

UW SYSTEM ADVISORY COMMITTEE ON FRINGE BENEFITS MINUTES
November 30, 2012 Teleconference

Members Present: Susan Fontana, Tracy Hofer, Sharon Klawitter, Fredric Kolb, Sharon Pink, Mary Kay Sankey

Members Absent: Ana Araujo, Diane Douglas, Steve Guo

Staff Present: Nicole Zimm, Jason Beier, Beth Ritchie, Rose Stephenson

Guests: Jeanne Durr

The meeting was called to order at 1:05 p.m.

- 1) Minutes of the April 27, 2012 meeting were approved with the addition of Rose Stephenson as staff attending the meeting. The agenda and minutes are posted on the <http://www.wisconsin.edu/hr/benefits/fbac.htm> webpage.
- 2) Susan Fontana reviewed the FBAC operating procedures. It was noted that the procedures will need updating to reflect the changes to current classified employee designations effective July 1, 2013. The procedures are not currently inclusive of represented classified staff now under the authority of the Office of Employment Relations. Staff will draft updated procedures for the Committee's approval.

The membership of the Committee was reviewed. Fred introduced a motion to reappoint Susan Fontana as Chair. Tracy seconded the motion, which passed unanimously. Susan then motioned that Fred Kolb be reappointed as vice chair. Sharon P. seconded the motion, which passed unanimously.

- 3) Rose Stephenson provided an update on the TSA committee. The TSA committee's 10 members meet twice per year. They last met on November 2, 2012. The Chair of the FBAC is an ex-officio member of the TSARC. Highlights include:
 - a) The committee reviewed the Program budget. UW staff negotiated with the investment companies participating in the UW TSA Program. TSA companies now offer the lowest cost share class available to participants in the Program.
 - b) T. Rowe Price, Fidelity and TIAA-CREF agreed to provide an administrative budget to the Program, which allows the TSA fee to be reduced. The TSARC voted to reduce the fee from \$15 to \$12 for 2013.
 - c) Staff reported on the TSA administration, including:
 - i) Upcoming Financial Services audit
 - ii) TSA limits in HRS and TSA Fee programming
 - iii) Availability of Loan Approvals using TIAA-CREF's Compliance Coordinator. Employee default on these loans is low.
 - iv) Education: Employee notifications, individual counseling sessions, TIAA-CREF workshop, Fidelity, T. Rowe Price webinars
 - d) Insurance company ratings remain unchanged and have been reaffirmed as "stable."
 - e) Thirty-five percent of eligible employees participate in the TSA program.

- 4) Jason Beier updated the Committee of progress on the new University Personnel System (UPS). Three resolutions will be introduced to the Board of Regents at their December 6-7, 2012 meeting. The resolutions seek:
- a) Resolution I.2.b.1:
 - i) Approval of Regent Policy Document on University Personnel Systems, which applies to all UW System institutions and their employees, effective July 1, 2013.
 - ii) Endorsement of nine UPS Operating Policies for all UW System institutions except UW-Madison, effective July 1, 2013. These UPS OPS address issues required in statute, including grievances, civil service, workplace safety; and
 - iii) Authorization for the UW System President to submit this Regent Policy Document and attachments to the Joint Committee on Employment Relations for its consideration pursuant to Wis. Stat. § 36.115. It also authorizes the System President to develop additional policies.
 - b) Resolution I.2.b.2, establishing shared governance.
 - c) Resolution I.2.b.4 establishing a code of ethics:

Jason explained that the Regent Policy document is analogous to statutes in that it sets forth the authority of the Board of Regents to establish policy for all staff as of July 1, 2013. The UPS Operating Policies (UPS OPS) are analogous to administrative code, which sets the operational policies. The UPS OPS will include all of the current unclassified personnel guidelines (UPGs). Upon approval by the Board of Regents, the documents will be presented to the Joint Committee on Employment Relations for approval.

Jason thanked members of the Committee and Jeanne Durr for their work on the benefits group. Benefits and leave are not addressed in the current proposals. They will be included in a Title and Total Compensation study.

Fred asked Jason whether he expects the accumulated sick leave program and the supplemental sick leave programs to continue in their current form. Jason assured Fred that there are no indications that those programs would cease.

- 5) Nicole provided a brief overview of the results of the Wisconsin Retirement System study by the Department of Employee Trust, the Office of State Employment Relations and the Department of Administration. The study was required under Act 32 and was released in late June. The study included:
- a) Establishing a defined contribution plan as an option for participating employees; and
 - b) Permitting employees to not make employee required contributions, and limiting retirement benefits for employees who do not make employee required contributions to a money purchase annuity.

