

FACULTY SALARY AND BUDGET COMMITTEE

MARCH 4, 2016

PRESENT: Marty Abramson, Neal Buckwalter, Larry Burns, Gregg Dimkoff, Steve Glass, Kathy Gulembo (ex-officio), Robert Hollister (Chair), Nancy Mack, Paul Murphy, Jagadeesh Nandigam (alternate for Zack Kurmas), Jon Rose, Ashley Rosener, Stephanie Savic, Paul Stephenson, Joel Stillerman, Mike Yuhas.

1. The meeting was called to order at 12:00pm and the Agenda was approved.
2. The Minutes of February 19, 2016 were reviewed and approved.
3. Dave Smith provided an overview of the trends in healthcare spending. Last year spending on healthcare was actually down slightly from the previous year. In fact spending over the past two years has gone down on a per employee basis, this trend is very encouraging and a sign of the value of the Universities' use of the High Deductible Healthcare Plan and the tools Priority Health uses to manage care. However it is unlikely that healthcare costs will continue to go down, some of the savings are due to a shift in cost to employees and some was probably just a lucky year and due to the fact that there were fewer large claims last year. Costs for pharmacy claims have gone up and have trended at the highest rate of any single benefits expenditure in recent years.

The High Deductible Healthcare Plan continues to be the preferred option for employees and the costs of the plan continue to be less per employee for both the administration and the employee. The announcement of plan design changes a year and a half before they are enacted is well received by employees and contributions to Health Savings Accounts have continued to rise in line with the rise in out-of-pocket liability of employees. The plan design continues to provide a benefit to employees well above national averages.

Non-healthcare benefits were discussed briefly. There was a suggestion to raise the maximum benefit that employees can purchase as part of the group life insurance policy.
4. The topic of changes in plan design for the High Deductible Healthcare Plan was discussed. This is necessary every year because costs typically rise at a rate above inflation and the university has a mandate from the State of Michigan that employees contribute 20% of the costs of healthcare. Therefore the plan must be adjusted annually. This year FSBC voted unanimously to recommend that the university institute a small co-pay for drug prescriptions to be incurred after the Deductible is reached. The co-pay amounts would be \$5 for generics, \$20 for preferred non-generics, and \$40 for non-preferred non-generics. The maximum out-of-pocket spending on co-pays is to be capped at \$250 for single and \$500 for family. The committee chose this option because it costs the employee the least amount among the viable options proposed and it has the largest likelihood to influence healthcare decisions and reduce overall costs. Therefore from an employee advocacy perspective it was the best option (lowest overall cost to faculty) and from a shared governance perspective it was the best option (most likely to drive healthcare decisions and reduce overall costs for the University).
5. The meeting adjourned at 1:30pm.