Ball State University Staff Council Meeting #3 Thursday, November 18, 2010 Student Center, Room 301-2

Members Present:

Eric Buchanan, Maria Bumbalough, Terry Burgess, Amanda Collins, Kay Collins, Marilyn Davis, Kathleen Harrold, Bradley Johnston, David Kaufman, Sarah Kreps, Sarah McKillip, Julie Moody, Kate Murray, Andrea Sadler, Lee Anne Shore, Loretta Smith, Judy Stearns, Jo Turner, Melanie Turner, Marilyn Waldo, Angela Zahner

Alternates Present: Cheryl Buchanan, Robert Cope, Bartley Hainz

Guests Present: Judy Burke, Wendy Heathcote, James Whiteman

Excused Absences: Brenda Ayers, Cathy Cunningham

- I. **Call to Order** President Loretta Smith called the meeting to order at 1:15 p.m. and welcomed the guests in attendance.
- II. K. Murray introduced today's speaker, Brandi McGlothin, Benefits Manager, Payroll and Employee Benefits (PEB).

No questions were submitted prior to today's meeting. Brandi discussed the following:

- Looked back on history of IAPPP (Indiana Aggregate Prescription Purchasing Program), and the State of Indiana and Ball State went to this new program. January 1, 2010, Ball State started with MEDCO. Notices were sent via e-mail and in U.S. mail to every employee regarding prescription benefit changes that took effect on July 1. Generic drug co-pays increased from 10% to 20%, brand name prescription co-pays changed from 20% to 30%. This came directly from the March 16 meeting on campus regarding the budget reductions on campus. The amount to be reduced from Payroll and Employee Benefits was \$7.8 million.
- A Staff Council member suggested changing the wording to "co-insurance amount increases by 10% as employees do not realize how much that 10% increase really affects the cost of medication.
- Another change that took effect 7/1/10 was the out-of-pocket maximum. It was increased from \$1000 to \$1500. You have another \$500 to pay before your plan went to 100% coverage. The other change was that the \$500 additional needed to meet your maximum must come through mail order prescriptions. This does not count toward anything you purchase at a pharmacy.
 - A Staff Council member asked if it was mandatory to purchase a three-month supply through mail order. Some employees are changing their prescriptions dosages and strengths and it may be done during that three-month period. Brandi confirmed there are some medications that CANNOT be ordered for three months at a time, namely, narcotics. The employee needs to contact the PEB office and they can work with MEDCO on behalf of the employee in the form of overrides.

Brandi continued the discussion by covering the "frequently asked questions" section of the PEB website. Other questions and discussion from Brandi and Staff Council members included:

- Is there some reason why our premiums are so high compared to IU? Brandi will reply in writing to the staff council concerning this question as she cannot give a reasonable answer without looking and comparing the two plans side by side.
- Concerning the cost of drugs, does PEB believe MEDCO is comparable or lower in the cost of
 medications? Brandi believes this is the case. There have been cost increases, beyond Ball
 State's control, but in general, there are many employees who are happy with change. The
 cost shifting is going to the employee, even though the goal was to reduce cost, the employees
 are in general going to have to pay more.

Brandi also mentioned she knows of a large bulk of brand-name drugs (including Lipitor) that will be going generic beginning next year. This will be a cost reduction to the employee.

- Retail refill allowance is not a new benefit. It has always been a part of our plan.
- Controlled substances and Class II narcotics are usually not prescribed by a physician for three months. MEDCO will make a pharmacy-to-doctor phone call and, once approved by the physician, will send these narcotics by next-day air. These particular prescriptions must be signed for by someone at the home or by a neighbor, etc. Contact PEB regarding this special situation
- Some employees have stated they cannot afford a 90-day supply. Mail order has a payment plan where by the 90-day supply is broken down into three monthly payments.
- Brandi noted that information is available on the PEB website and employees are encouraged to the call the PEB office if they have any questions. MEDCO is very agreeable to working at resolving issue specific to our plan.
- A Staff Council member asked if the University as a whole benefits from the number of applicants who sign up for the voluntary benefits? Brandi confirmed the university does not receive any benefit. It is added as post-tax and does not affect our numbers. It is negotiated ahead of time so voluntary benefits do not require a minimum enrollment.
- III. **Roll Call** M. Turner called the roll of representatives and alternates. Roll called showed 21 representatives present, two excused absences, and six unexcused absences.

IV. Approval of Minutes of September 16, 2010

A motion was made and seconded (A. Collins/E. Buchanan) to approve the minutes.

The motion carried.

