

University Of Washington  
Faculty Council on Benefits and Retirement  
2:30 p.m. – 4:00 p.m., January 28, 2013  
36 Gerberding

**Meeting Synopsis:**

- 1) Call to Order
  - 2) Approval of minutes from the November 26th 2012 FCBR Meeting
  - 3) Update on the proposed opt-out increase in matching contributions at age 50 in the UWRP
  - 4) Topics for the Council's consideration:
    - a. Supplementary Retiree Benefits
    - b. Healthcare plans
    - c. FSA, DCAP and HSA plans
    - d. Options for retired faculty and staff (particularly in regards to Medicare)
  - 5) Adjourn
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**1) Call to Order**

The meeting was called to order at 2:01 p.m. by Chair Ashley Emery.

**2) Approval of minutes from the November 26th 2012 FCBR Meeting**

Minutes from the November 26<sup>th</sup> FCBR meeting were approved as amended.

**3) Update on the proposed opt-out increase in matching contributions at age 50 in the UWRP**

Katy Dwyer was asked by the Provost to gather information, estimating the costs to the university to implement the matching contributions as "opt-out" at age 50. The information was provided in early January. Technical/Transactional costs/systems costs are nominal. The costs to the University should everyone choose to participate in the matching contributions at 10% were also provided to the Provost. Main item of concern is to have enough time to implement this change. Over time, it was noted that the opt-out process would incentivize more people to participate within this increased benefit because people tend not to change things that happen automatically.

**4) Topics for the Council's consideration [Exhibit A]**

a. Supplementary Retiree Benefits

Official retirees of UW have the privilege of free parking, this includes emeritus faculty who are retired from their retirement plan

b. Healthcare plans

Brief discussion followed regarding the statistics provided by Dwyer, on the number of faculty and staff paying smoker rates for their life insurance at the UW, which Dwyer described. Some may be paying these rates due to not have noticed this, or because their spouse/partner uses tobacco products and they are therefore required to pay the higher rates. ... The smoker/non-smoker rate is noted on the ESS website. Nowell noted that he believes UW would seem to be at twice the national rate; perhaps it is worth reminding people of this. Dwyer stated that there was a life insurance open enrollment in March and April of 2012 during which time several reminders to review their life insurance coverage were sent to all employees.

Dwyer had provided a long list of statistics for utilization of various UW benefits plans. She cautioned that the UWRP age 50 and over only contributing 7.5% was only 37. Dwyer noted that benefits strongly encourages new employees to consider the long-term disability insurance since later enrollment is possible, but requires Evidence of Insurability and approval by the insurer. A FCBR member asked how many people are rejected for such requests? Unsure, since Benefits does not track this number. But focus is to get people to apply for this upon employment, which is the only window for enrolling without Evidence of Insurability. Few enroll in the waiting period selected beyond 180 days ... Faculty do not accrue sick leave like staff employees; faculty code mandates 90 days,. Faculty Sick Leave Policy can be found at Academic HR's web page:

[http://www.washington.edu/admin/acadpers/faculty/sick\\_leave.html](http://www.washington.edu/admin/acadpers/faculty/sick_leave.html). Dwyer emphasized the importance of contacting the Benefits office early for LTD claims to be made. Unlike the annual medical/dental open enrollment period, here has never been an open enrollment on long term disability at UW. Question was posed what the Council could do to promote this? Could there be open enrollments for this? Dwyer responded that it is rare for this to occur, however as stated earlier, Health Care Authority (HCA) did provide a limited open enrollment for life insurance in 2012, so it may be possible at some point. The FCBR could request that the Benefits Office ask HCA if there could be an open enrollment or modified enrollment for LTD.

The committee asked how to increase the awareness of the faculty/staff, active choice on long-term disability? Dwyer responded that there is an ongoing challenge of "how to get peoples' attention." Nowell suggested that at promotions, associate to assistant, assistant to full, would be good times to trigger a reminder of the possibility at long-term disability. Nowell suggested the information could accompany a letter from the provost on the promotion. Dwyer responded that there is limited staff, and it would take time and resources to add additional work. However there is an RFP process underway now to obtain a new HR Payroll system, and Dwyer noted that functionality that comes with any new HR/payroll system will contribute heavily to improving reminders for UW employees.

