

**WASHBURN UNIVERSITY BOARD OF REGENTS**  
**Budget and Finance Committee Meeting**  
**November 5, 2015**

Regents Present: Paul Hoferer (committee chair), Jennifer Sourk (committee member), Bill Sneed (for committee member John McGivern), Terry Beck, Blanche Parks, Bill Feuerborn [via teleconference],

The meeting was called to order by Paul Hoferer, chair.

1) Minutes of the September 3, 2015 meeting were approved as distributed.

2) Procurement Process Selection:

An amendment to the Washburn University Policies, Regulations, and Procedures Manual (WUPRPM) section 3.3 is proposed. Regent Hoferer met with Rick Anderson and Marc Fried to draft language with respect to local preference for vendors. Currently there is no language in the policy about local preference or any geographic boundaries for the meaning of local. The subcommittee got input from Regents at the September meeting and did some legal research prior to making a recommendation. Regent Hoferer said he thinks this is the most flexible policy wording, as it doesn't put anyone in a position to go back from an accounting standpoint to have to explain why certain points are being awarded. Vice President Anderson said he is comfortable with the carefully chosen terms as they give flexibility to the screening committee and regents. Regent Sourk asked why the term physical presence was used. Vice President Anderson said they considered using mailing address but didn't want the committee or board to be in the position to have to consider every time what the term means. Mr. Leach said historically, and for consistency, the word "shall" has been used rather than "will" in the WUPRPM.

Regent Sneed moved to recommend to the full Board to approve the policy change in the WUPRPM as presented, with the wording change of "will" to "shall." The motion was seconded and passed.

3) Health insurance:

Vice President Anderson said we have a self-funded health plan. He prepared a chart showing the trend in premiums, claims expense, and fund balance over the last ten years. The plan has been relatively consistent over the years, with minor tweaks that moderate our plan's overall increase in health care expenses. In the past year expenses have started to climb. While the majority of expenses grew 2-3%, which is in line with inflation, prescription drug usage has grown by 15%. We have ten months' worth of reserves to provide flexibility and cushion, allowing us time to consider adjustment to the existing plan.

Vice President Anderson said of the two existing plans the base plan has been utilized 70-90% and the buy-up plan has been utilized 140-180% over the last five years. Adjustments are being recommended to prescription coverage and copays, with a premium increase only for the buy-up plan. In answer to Regent Hoferer's question he indicated we need to make adjustments to the buy-up plan because the primary problem is overuse of the buy-up.

There are currently six employee payroll tiers and no changes are being recommended to them now. Tiers will be adjusted with income increase. Higher income level employees are more apt to use the buy-up plan, so can shoulder more of an increase. Sixty-three percent of employees have employee only coverage.

The State and City plans were compared. The State's base plan deductible is lower, but has a percentage coinsurance for prescription making it not as favorable as ours. When asked by Regent Parks if a discount is given for non-smokers Vice President Anderson said we have not done this. He indicated the City does provide a discount for non-smokers and the State includes it as points in their overall wellness program.

Consideration was given to moving the stop loss percentage but the differences in premiums were small so it is not being recommended at this time. Regent Sourk asked how many claims per year were near the stop loss. Vice President Anderson said this year 13 people were over the stop loss, but in most years the average is four to six people. The increase was heavily driven by prescription drugs. When asked by Regent Sourk if this is a desirable plan and whether it helps in recruiting faculty President Farley said faculty are usually more concerned with salary and working conditions, however the no cost for employee health insurance is a good sell. Vice President Pembroke said he occasionally hears complaints about the cost of family coverage.

There will be a change in both plans for prescription drug co-pays and drug categories, adding a fourth tier drug category for specialty drugs. This is consistent with other plans offered by BC/BS. Home health and hospice care have been added. Also the major dental waiting period has been eliminated. The base plan will continue at the current rate. The recommended 5% premium increase on the buy-up plan will be passed on to individuals and their families in premium and deductible changes. This works out to about \$350 per year for individual and \$1,000 per year for families, along with the additional cost on the deductible.

Regent Sourk moved to recommend approval by the full Board to renew the University health plan as presented. It was seconded and the motion carried.

Consultants will be brought in next year to make sure we're covered on ACA. The wellness plan will be tied into insurance rates in the future. We are also looking to incentivize employees in managing chronic illnesses. Open employee forums will be provided to explain the health plan changes.

4) Meeting was adjourned.