V. Committee Reports

- a. **Employee Relations** M. Bumbalough reported that Cathy Hammett, Bob Cope, and Julie Willoughby agreed to be grievance advisors. She is hoping to get a few more volunteers and encouraged people to be involved.
- b. **Public Relations** Amanda Collins. Amanda reported that the Food Drive is scheduled for

after Thanksgiving, beginning December 5 and ending on the 17th. Drop off is Monday and Tuesday, December 20-21. The Salvation Army will be picking up the food on December 22. Please drop off items to the Biology Department in Cooper Science Building. Please contact Marilyn Waldo or Amanda if help is needed to get the items to the pick-up site.

- c. **Elections** No report.
- d. **Hospitality** Judy Stearns. Judy reported she has information concerning the adopt-a-family project. The committee chose a mother and two children and has information on all of them. Please bring your donations to the next meeting of the council, as this will be enough time to meet the deadline of December 22 for getting the items to the family. The list of sizes, etc., will be sent electronically to Staff Council members.
- e. **Research** C. Cunningham no report.
- f. Salary and Employee Benefits D. Kaufman no report.
- g. Special Committees
 - 1. <u>A. Jane Morton Award</u> Kate Murray. Kate reported that the committee has been finalized and will be begin their work after Thanksgiving.
 - 2. <u>Angels for Life</u> Marilyn Waldo. Marilyn reported that the totals from the last blood drive were down a little: 305 pints donated with 240 used and 65 deferred. The next blood drive is January 19-20. It is important for members to get the word out about this important project.
 - 3. <u>Public Safety</u> Marilyn Waldo. Marilyn reported the University Senate's Public Safety Committee conducted a campus tour with committee members. There were more participants than expected and the bus was not big enough. Consequently, she did not go on the tour. She encouraged members and their constituents to submit areas on campus that they feel are unsafe.

VI. Unfinished Business

A. Follow-up to RFI #35-2009/2010 – Weekend parking situation for library employees with restricted pass for Emens garage. After discussion in June, referred back to Research Committee for creation of a small task force to try to work out a resolution with Parking Services.

Cathy Cunningham of the Research Committee is working on this issue and will report on the progress of resolution at next month's meeting.

B. Follow-up to RFI #36-2009/2010 – Differences between recognition dinners for staff personnel and service personnel. Referred to Hospitality Committee work with UHRS in the fall to explore options for a menu/service style change for the staff recognition dinner.

Judy Stearns met with Marta Stephens from University Human Resource Services regarding the dinner. Marta followed up with an allbsu regarding the history of the Staff Recognition Dinner.

After discussion by the members, it was suggested that a survey be sent again to all employees concerning their preference. Judy will draft a survey and it will be discussed at the next executive committee meeting. It was suggested the survey be conducted no later than December if the results from the survey affect the dinner already scheduled

for April, 2011.

- C. Pending RFI #2-2010/2011 Staff fee to use Student Recreation and Wellness Center. Referred to Employee Relations Committee
- D. Pending RFI #3-2010/2011 Staff fee to use Student Recreation and Wellness Center. Referred to Employee Relations Committee
- E. Pending RFI #4-2010/2011 Staff fee to use Student Recreation and Wellness Center. Referred to Employee Relations Committee

Maria Bumbalough read the following letter from Vice President Howard concerning items C., D., and E:

September 28, 2010

To: Maria Bumbalough, Employee Relations Committee Chair

Ball State University Staff Council

From: Randall Howard

Vice President for Business Affairs and Treasurer

RE: Staff Council RFIs Submitted in Regard to the Student Recreation and Wellness Center

Your letter dated September 16, 2010, brings up several concerns related to the new Student Recreation and Wellness Center and in particular the membership fee required to use the facilities. The following comments are provided in response to the concerns listed in the letter:

a. When planning for the SRWC facility was underway, students were consulted regarding their willingness to support the project via fees, but staff were not consulted nor asked to participate in the planning.

It is important to remember that the Student Recreation and Wellness Center was built for students and in response to direct student input that the existing facilities were inadequate. Having students participate in the planning was consistent with the origin and purpose of the facility. Had we been building a facility or implementing an initiative for staff or employee usage, we would have engaged them.

When possible and appropriate, employees of the University are able to take advantage of many facilities or events on campus that are primarily designed to assist with our mission of educating students. Often times there are fees associated with their usage – performances at Emens and the use of our dining facilities are two examples.

b. Is the facility being paid in full by student fees, or have other sources supplemented the project cost?

The construction costs were approximately \$39 million - \$10 million in private donations and a \$29 million bond issuance. The operating costs (e.g., equipment, labor, maintenance, supplies, etc.), debt service on the bond, and capital repairs and rehabilitation are funded solely by the fee revenue.

c. Has the potential for lesser health coverage costs for healthier employees been considered as an offset when determining whether to charge fees for employees to use the facility?

