

**Senate Benefits and Welfare Committee
University of Pittsburgh
Minutes of October 23, 2014**

9:00-10:30am, 430 Salk Hall (Dean's Conference Room)

Attendees: Elected: Colleen Culley, Roger Flynn, Jeanann Croft Hass, Janeen LaForce, Angie Riccelli, Elizabeth Bilodeau, Sachin Velankar

Appointed: Carey Balaban, Elizabeth Bilodeau, Lorie Carnvale, John Kozar, Michael Wahl, Harvey Wolfe

Excused: Sandra Founds, Ron Frisch, Rachel Fusco, Graeme Meyer, R.D. Hoffman, Irene Kane, Alan Meisel, Ann Mitchell, Anna Roman, Jane Elizabeth Richey, Linda Tashbook

Guest: Thurman Wingrove, Controller, University of Pittsburgh

| Topic | Discussion | Action to be Taken |
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| Call to Order | The meeting was called to order at 9:03 am. | |
| Committee Business | <p>Meeting minutes were approved with corrections to spelling of two names.</p> <p>Angie reported that as chair of the B & W Committee she was asked to submit an article to the University Times on the committee's activities. The title of the article is "Adapting to a changing environment." Information in the article includes the committee's focus for the AY '14-15, the collaborative efforts between the committee and the Office of Human Resources to develop programs supporting health promotion and wellness, and the efforts of Linda Tashbook and Irene Kane in developing programs to augment existing stress management offerings, and identifying additional mental health resources.</p> <p>The B & W Committee report that was presented at the Executive Senate Committee meeting was supplied to the group. Goal for this year is to continue to enrich outreach, collaborate with HR's wellness/health promotion and mental health resources, and expand the stress management offerings.</p> | Informational |
| Benefits Office Report (J. Kozar) | <ul style="list-style-type: none"> • Benefits open enrollment for retirees is starting second week in November. Postcards and materials are being distributed to these individuals from the HR office. Should be out next week. Renewal is good. Struggled with BCBS – some increases in 40% range, but were renegotiated to 10% increase for | Informational |

| | <p>Signature 65 and 7% for Freedom Blue PPO (Medicare Advantage program). UPMC for Life – increase 5%. There are two programs offered that supplement traditional Medicare. The programs are Highmark’s Signature 65 and UPMC’s National Complementary Program. They offer the most flexibility nationally. Defined Dollar Bbenefit (DDB) credits going up 4% - since base of the credits is larger than the current cost of many programs, all retirees in the DDB program continue to have premiums covered at no out of pocket costs. Brochures were distributed to the Committee. Meetings will be held in area hotels and on campus – Nov 6th in the William Pitt ballroom. All insurance carriers will be present, as well as HR Benefits office. Research project ongoing with post-65 retirees on wellness that is going well. Committee members are encouraged to re-forward information to their own constituents.</p> <ul style="list-style-type: none"> • In the process of cleaning up student open enrollment. Enrollment starts in July and ends at end of September. Voluntary option for most students, except international students who are required to have insurance as indicated by the Provost Guidelines. Challenge to work with the international students. Departments are outreaching to these students. Need to work with them to ensure they obtain coverage and payment. Benefits and other departments want to include insurance coverage fee as part of tuition cost which is also challenging. Different issues with students who have academic appointments and who may have other coverage and balance the default coverage for them. Academic visitors who come to the US who need insurance present another challenge. There is a clause in the contracts that are sent to the respective institutions, and it includes the responsibility to pay for health coverage. Not everyone uses the University’s formal agreement template for visiting faculty which spells out the responsibility. • Flu shot clinics ongoing. Popular again this year. School of Pharmacy has been fantastic to volunteer to do this across campus. The flu shot campaign is being extensively promoted this year since the early symptoms of flu mirror those of eBola. Regional campuses also have campaigns for flu shots with regional providers. | |
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| Topics | Discussion | Action to be Taken |
| <p>Funding of Benefits</p> <ul style="list-style-type: none"> • Thurman Wingrove, Controller • John Kozar | <p>Mr. Wingrove discussed: University fringe benefits budget, cost drivers, and the development of premiums</p> <p>Fringe benefit costs in research. Annual fringe benefit rate that is sent to HHS by Dec 31 of each year. Fringe benefit budget is projected out two years in the future. Currently working on FY16. Fringe benefit costs incurred – three biggest costs are employer share of FICA, medical insurance for active faculty and staff, and retiree medical benefits. Also workers compensation, unemployment compensation, post-</p> | <p>Informational</p> |

retirement benefits, tuition remission and other minor elements. Each department is charged a certain rate. Offset of charge goes into the recovery pool and from that we pay for employer portion of benefits. We can be over or under each year and there is a recovery process if the benefit costs we estimate are over/under for the year based on past numbers and projections. Pool is \$200-300 million dollars.