General questions about life insurance policy were answered by Dwyer. She explained how it is used differently, between estate planning versus in younger years where its primary purpose is continuing to provide for a spouse or family in the case of death. The UW-paid amount is \$25,000 per employee and Dwyer commented that in the past it this number had been \$5,000 per employee. This coverage had increased several years ago.

The options of health insurance plans were discussed. Dwyer commented that at one time the number of insurance plans had grown from 3 to as many as 18, and now we are back down to 3 basic plans, with a high-deductible version of each. Uniform has been the most popular choice elected by UW employees.

Why do people choose particular health plans? Dwyer noted that she sees many surveys regarding this. It depends on income level, kinds of benefits in a plan, etc. Healthy people and those who want tax deductible savings use the high deductible plans which come with an employer-funded Health Savings Account (HSA). New Employee Orientation works to best inform faculty and staff of this. A concern for UW is the risk of people entering into the high deductible plans with the HSA, not understanding that there are low monthly premiums, but high deductible before the plans begin to pay claims. A question

was asked about selection of Group Health versus Uniform. Uniform has more paperwork, but more flexibility to self-select a doctor. Group Health may be more expensive in monthly premiums, but has less paperwork and co-pays rather than the member paying a percentage of the bills. Dwyer stated that Regence was selected as the third party administrator "Claims payer" for Uniform Medical Plan through a RFP. Regence has a broad range of provider options locally and nationally. Provider lists are subject to constant change. PEBB (and the State Legislature) defines the benefits of the health plans.

A question was asked about prescription drugs? Dwyer stated that the HCA manages the pharmacy benefit costs, particularly with mail order. Washington and Oregon have cooperated to develop a clearing house so that they receive any rebates or incentives from pharmaceutical companies, rather than having an insurer receive those directly. Have hired third party administrators to pay the prescription claims, but the state of Washington HCA controls what is covered and uses the rebates from the pharmaceutical companies to help keep costs in check. . Emory noted that PPS (one of the prescription managers) is a great service.

c. FSA, DCAP and HSA plans

Questions arose why the number of enrollment for these categories was so small. Dwyer discussed the structure of the HSA and that it is partnered with a high-deductible health plan, noting that contributions to the HSA are tax exempt, and the state also contributes. Nowell asked about the Dependent Care Assistance Program (DCAP) statistics. Dwyer responded that it is another valuable plan, but she had not been asked for that data. She would be happy to provide it. . It was noted by a FCBR member that a potential barrier for participation within the FSA is due to the amount of paperwork.

d. Options for retired faculty and staff (particularly in regards to Medicare)

The federal government normally requires enrollment in Medicare A and B at age 65. However those continuing to work and covered by an employer-paid plan can defer this enrollment. Then at retirement, the retiree must enroll in Medicare part A and B or he/she can't enroll the PEBB Retiree medical

Dwyer was asked what number of retired people keep their health benefits as retirees, particularly with the Uniform plan? Dwyer responded that nearly all those eligible for the PEBB Retiree Medical take that coverage. Retirees can make a choice between the plans in an annual open enrollment just as they did when they were active employees. The state actually subsidizes Medicare-eligible retirees' costs for medical insurance, though the subsidy has decreased over time. The subsidy still exists if you were eligible at March 2011.

Dwyer was asked if the faculty Voluntary Retirement Incentive (VRI) would be offered again this year. She responded that this was a decision from the Provost, and that no announcements had been made so far. This would most likely occur during spring quarter. A member asked how many faculty used the VRI last time it was offered? Dwyer responded that Vice Provost Cheryl Cameron may have these numbers and they are easily available if asked..

A question was asked about whether retirees need to continue their coverage within the PEBB Retiree Medical. Dwyer responded that if opting out, they can never re-enter. However they can temporarily waive enrollment if they will be covered by another employer-paid health plan. The UW Retirement Association gives updates to their members about this and other retiree concerns. A member asked if a retiree may opt out, and then attempt to re-enroll, are there any appeal options? Dwyer responded that she was not aware of any ability to re-enroll, but that this happens very infrequently because nearly everyone enrolls in PEBB Retiree Medical.