The University is committed to its wellness initiative – healthy lifestyles benefit both the employee and the employer. There were numerous discussions about this topic. Our wellness initiative includes many components including smoking cessation programs, Weight Watchers at work, health coaching, a nutrition clinic and counseling, health assessments, and others. We also offer gift card incentives for various actions like initially completing the health assessment and then for engaging in various positive lifestyle activities. This approach allows employees to use the incentive in whatever fashion they want – some might prefer to use it to partially offset the cost of a membership at a fitness center near where they live, some might prefer to use it towards a membership a the Student Recreation and Wellness Center, others might prefer to use it in other ways.

Additionally, employees are still able to use the following recreation facilities at no cost:

- Ball Gym/Pool
- Cardinal Creek Tennis Complex
- Field Sports Building
- Irving Gymnasium 2
- Lewellen Pool
- Racquetball Courts
- Any programs other than Adult Physical Fitness held in the Student Recreation and Wellness Center –
 for example employees can take fitness classes in the new Student Recreation and Wellness Center.
- d. How does the \$90.00 per semester fee compare to the students' contributions? Is it possible for that rate to be discounted for faculty or staff? Or are other cost-related incentives possible?

The fee is exactly the same. Any fee less than student fees would amount to an employee rate that is subsidized by student fees. Such a structure would be unfair and incongruent with our mission.

It is important to note that not every employee wants to use the Student Recreation and Wellness Center. If we had resources, regardless of their source, to subsidize employee benefits, some may prefer we use it for the Student Recreation and Wellness Center, while others prefer benefits that advantage every employee. Employees continue to be able to use other recreational facilities free of charge. We continue to look at incentives for the wellness programs and benchmark against other best practices.

It is also worth mentioning that every MAC school but one charges their full-time employees a membership fee to use certain student recreational facilities. The average of these fees last year was \$230 per year. Our fee is slightly higher but our facility is perhaps the largest and newest facility in the MAC.

e. Considering the University's emphasis on the health and fitness of its employees and its recent projects related to the Strategic Plan, it is possible that the other existing fitness facilities on campus which are available for use without cost be upgraded and renewed to be as attractive and user-friendly for employees as the SRWC is for students?

We have already made several adjustments at Ball Gymnasium to make it more useful for employees. These initiatives include:

- o Faculty/Staff only hours have been established from 5:00 am 8:00 am, 11:00 am 2:00 pm, and 4:00 pm 7:00 pm (these are historically busy times for employees).
- We have adjusted our fitness room hours to open 30 minutes earlier (at 5:30 am) and close one hour later (at 10:00 pm) to provide more opportunities for our employees.

- o The Ball Gym track will no longer be closed during Burris Volleyball and Basketball games/matches.
- We have added faculty/staff only group exercise classes in the two dance studios at Ball Gym.

We are also in the process of upgrading (and increasing) the number of cardio pieces (treadmills, ellipticals, stationary bicycles, etc.) that will be in the main fitness room. This will also allow us to move some of the existing equipment to the Ball Gymnasium track area replacing some of the older equipment that is there now. We continue to look at other upgrades (e.g., flooring, televisions, weight and strength equipment, etc.) and will consider these as space and funding becomes available.

Maria commented that this addresses some of the concerns, but our input is important. The following comments were made by council members:

- 1. Ball Gym is adequate for some individuals, but not all agree as the new facility is at least three times the size of Ball Gym;
- 2. There are not enough times when Ball Gym is open to work out
- 3. A facility we had free access to was taken away because of the new facility
- 4. Is there anything else included in the fee other than access to the new facility? If there is something else, does the staff member receive the benefit? (Maria will seek to find the answer to this question.)
- F. Pending RFI #5-2010/2011 Weekend Parking Issues. After discussion in June, referred back to Research Committee for creation of a small task force to work out a resolution with Parking Services.

Response: In the absence of Cathy Cunningham, this will be addressed next month.

G. Pending RFI #6-2010/2011: Staff fee to use Student Recreation and Wellness Center.

Response: See response to Items C., D., and E., above.

H. Pending RFI #8-2010/2011: Switch to MEDCO for prescriptions.

Response: David Kaufman received the following response from Marie Kavanagh, Director of Payroll and Employee Benefits:

Ball State University changed our provider of prescription benefits from Anthem to MEDCO on January 1, 2010. The University is a member of the State of Indiana's group prescription purchasing program which covers all State agencies, colleges and universities and primary and secondary school systems. The purpose of this group is to reduce the costs of prescription coverage for the State of Indiana by contracting as a large group with the Provider that guarantees to provide high quality benefits and lower overall costs to the State for prescription coverage. Similarly in 2005 Anthem was selected as the vendor for prescription coverage for the State under this same program at which time the University elected to change our prescription benefit provider to Anthem. Since prescription claims are a significant cost to the University (over \$13 million dollars for FY 2010) it is critical that we continually look for ways to reduce costs while maintaining the quality of our benefits.

