Faculty Benefits Meeting
Minutes – December 9, 2014
519 Elliot Bldg.
8:30 AM

Call to Order

The meeting of the Faculty Benefits Committee (FB) was called to order at 8:33 am.

Attending: Susan Basso, Rebecca Craven, Amy Dietz, Daniel Nugent, Robin Haas, Peter Jurs, Jamie Myers, Chris Muscarella, Greg Roth, Petra Tschakert, and Matthew Woessner

Absent: Willie Ofosu

Guests: Maria Truglio and Robert Caserio

The October 21, 2014 were approved.

Old Business

Possible Revisions to the Forthcoming Advisory Consultative Report
In preparation for the afternoon’s plenary session of the Senate, members discussed whether the forthcoming advisory-consultative report should include the term “legal ward” in addition to children. HR informed the committee that the other benefits provided by the university did not include legal wards. This would make the tuition discount benefit inconsistent with other Penn State policies. Concluding that the issue of including legal wards should be taken up as a separate matter, the committee elected not to include legal wards in the language of the report until the issue could be addressed at a later date.

Report on PSU Faculty and Staff Insurance: PPO Blue versus PPO Savings
Jamie Myers and Matthew Woessner presented a draft advisory/consultative report titled “Employee Contributions to Penn State’s Self-Insured Health Care Costs.” The report included seven proposed recommendations.

1. “Employee contributions to health care are defined to include all paid premiums, co-pays, deductibles, and coinsurance, and surcharges.”
2. “The individual employee contributions to health care costs should not exceed the average of 20% employee/30% family for the total Estimated Allowed Charges required to provide health care to the entire Penn State group. ...”
3. “Human Resources should end its recent practice of setting insurance contributions based on a fixed percentage of employee income.”
4. “Future changes in employee contributions based on income must be revenue neutral....”
5. “The market price for a plan should be based on the prior years’ Estimated Allowed Charges plus anticipated medical inflation, divided by the number of participants in that plan, then adjusted for an average across tier levels.”

6. “Except for funds specifically earmarked to provide relief for lower income employees, premium contributions to health benefits should be set based on market prices....”

7. “Human Resources should be transparent about expected changes in contribution rates....”

The committee reviewed each of the seven recommendations outlined in the draft report, identifying potential points of concern, and recommending changes to future drafts of the report. The discussions of the recommendations concerned:

- Whether equity required all employees to pay the same percentage of their income in the form of benefits contributions.
- Possible revision to the language in recommendation 4 wherein the HR would make it a goal (rather than a requirement) to balance the increases on higher income employees against decreases in the contributions of lower income employees.
- Alternative language in recommendation 5, concerning the use of market prices unreasonably constricts HR’s discretion in setting contribution rates for university healthcare plans.
- Whether recommendation 6 should include language prohibiting HR from using contribution rates to encourage employees to move from one health plan to another.
- The value of requiring the administration to disclose the probable trajectory of benefits contributions in the PPO Savings plans, and whether HR could predict how rates would change over time.

Jamie Myers and Matthew Woessner agreed to continue to make revisions of the report based on the committee’s recommendations, with the goal of presenting a new draft of the report on or before the next meeting on January 27, 2015.

New Business

Benefits for LGBT

The committee discussed issues relating to the possible inclusion of gender reassignment surgery and related treatments in the Penn State employee insurance plan. Presently such procedures are included in student insurance policies, but the employee insurance specifically excluded such coverage. HR provided estimates of the impact on employee insurance rates. Overall employee contributions would increase by less than $50,000 a year. The committee discussed the possible political impact of such a policy change in Harrisburg. HR informed the committee that President Barron was aware of the political dimensions of the benefits change. The administration felt the issue was manageable.
Life Insurance Policy

HR outlined a possible change to the employee insurance system. Presently both active and retired employees receive a $5,000 benefit when they die. Under a new system, current employees would receive a $50,000 death benefit for the period in which they work for the university, but the automatic death benefit after retirement would be eliminated altogether. Employees could elect to maintain a death benefit upon retirement, but the employee would be responsible to pay for the insurance at Penn State’s group rate. The committee discussed possible ways of grandfathering in employees nearing retirement, who might be counting on the current death benefit. HR would provide some additional information concerning the cost of continuing coverage for employees upon retirement if the current death benefits were discontinued. The acting chair encouraged the members to consult with members on their respective campuses and prepare to discuss the issue in more detail during the January meeting.

The meeting was adjourned at 10:45 AM

Minutes submitted by Matthew Woessner, Committee Vice Chair