Lewin and Director of Benefits John Beelke. Following the presentations, they took questions from the floor.
3. Question Time: Each individual was asked to identify her/himself prior to asking questions.
 - a. Professor Richard Hogan, Sociology. If we are content with our current health plan option, do we have to do anything during open enrollment? Mr. Beelke emphasized that nothing additional needed to be done.
 - b. Julie Thompson, Graduate School Administration. She stated that she had been on the co-pay plan for several years and liked it. She asked for clarification about the recommended changes and Mr. Beelke provided that clarification.

- c. Professor Howie Zelaznik, H&K. Is there an estimate on current 87-13% split? Mr. Beelke said that it will not change because both Purdue and the participant will contribute 6%. The Blue Ribbon Panel on Health Care has a challenge to determine what changes might be needed in the future such as changing the current 87-13% split to an 80-20% split.
- d. Professor Thomas Siegmund, ME. He asked if there will be changes on the total caps of coverage. Mr. Beelke said there would be no changes.
- e. Professor James McGlothlin; Health Sciences. The proposed changes could have a big impact on lower paid employees. Will there be consideration of supplemental coverage for these individuals? Mr. Beelke said that CIGNA has a nice tool to determine what plan best suits an employee. There will be help provided by Purdue during the open enrollment period to help people make their choices. One potentially viable option is the Choice option, but people seem to be afraid of the deductibles associated with this option. In addition, Purdue funds half of the deductible on these accounts and people can take the deductibles savings and put them into the HAS and help fund a good portion of their health care costs on a tax-free basis. People should carefully compare the various options that will be available.
- f. Professor Fulton. When will we get the packages? Mr. Beelke noted that if the Board of Trustees (BOT) approves the plan, it will be on or after 25 October. Employees can expect to receive a slim packet with instructions for enrolling online.
- g. Robert Davis, Engineering Education. Will we have same carriers? Yes. Will there be increased diligence to ensure they are more efficient and effective to reduce the amount of time the individual spends on claims and claim issues? Mr. Beelke responded that Purdue has weekly calls with CIGNA to deal with issues that arise every week. For example, there have been issues with the debit card associated with spending accounts and we are working with CIGNA to resolve those issues.
- h. Zina Breschinsky, Foreign Languages: Who do we contact with questions? Start with Mr. Beelke. There is an open position and once it is filled the individual will be assigned specifically to help employees with questions and issues.
- i. Dave Chasey, Veterinary Administration. Will there be any changes with FSA? Mr. Beelke said it will stay at the December end date due to IRS regulations. Maximum amount will be reduced by 2014 to \$2500 from the current \$5000.
- j. Gloria Powell, Basic Medical Science. She noted that charges for each child vs. family were presented on one of the slides? Mr. Beelke stated that this is one of the strategies that has been discussed, but not settled. There are no charges like this in the currently proposed plan.
- k. Tom (last name unknown), ECE: Need an 800 number to send in claims via fax. John will follow-up on that.
- l. Mr. Beelke noted that employees will need a doctor's prescription to claim prescription drugs on the FSA next year.
- m. Professor Gabriele Giuliani, Physics. He stated that without knowing the percentage of the total of 26000 people who are covered, it is hard to determine

who will be bearing the increased costs in the proposed plan. Mr. Beelke said that the main burden will fall on the co-pay plan because the current costs to the employee are so low compared with the other plans. Purdue covers about 92% of the cost of the co-pay plan. About 50% of the currently covered individuals are in the co-pay plan and about 33% are in the PPO plan.