Federal government needs to calculate the over/under recovery and add into the future year's rates. Rate is compiled by the Controller's office. They also prepare the indirect rates for research. HHS audits each year and have not had any issues with this requiring an on-site visit from HHS.

There are different fringe rates for research, medical faculty, other faculty, senior staff, regular staff and temp pool which may include graduate students. Previously had one fringe benefit rate at the University. This has been modified since one-size does not fit for all.

Difference between federal vs corporate indirect costs – depends on the denominator. Federal is based on all awards.

Unclear what are fringe benefits and indirects/overhead research awards. These are completely different rates. Might be helpful to have a list of items that go into fringe benefit rate and what are the differences.

Staff and faculty do not completely take advantage of retirement benefit – base rate on prior year. Based off of the prior completed FY (14 in the case of FY16 currently). John noted that retirement savings (403B) 90% of faculty and staff in the program; 10% in defined benefit traditional pension plan. 65% elect the full amount of 8% to get the full match. Some are at the 3% level. Deferral percentages do not generally change over the years. Defaulted into the defined benefit if not elect for the retirement savings. Benefits office covers these plans each week during faculty and staff orientation.

John: financing of health care update provided. The data are from 2 years ago. Data from past year is a couple of weeks away. The largest expenditure is health care. Cover over 26,000 members, including faculty, staff, domestic partners, and children. Average family size is 2.14 which is up from 2.04 in the past. More are utilizing healthcare and cover more spouses than in the past. National average is 2.3. Updated annual costs were provided and have been steady in costs over the last year. Payment cycle to insurance that occurs each week was reviewed. Within University Benefits tracks employee out-of-pocket costs including copayments and deductible (average ~\$700/yr for the University while nationally out of pocket costs are \$2400). Try to keep the budget in line and sometimes that leads to raising copays. Deductible plans are barrier to care since members pay out of pocket first. Drivers to cost of coverage: utilization, inflation, membership and plan design. Biggest chunks of the pie for costs

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| | are inpatient, pharmacy, diagnostics (e.g. MRI), medical services/supplies, specialist, and outpatient. Outpatient visits are increasing. Pharmacy rates are going up due to specialty medications. Wellness visits are increasing which is good. Claims stratification has been stable. Chronic conditions by prevalence were provided which are typical of what is generally seen. Many conditions are being treated in an outpatient setting. Currently we use 80% generic medications in pharmacy which is good. Recently contracted with group to provide relief for specialty medication copayment through monies provide by pharmaceutical companies and grants. | |
| | <p>Ebola: John serves on an Ebola Task Force for the University. Resurrection of pandemic committee of 7-8 years ago. Ebola is a fluid situation with changes daily. Investigating compensation policy if self-quarantine is required. There can be issues with notification and students. Reporting travel (business, pleasure, volunteer) – there is a request for all faculty, staff, and students to sign up with the University’s Travel Registry. Currently faculty is strongly encouraged to report their travel. John stated that this is particularly important given the sensitivity of the Ebola virus. Also, in order to help the University have a better handle on all travel and help safeguard all of the University community participation is requested. There was some pushback to require registry. Government is starting to restrict entrances into airports and to screen individuals coming into the country from impacted areas. Need to be prepared to handle these situations.</p> <p>The B & W Committee can encourage compliance to registry as a directive from the taskforce.</p> | Committee members encouraged to communicate compliance with travel registry. |
| Unfinished Business | Vanguard specialized sessions – will discuss retirement benefits at the next meeting, November 18th. | |
| Adjournment | Next month’s topic: Retirement Savings Program (The Defined Contribution Plan) — Meeting adjourned at 10:33 am | |