Effective July 1, 2010, the beginning of the Plan year for our healthcare benefits, several significant changes were made to our benefits that affected both the medical and prescription benefits. Most of the changes to both benefits represented an increase in out-of pocket expenses for employees during the transitional period at the beginning of the Plan year. Specifically the changes to the prescription benefit

that would have increased employees out of pocket expenses on July 1, 2010 are:

- Increase in the out-of-pocket maximums from \$1,000 to \$1,500 and
- Increase in co-insurance rate for generic and brand name drugs by 10%, from 10% and 20% to 20% and 30%, respectively and
- Increase in deductible from \$25 to \$50 for the rest of calendar year 2010

The example of the increase in prescription costs cited in the RFI can be attributed to the benefit changes, not to an increase in MEDCO's costs. If prior to June 30, 2010, you had satisfied your deductible and met your out-of-pocket maximum, your prescription costing \$15.00 would have cost you nothing. However, the next time this same prescription was filled after July 1st, your cost would be \$15.00 because of the increase in the deductible. This increase in your prescription costs will continue until you have paid the additional \$25.00 in deductible and \$500.00 in out-of-pocket expenses. Additionally, if you compare the cost of a generic drug before and after June 30th you would see a 10% increase in your cost because of the change in the co-insurance rates.

While there are drugs that cost more under MEDCO than Anthem, this is not the norm. Prescription costs decreased almost \$420,000 from January 1, 2010 to June 30, 2010 compared to the Anthem costs from July, 2009 to December, 2009 during which the prescription benefits were the same. It is understandable that employees would attribute an increase in drug costs to MEDCO particularly if the changes in the benefits effective July 1st were not recognized. Hopefully the information provided in this response broadened your understanding of how the benefit changes impacted your costs, not MEDCO.

I. Pending RFI #9-2010/2011: Free admission to sporting events for Emeritus. Referred to Salary Employee Benefits.

Response: David Kaufman received the following response from Marie Kavanagh, Director of Payroll and Employee Benefits:

When a Staff and Service employee retires they can be awarded "Retirement Status" in recognition of their years of service. Associated with this status are specific benefits such as continuation of health care coverage for the retiree, spouse and eligible dependents, choice of continuation of life insurance coverage for the retiree or election of the life insurance cash settlement option(if they meet the qualifications). The retiree is also provided a Retiree ID card which gives them access to the University recreational facilities and library as well as free surface parking. Retirees, their spouse and eligible dependents can also continue the same Fee Remission benefit they had as an active employee. Staff and Service retirees are also paid for their accrued but unused sick time (up to a maximum) as well as their vacation balance.

When a Faculty or Professional employee retires they can be awarded "Emeritus Status" in recognition of their years of service. If the employee is not eligible for the Early Retirement Program, then the benefits associated with Emeritus Status includes continuation of health care benefits for the retiree, their spouse and eligible dependents, continuation of life insurance benefits for the retiree, a Retiree ID card allowing them use of the recreational facilities, library and free surface parking. They are not eligible for the Life Insurance Cash Settlement Program unless they are eligible for the Early Retirement Program. They are also eligible for the same Fee Remission benefits as the Staff and Service employees. Unlike Staff and Service, only Professionals who were hired before July 1, 1985 are eligible for the pay out of a portion of their accrued but unused sick days. Faculty, regardless of their hire date, is never allowed payment of their accrued but unused sick balance at retirement.

The benefit of a complimentary pass for home athletic events, various musical series and theatrical productions that is referenced in this RFI, is not available to all Faculty and Professional retirees who qualify for Emeritus Status. Only those Faculty or Professional employees eligible for Emeritus whose original hire date is prior to January 1, 1997 receive this benefit at retirement. Anyone hired after that date is not eligible for this benefit. The University recognized the cost associated with continuing this benefit so it was discontinued and not included as a benefit for anyone hired after the January, 1997 date.

When comparing the retirement benefits for both these groups, Staff and Service and Faculty and Professional, it is clear that the benefits are relatively the same. In fact, with a couple of the benefits, the Staff and Service employees actually have a richer benefit than the Faculty or Professional retirees. Although it might seem unfair that the grandfathered benefit of the complimentary pass does not apply to the Staff and Service retirees, the same claim could be made by the Faculty and Professional employees regarding the payout of sick days and eligibility for the Cash Settlement Option. These are available to all Staff and Service retirees but only a much smaller subset of the Faculty and Professional retirees.

VII. Request for Information/Policy Change:

No new RFI's were received prior to this meeting.

VIII. Announcements

a. The December Holiday Lunch/Meeting will be held in Noyer Retreat Dining on December 16, 2010. Lunch will be at noon with the meeting following at 1:15pm. Three entrees will be offered for lunch options. We will sponsor a family in lieu of an ornament exchange or party favors.

IX. Adjournment

L. Smith adjourned the meeting at 2:30 p.m.

Respectfully submitted,

Melanie Turner Secretary, Staff Council