- n. Kristy Foster, Visual and Performing Arts. As a part-time person I will be bumped up to the 100% salary equivalent with the additional 6% cost that all employees will have to pay. What will the 6% be based on, the actual pay or the 100% equivalent? Mr. Beelke said the premium, and thus the 6% increase will be based on the higher pay equivalent or higher tier. The online calculator will determine each individual's costs for the plan they choose and it will be based on the 100% pay equivalence.
- o. Professor Zelaznik. He expressed concern about a loss of the family-friendly culture that has been fostered at Purdue. Are the savings worth the cost to the part-time employees? Mr. Beelke responded that the savings will total just over \$100,000 per year. Professor Zelaznik stated that the savings were not worth losing the culture.
- p. Professor Paul Schwab, Agronomy. What is the overall bottom-line savings estimated if the proposed plan is put in place? Mr. Beelke said the estimate is for savings of \$4 million. Without the proposed changes, Purdue would have to generate that amount more of income to cover the increased costs of health care. Last year Purdue absorbed all of the increases.
- q. Professor Peter Hirst, Horticulture. Is the 6% increase just in the premium? In premiums and for people who actually have expenses they will have increased out-of-pocket costs. Yes, the costs will go up for those who actually use the plan. 20% of employees and families are responsible for the majority of claims.
- r. Professor Thomas Wilson, Pharmacy. He always looks long and hard at the materials that are sent to us, especially last year's packet. He found last year's packet to be very confusing. Mr. Beelke said that he appreciates that and the Benefits Department tries to get the balance on how much and what to put in the packet.
- s. Mr. Beelke told the audience that the open enrollment will extend to almost Thanksgiving. Enrollment will be online with the ability to quickly correct input errors. The onus will be on the employee to ensure s/he enrolls in the desired option.
- t. Professor Giuliani. He suggested that it would be useful to have a simulator for the plans. Mr. Beelke stated that a simulator will be available through the CIGNA site and it will be linked to the online enrollment site.
- u. Professor Robert Novak, SLHS. He suggested putting scenarios in the benefits packet that compared current options with the proposed plan changes.
- v. Gloria Powell- If you have a second surgery will the out-of-pocket be satisfied by first surgery? Mr. Beelke said that they will be satisfied by the first surgery.
- w. Professor Alan Beck, CPB. Last month there was an emphasis on getting people to retire from the administration. What impact will this have on health plan? As people take the retirement incentive- the 1/3rd of positions that are not filled will

result in the associated savings. We do not know how many employees will take advantage of the early retirement incentive program.

- x. Unidentified Professor. The current U.S. economy is in poor shape. Why are medical costs going up? Mr. Beelke said that cost increases are due to the nationwide cost increases from providers, etc.
 - y. Professor Novak. Has Purdue considered the use of nurse practitioners as a cost-savings measure? Yes, Purdue has thought of that and it is on the list of options that will be considered by the Blue Ribbon Panel on Health Care. There are 10 – 12 things on the list for the panel to consider.
 - z. Professor Yuehwern Yih, Industrial Engineering. Employees need information on procedure costs here vs. other locations, e.g. Indy. Mr. Beelke stated that Purdue has been working with CIGNA as part of a pilot program to consider physician and provider costs. Some of the providers have not been willing to release their fees, but the efforts to gather data are continuing.
 - aa. Art Armstrong, Agronomy. Is there a plan B in case the BOT does not approve the proposed plan? If the BOT does not approve it, there will have to be a Plan B, but there is no plan B at this time. Purdue needs to get data to the providers so we have the defined open enrollment period, which would make it difficult to devise a Plan B on short order.
 - bb. Julie Thompson. Will the presentation be online? Mr. Beelke said that it will be online after the board meets on the 14th and 15th. Could there be changes after the BOT meeting? We cannot anticipate that one way or the other. Ms. Thompson has heard of surcharges for spouses. Mr. Beelke said these have been discussed, but are not happening this time.
 - cc. Sue Grant, Health & Human Sciences. What about retirees? What will be the process for them to enroll? Mr. Beelke stated that people who retire next year will go ahead as an active employee during this enrollment period and then be switched by his office next year.
 - dd. Lan-Ying Lee, Biology- Does the increased cost reflect whether we are helping or not helping others outside Purdue who do not have insurance? Mr. Beelke said that that is a national issue and all people who are insured end up paying for the uninsured. There are some who are concerned that the new health-care reform law may escalate that situation.
 - ee. Written question from an unidentified employee. Will there be a change in dental coverage or rates? Mr. Beelke said there would be no change in dental coverage or rates.
4. Mr. Beelke emphasized that the Board of Trustees will consider these changes at the meeting on the 14th and 15th of October. If they approve the plan as presented, it will constitute the Health Plan for 2011.
5. Having no additional business, the meeting was adjourned at 9:57 a.m.