

THE UNIVERSITY OF MICHIGAN

SENATE ASSEMBLY

Minutes of Assembly Meeting, June 21, 1976

ATTENDANCE Present: Professors Aupperle, Browder, Cartwright, Christensen, Cornell, Corpron, Cosand, Diamond, Downen, Edwards, O., Elving, Fekety, Gordon, Hildebrandt, Johnson, Caldwell, Kish, Lehmann, Lindberg, Livermore, Merte, Nesbitt, Portman, Scott, Seger, Simonds, Votaw, Winans, Hoch, Colburn

Absent: Professors Adams, Angus, Baublis, Bornstein, Brazer, Child, Rucknagel, Coon, Crawford, Crichton, DeKornfeld, Deskins, Edwards, A., Easley, Faulkner, Flynn, Smith, Gray, Guinn, Harris, J., Harris, R., Horsley, Kachaturoff, Lands, Leary, Lytle, Asgar, Mullen, Murphey, Olson, Proctor, Rabkin, Sherman, Soucek, Stross, Van der Voo, Weeks, West, Zorn, Williams

Guests: Professors Edward J. Roccella, Joseph E. Sinsheimer, Professor Emeritus Norman E. Nelson

CALL TO ORDER Serving as Chairman in the absence of Professor Williams, Professor Lehmann called the meeting to order at 3:22 p.m.

APPROVAL OF MINUTES The minutes of the Assembly meeting of May 17, 1976 were approved.

ANNOUNCEMENTS Having recently considered the program of University Professorships proposed by Vice-President Rhodes, the Assembly was informed that SACUA was continuing to discuss the matter with Mr. Rhodes and that modified plans were being developed by way of recognizing senior faculty members in some appropriate fashion. In any case, Professor Lehmann indicated, the funds available would be committed to faculty development, and as plans materialize they will be brought to the Assembly for discussion.

The next regular meeting of the Assembly, it was announced, would take place on the third Monday in September.

ELECTIONS With a roster of new members proposed by SACUA for various committees before it, and with no additional nominations offered from the floor, the Assembly voted its approval, following a motion to this effect by Professor Johnson, seconded by Professor Kish.

PREPAID HEALTH CARE Having himself served as SACUA liaison member to the Committee on the Economic Status of the Faculty, Professor Lehmann was pleased to introduce his colleague on the committee, Professor Sinsheimer, who had been invited to address the Assembly on prospects for a prepaid health care delivery plan at the University.

Tracing developments to date, Professor Sinsheimer noted that approval for a Health Maintenance Organization (HMO) had first been received in 1969. Subsequently in 1972, with Dr. Robert Carpenter as Director, a fee-for-service program was developed, available to the general public and used predominantly as a fringe benefit without fees by the staff of University Hospital. While long-term funding is sought, no major source of

support has yet materialized, though planning monies have been available. At this point, Professor Sinsheimer explained, the University is not necessarily committed to an HMO as such but does have an interest in developing a prepaid health care package. By way of helping them visualize the several possibilities, the members of the Assembly were provided with a table enabling comparison of several representative plans and their respective health care provisions.

Calling attention to the efforts of an ad hoc committee under Professor Ralph Loomis that was urging the administration to consider an HMO as an optional fringe benefit, Professor Sinsheimer noted the diverse connections of those represented--AAUP, CESF, annuitants, credit unions--though, he emphasized, they spoke as individuals and with emphasis on the interests of consumers, rather than as representatives of organizations or from the perspective of medical education.

A prepaid health care plan would meet several objectives, Professor Sinsheimer declared. It would work toward solving the problem of primary family care. It would help deal with the growing costs of health care. (Predictions are for a \$3,000,000 increase in Blue Cross/Blue Shield premiums for next year.) And it would serve to curb the erosion of the fringe benefits package. For it was no accident, he added, that when the University assumed the increase in Blue Cross/Blue Shield premiums, a concomitant increase in parking fees ensued. Hence, in furtherance of the above objectives, there have been meetings with all of the relevant parties--representatives of the medical staff, members of the administration, and the Advisory Committee on Financial Affairs.

There is general agreement with the concept of prepaid health care, Professor Sinsheimer was pleased to report. At least no organized opposition is evident. At the same time the committee detects no organized support; no department is actively promoting the concept. While the Medical School and Hospital have, in fact, raised legitimate questions concerning such aspects as funding, housing, extent of interest, efficiency in meeting educational objectives, and legal considerations, these appear to be solvable problems, depending on the extent of the University's interest in and commitment to an HMO. The Department of Internal Medicine has reconfirmed its interest in primary health care but does not see an HMO as meeting the immediate needs of the department.

Referring to a task force report requested by Dr. Dalston, Professor Sinsheimer indicated that, while the report had urged abandonment of plans for an HMO, seen as a financial risk, it had at the same time recommended that alternative programs be studied. Thus, though the Hospital was not willing to assume a leadership role in the development of an HMO, it expressed continuing interest in serving as a provider of services under such other plans as might materialize. Vice-President Pierpont, for his part, had shown interest in an HMO from the beginning, seeing it as serving a double purpose--providing an education and research base, on the one hand, and staff benefits on the other. The former role would be addressed by the Medical School, the latter by the University as an employer. In any case, following additional discussion and consultation, Mr. Pierpont had proposed a two-step process whereby \$50,000 to \$100,000 would be devoted to planning and an organization study, which, if the results were promising, would be followed by a larger financial commitment for a five-year operation on a modest scale. Asked for its views, CESF reaffirmed

its previous endorsement of an HMO, suggesting that the \$250,000 that would otherwise be used as the direct University contribution to faculty health insurance be devoted instead to support of an HMO, such support being initiated at the start of the first academic year in which it appears likely that an HMO will in fact be organized.

Expressing appreciation for this informative summary, Professor Lehmann invited comments from the members of the Assembly. The ensuing questions touched on a variety of aspects--the prospect for a prepaid plan in the near future, the experiences of other universities in this connection, the purported advantages of a prepaid plan, and such practical considerations as the load that could be handled by the present medical staff and facilities as well as the number of subscribers required in order to achieve a break-even point. In the course of their comments Professors Sinsheimer and Roccella had occasion to point out, among other things, that one could at best only speculate about some of the figures at this point, while the answers to some other questions depended on the type of plan that might ultimately be adopted. As they pointed out, plans range widely with respect to size, cost, and benefits offered. Those with very liberal and extensive provisions do, of course, cost more. On the other hand, more modest versions require a smaller investment and may still serve adequately. The plan, in short, can be tailored to a group's needs and resources.

Assuring the Assembly that its members would hear more on the subject as planning proceeds, Professor Lehmann thanked the visitors for their informative presentation, asking that they convey to their colleagues as well the indebtedness of the Assembly for the attention being given this area of great interest to the University family.

#### ADJOURNMENT

There being no further business, the Assembly was reminded that Professor Colburn would henceforth be serving as secretary. At the suggestion of Professor Lehmann, the members acknowledged the service of the present secretary with a rising vote of thanks (a sentiment appreciated by the undersigned).

The meeting was thereupon adjourned at 4:12 p.m.

Erasmus L. Hoch  
Secretary