Benefits Committee Meeting Minutes

November 11, 2014

9:30-11am, OHR Room 220

Present: Jason Freeman (Chair), Brandon Conkle, Michael Elliott, Amy Herron, Debra Lee, Tommy Little, David Millard, Nazia Zakir (for Michelle Powell)

Guest: Karin Elliott, Associate Vice President of Total Rewards (BOR office)

Absent: Doug Britton, Wayne Book, Scott Morris

Administrative:

- Minutes from the October 7, 2014 meetings were approved as written.

Updates:

- Jason, Tommy, and Dwayne Palmer met with Scott Morris and Brandon. Scott (AVP of Human Resources) has agreed to attend the next meeting to address questions and status on JCCS.
- Paul Strouts, VP of Campus Services, will attend our January meeting.

Parking:

- There will be a Parking and Transportation Committee (PTAC) meeting in the conference room at the parking office on November 19th at 1:30. Jason plans to attend and encourages committee members who are available to attend.

Health care benefits:

Flexible Spending Accounts: Karin Elliott provided excellent feedback on some pressing health benefits issues. She clarified the roll-over for the Flexible Spending Account (FSA) benefit. Employees are now allowed to roll over an unlimited amount of money from their 2014 FSA account and this will continue in 2015. The money has to be spent by March 31 of the following year.

The committee expressed frustration about miscommunication associated with this change. Though the committee repeatedly asked about the new IRS rollover options last year, Georgia Tech's OHR remained unaware that a change had been made for 2014 or 2015 even after open enrollment began last week. Information about this change was hidden deep within open enrollment literature, information on the US

Bank web site was never updated, and employees were never notified. Such breakdowns in communication between GT and the BOR are not acceptable.

Karin took responsibility for the lack of communication and the confusion that has been caused by the misinformation. She apologized to the committee and promised improvement. She will be in touch with US Bank to ensure that their website gets updated. GT is communicating the change via HR managers across campus. Karin also stated that the Board of Regents is planning to evaluate new vendors for management of the Flexible Spending Account program, though this is unrelated to this particular issue.

Defined Contribution Health Care: Karin gave some details about the defined contribution plan for health care. As a reminder, USG is self-insured (except for the Kaiser plan); they hire a plan administrator (e.g. Blue Cross) but employee + employer premiums go into USG accounts against which claims are paid.

Historically, the BOR has priced each of the four available plans independently by looking at the members of each plan and their claims. However, when employees move between plans, this creates financial risk for USG because the risk within each plan changes. In recent years, people have increasingly moved out of the PPO-style plan into the HMO and HDHP and those plans have struggled to cover claims from premiums.

A consultant was hired to evaluate BOR health care plans. According to the consultant, most companies have moved to a defined contribution plan, which is less risky. Such plans look at the risk of the population as a whole rather than the risk within each of the individual plans. They then calculate the actuarial value of each plan in terms of the value of benefit (i.e. percentage of health care expenses paid by plan vs. by the insured). A baseline plan is then chosen (likely the PPO-style plan). Whatever employer subsidy is provided for this “standard” plan is then used to calculate the employer subsidy for the other plans as well, which means that the traditional model of the employer paying a fixed percentage of premiums (currently 70%) across all plans no longer holds. The employer instead pays a fixed subsidy / contribution across all plans based on the fixed percentage (i.e. the 70%) for the “standard” plan.

There is a three-year transition to this approach that began with the pricing for the 2015 plans, in which the PPO-style plan went down in cost to employee while the BCBS HMO and HDHP both went up substantially in employee premiums. This three-year transition to the defined contribution plan is to avoid a major change in premiums.

The committee received answers about several pressing questions regarding the transition:

- Overall, USG is keeping its percentage contribution to employee health care the same.

- The defined contribution amount is fixed for each tier (i.e. employee, employee + spouse, family, etc.) so employees will continue to receive subsidies for spouse and dependent coverage.
- There is no current discussion of moving employees to private health care exchanges, as is currently being done with retirees.

More information on the Blue Cross Blue Shield plan can be found at www.bcbsga.com/usg.

Tommy asked if institutions would be allowed to subsidize premiums. Karin's response was no, and that the only way to help defray employee costs would be through salary increases. Brandon added that institutions are currently prohibited from subsidizing premiums. Jason noted that the BOR has historically limited the ability of institutions to offer salary increases as well. Dave commented that the long-term affect is a cut in pay for faculty and staff.

Karin stated that there are challenges to managing increasing health care costs nationally. The BOR is focusing on ways to keep costs down, such as generic drugs and use of less expensive care facilities (e.g. urgent care instead of an emergency room). They are also introducing wellness activities. She emphasized that the BOR's purpose isn't to shift costs to employees but to do what is necessary to cover the cost of claims.

Georgia Tech has thus far had no formal representation in health care decisions made by the BOR. Georgia Tech will soon get a representative on the health care plan design committee and the hope is that this individual will also serve on the benefits committee at Georgia Tech.

There was a question about the spousal survey that was included as part of open enrollment. Karin explained that the intent is to review survey data from higher education and compare premiums against other industries. Some employers are subsidizing spouses less and at different percentage levels. Some charge a spousal surcharge if the spouse has an option to obtain health care elsewhere. The BOR is outside the norm in covering spouses at the same subsidy as employees. The Total Rewards Committee wants to remain family friendly and is just collecting data for discussion at this point. Karin and committee members also noted that plan design drives some decisions about dependents and spousal coverage. Covering family members across two plans can impact out-of-pocket expenses substantially. Debra commented that there is not currently an option for employee plus children coverage (only employee + child) and that it should be added. Karin made note of that suggestion.

Jason said that the committee is concerned about the secrecy of decision-making at the BOR level, in which information about major changes to benefits policies are purposefully released only hours before the BOR is to vote on them. He emphasized the importance of transparency and how the BOR needs to be sensitive to it.

Other topics that were on the agenda were put off until the next meeting as time ran out for further discussion. The meeting was adjourned.

Submitted by Stella Richardson