Discussion followed on the difficulty of communications to faculty and staff, and getting attention to benefits.

Emery asked what would the Council like to concentrate on during the next few meetings?

- Actionable way to have a one-year open enrollment for the long-term disability?
  - o Realistically, getting everyone involved can't happen. Education is key, as those who are starting work at the University. Dwyer suggested the Council consider developing a story to illustrate the need of this. Draft a statement to request the Benefits Office to request for the State HCA offer a modified open enrollment for long-term disability
- Long-term care?
  - o Dwyer pointed out that FCBR was a partner in developing the long-term care resources which are on the Benefits website. This topic has not been reviewed by FCBR for several years, and there are many changes within this industry. This may be an opportunity for the Council. Dwyer reminded the Council that Long Term Care services are those not covered by Medicare or a health plan. Faculty and staff currently purchase a John Hancock product on this through the PEBB. Additionally there are some new products available that are quasi-life insurance policies. Dwyer suggested that the Council invite Pat Doherty to present; perhaps Pat and Katy can work on this. A short presentation can be made, and then a subcommittee could be formed to investigate the current climate.

## 5) Adjourn

The meeting was adjourned at 3: p.m. by Chair Emery.

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*Minutes by Jay Freistadt, Faculty Council Support Analyst. [jayf@u.washington.edu](mailto:jayf@u.washington.edu)*

**Present:**           **Faculty:** Emery (Chair), Govin, Nowell  
                          **Guests:** Dwyer  
                          **Ex-Officio Reps:** J. Ray Bowen, Deardorff, Christopher Glenn,

**Absent:**           **Faculty:** Mittler, Breidenthal, Holt  
                          **President's Designee:** Kornberg  
                          **Ex-Officio Reps:** Navarette

**UW Benefits Office**

Exhibit A

2012 VIP contribution reached maximum allowed*	755
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\*all VIP participants; does not differentiate for retirement plan participation

Participants using both UWRP and VIP	3,443
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UWRP Age 50 and over Contributing 7.5% & using VIP	37
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<b>PEBB Long Term Disability (LTD) Participation</b>	
Basic Only	18,439
Optional Coverage (employee-paid)	11,664
Waived (premium waiver while on claim)	38
<b>Total PEBB LTD participants</b>	<b>30,141</b>

<b>PEBB LTD Optional Coverage Waiting Period Selected</b>	
30 Days	1,036
60 Days	1,735
90 Days	4,277
120 Days	2,498
180 Days	1,675
240 Days	84
300 Days	46
360 Days	313
<b>Total</b>	<b>11,664</b>

<b>PEBB Life Insurance Enrollment</b>	
AD&D Employee Only	2,349
AD&D Family Coverage	4,183
Basic Life - employer paid	<b>30,134</b>
Basic Spouse/SSDP Supplemental - employee paid	4,017
Basic Spouse/SSDP/Child - employee paid	6,980
Employee Supplemental Coverage - employee paid	9,970
Employees paying Smoker rates	13,526

<b>PEBB Health Plan Enrollment</b>	
<b>Preferred Provider Plan - Uniform Medical Plan (UMP)</b>	
Defaulted to UMP Classic	143
UMP Consumer Directed Health Plan (CDHP) /HSA	1,290
Uniform Medical Plan - Classic	20,103
<b>Preferred Prov. Total</b>	<b>21,536</b>
<b>PEBB Managed Care - Group Health &amp; Kaiser</b>	
Group Health CDHP/HSA	275
Group Health Classic	2,392
Group Health Value	4,074
Kaiser Classic	10
<b>Managed Care Total</b>	<b>6,751</b>
<b>Total Enrolled</b>	<b>28,287</b>
Waived Medical (other coverage)	<b>1,813</b>

<b>Health Savings and Flexible Spending Accounts 2012</b>	<b>HSA</b>	<b>FSA</b>
Participation	482	4,230
Total Monthly Deductions	\$ 142,730	\$ 577,185
Average Monthly Deduction	\$ 296	\$ 136

Data as of 12/31/12; exception, UWRP and VIP participation as of 1/15/13