The study recommendation was that, given current financial health of WRS (almost 100% funded) and risk-sharing aspects of WRS, it is not recommended that an optional DC plan be provided or that employees be allowed to opt out of employee contributions at this time.

Link to study: <http://etf.wi.gov/publications/wrs-study.pdf>

- 6) Beth discussed benefit and premium changes for 2013.
- a) WRS contributions will increase for 2013. For employees in the General/Teacher category, WRS contributions are increasing from a total of 11.8% in 2012 to 13.3% in 2013, with the employee and employer each paying one-half.
 - b) There is also a potential increase in employee Social Security tax from 4.2% to 6.2% due to the expiration of the Temporary Payroll Tax Cut Continuation Act of 2011 on December 31, 2012. This increase is part of the "fiscal cliff". It is uncertain if Congress will act to extend this temporary payroll reduction.
 - c) For high wage earners, effective January 1, 2013, a 0.9% Medicare surtax will apply to wages in excess of \$200,000 for single taxpayers and over \$250,000 for married couples (payroll tax will begin for all once employee reaches \$200,000 in earnings)
 - d) Employee contributions for health insurance premiums are also increasing about 5% for 2013. The employee monthly share for a Tier 1 plan is increasing from \$81 to \$85 for single coverage and from \$201 to \$211 for family coverage. The 5% increase is consistent with the weighted overall premium increase for all participating health plans in 2013.
 - e) Anthem DentalBlue coverage for UWS employees ends on December 31, 2012. All current members were contacted and advised of their option to enroll in Dental Wisconsin for 2013 with no waiting periods for benefits.
 - f) ETF negotiated premium rates with EPIC for Benefits+ and Dental Wisconsin. EPIC has a two-year rate guarantee for both plans so there will not be a premium increase for 2014.
 - i) Benefits+ premiums increased an average of 8.6%
 - ii) Dental Wisconsin premiums increased an average of 12.2%. This includes a 25% increase for annuitants, which amounts to \$4.46/month for single coverage and \$9.68 for annuitant and spouse. For active employees, the increases will be \$2.68/month for single coverage and \$9.35 for family coverage.
 - iii) It is unlikely that either plan will have an open enrollment for 2014.
- 7) Nicole reviewed the 2012 Annual Benefits Enrollment Period (ABE). UW-River Falls, UWSA, UW-Extension, Eau Claire, Superior and Madison DoIT all used eBenefits enrollment for the first time, joining UW-Green Bay, LaCrosse and OshKosh. A total of 742 employees used eBenefits to make 1040 benefit elections (these numbers will likely be updated because it was noticed that there was no data for Extension – Nicole will follow-up with Service Center).

We again surveyed employees on their ABE experience. We had 2,713 responses, a significant increase from 1,249 who responded in 2012. eBenefits users had very positive feedback. Final results will be shared with the Committee when full analysis is complete.

- 8) Beth provided an overview of two potential benefit programs that could be offered to UWS employees.

Legacy Services provides education and acts as a broker for individual long-term care (LTC) plans offered through major insurers. Only one group LTC plan is currently available through ETF to new members (Mutual of Omaha, marketed by HealthChoice). The group plan is guaranteed issue, which is good if the employee is not otherwise insurable but drives up costs for all members. Individual plans are underwritten and have lower premium costs, as well as spouse discounts. There is no employer contribution or payroll deduction for this program.

The other program is a dependent back-up care program through Bright Horizons. It provides dependent care, either planned or unplanned, that would otherwise require an employee absence. It can be used for children, adults or elders and can be provided in-home or in a facility for a low daily copay. The employer purchases a number of days per employee, such as 10, that can be used for dependent back-up care. There is a high return on investment and we can arrange a “pay as you go” system where we pay an administrative fee and then are billed for days actually used.

The Committee is interested in hearing more about of these plans. Staff will contact the vendors and arrange presentations for the week of January 14, 2013.

- 9) Nicole updated the Committee on UWSA benefit initiatives. These include:
- a) Significant involvement in drafting new University Personnel System Operating Policies (will replace UPGs)
 - b) UWSA website re-design

The new policies and website scheduled to be online in March – April 2013.

- 10) New Business: Mary Kay raised an issue that has come about due to the change to health insurance being paid one month in advance instead of two, some recipients of prestigious awards, such as Fulbright scholars, are having to pay the full premium for at least one month. We do not want employees declining such awards due to health insurance concerns. Staff will look into this to determine options.

Meeting adjourned at 2:50 p.m.