

University of Central Missouri
Board of Governors
September 19, 2013
Work Session

The University of Central Missouri (UCM) Board of Governors convened in Work Session on Thursday, September 19, 2013, at 2:30 p.m. in UN 237A on UCM's main campus in Warrensburg, MO. Presiding over the meeting was Board President Marvin E. Wright. Also in attendance were Governors Gus Wetzel II, Walter Hicklin, John Collier, Weldon Brady, and Kyle Shell. Others present included University President Charles Ambrose; General Counsel Henry Setser; and Assistant Secretary to the Board Monica Huffman; staff members John Merrigan and Rick Dixon; and health care consultant Bob Charlesworth. Board members Mary Long and Mary Dandurand were unable to participate in the meeting and were excused.

Call to Order – Agenda Item No. 1

Mr. Wright determined that a quorum was present to conduct business and called the meeting to order.

2014 Health Insurance Plan – Agenda Item No. 2

President Ambrose said that a great deal of work by many people supports the recommendation of the 2014 Health Care Plan proposal. He asked Rick Dixon and Bob Charlesworth of Charlesworth & Associates to present the plan.

Mr. Dixon referred the Board to a briefing paper located under Tab 11 of the meeting materials (Attachment) that included extensive background information on the bid process and the plans being proposed for UCM's 2014 employee health care insurance plans. He noted that all of the work summarized in the paper reflects the past year's efforts of many people. He reminded the Board that at last month's Board meeting, the Board approved Blue Cross/Blue Shield of Kansas City as the 2014 health insurance provider and asked that Plan A remain intact. Plan B was a less popular plan among employees, and the health care committee recommended discontinuing it for a higher deductible plan that included a \$2,500 deductible and a Health Savings Plan (HSP) option. Several options were considered to help retain the current rates in moving forward and to avoid further increases.

Mr. Dixon said Blue Cross originally quoted a 2.4% increase in overall rates; however, negotiations lowered the quoted 2.4% increase to a 1.6% renewal increase. This reflects retention of Plan A, and elimination of Plan B and in its place a high deductible HSA plan. Other significant changes to the plan are 1) A contribution of \$35,000 to be used for wellness activities; 2) inclusion of domestic partners on the plan; and 3) raising the maximum out-of-pocket in plan A from \$2,000 to \$2,750 (all medical copays will be applied to the maximum out-of-pocket in compliance with the Affordable Care Act, keeping the plan cost neutral).

Mr. Charlesworth explained how the HSP plan works and how it differs from the Missouri Cafeteria Flexible Spending Plan. He noted that the HSP plan assumes a larger deductible and that every medical expense an employee pays can be applied to a \$2,000 deductible for an individual, or \$5,000 for a family. Under this plan, the premium is lower than Plan A. The monies saved in premiums would be placed into the Health Savings Plan, which the employee owns. This plan is \$50 less per month than Plan A, which means UCM could use the \$50 savings to offset a one-time \$600 contribution to each employee's HSA account in order to entice members who would benefit from the structure of a HSA account. Mr. Wright asked if there is an obligation to continue contributing \$600 each year. Mr. Dixon said there is not. There is, however, a limit (established by government) on how much can be placed in the account. Blue Cross is partnering with UMB Bank. After an employee accrues \$1,000, he or she can invest it, and after they have accumulated \$3,000, they are no longer assessed the monthly \$2.50 fee charged by UMB Bank to maintain the account. Mr. Charlesworth said there will be several educational meetings for employees to explain and help them understand the options that are available to them. Employees will have to make a choice between Plan A and the HSP plan; they will not be permitted to select both.

Also discussed during the meeting was the recommendation to require employee participation in the annual Health Risk Assessment (HRA), which would have a positive impact on rates and/or future claims. Approximately one-third of UCM employees have participated in this event in recent years, and it is expected that increased participation is not likely to occur without some form of incentive/disincentive. Mr. Dixon said this message was consistent from all insurance carriers during the RFP interview process. As part of the 2014 Health Care Plan recommendation, it is being proposed that UCM require employees to participate in the annual health screening, and should they elect not to, assess a \$25 per month increase to the employee's monthly premium.

Mr. Wright asked if the HRA results are confidential and how was the \$25 penalty determined. Mr. Charlesworth said that the HRA results are shared only with the employee. The only information UCM will receive is confirmation that the employee participated. Mr. Dixon stated that in speaking with carriers who are imposing modest increases to the premiums of employees who choose not to participate in the HRA, the amount has been set at \$25 to \$50. Mr. Hicklin asked if this information has been shared with employees. Mr. Dixon said that this information has not been publicized because it still requires the Board's approval. Mr. Hicklin said that he wants to ensure employees are made aware of what is being considered before Board action is taken. Mr. Dixon said that given the short timeframe, there was insufficient time prior to the September Board meeting to inform employees of the proposed change. Mr. Wright asked what the average return rate is for institutions that have implemented the HRA as a requirement. Mr. Charlesworth said that many believe that a greater number of people will participate in the HRA when the penalty is higher. Mr. Charlesworth said that if a \$25 penalty is established, it's likely 75% of employees would participate.

The Board discussed the timeframe for approving the 2014 Health Care Plan. Mr. Hicklin expressed concern that employees be informed and be provided the opportunity to voice any concerns.

Ms. Beth Rutt, Chair of the Professional Staff Council, noted that members of the Health Care Committee that have been involved in the process for the past year, were never informed of the recommendations being brought to the Board. She said as a matter of respect and courtesy to the group for all of their hard work, it would be good if Mr. Dixon and Mr. Charlesworth would meet with them to discuss before obtaining Board approval. Discussion continued regarding the timeframe and the work that will be involved in getting all employees enrolled prior to the January 1, 2014, effective date. Mr. Dixon said that with the exception of the recommended \$25 penalty for non-participation in the HRA, all other recommendations have been shared with the Health Care Committee. If the Board does not approve the Health Care Plan at tomorrow's Plenary Session, a special conference call will be required in order accomplish enrollment prior to January 1.

Following even further discussion, the Board determined that it would consider the 2014 Health Care recommendation at its September 20, 2013, Plenary Session, with the understanding that meetings will be held with the Health Care Committee and with employees to inform them of the changes.

Other – Agenda Item No. 3

There was no other business to discuss.

Request for Closed Session – September 19, 2013 – Agenda Item No. 4

Mr. Collier moved that pursuant to the Missouri Revised Statutes, Section 610021, that the UCM Board of Governors meet in closed meeting, with closed record and closed vote, for the purpose of considering real estate matters, legal actions, and personnel matters. The motion was seconded by Mr. Hicklin and carried with the following roll call vote:

<i>Gus Wetzel II</i>	<i>aye</i>	<i>John Collier</i>	<i>aye</i>
<i>Weldon Brady</i>	<i>aye</i>	<i>Marvin E. Wright</i>	<i>aye</i>
<i>Water Hicklin</i>	<i>aye</i>		

The meeting concluded at 3:25 p.m.