

Minutes of 24 September 2001  
Approved 29 October 2001

**THE UNIVERSITY OF MICHIGAN  
SENATE ASSEMBLY MEETING  
MINUTES OF 24 SEPTEMBER 2001**

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ATTENDANCE:

Present: Akerlof, Antonucci, Askari, Atreya, Cho, Drach, Erickson, Fisher, Frier, Gobetti, Green, Hall, Karr, Ketefian, Koopmann, Korobkin, Lehman, Masson, McDonagh, Navvab, Ni, Okada, Overmyer, Page, Pedraza, Powell, Reisch, Remick, Riebesell, Sears, Thornton, Yakel, Yeo

Absent: Alcock, Andrews, Barsky, Bhavnani, Brown, Brusati (on leave 2001-2002), Burdi, Clark, Dick, Elenbogen, Faerber, Guthrie, Hills, Juster, Karni, Karnopp, Keller-Cohen (on sick leave), Lindner, Lithgow-Bertelloni, Lubeck, Marcelo, Mateo, Moseley, Peterson, Rocchini, Savage (on sabbatical), Taghaboni-Dutta, Uribe, Vicinus, Ward, Watkins

MATERIALS DISTRIBUTED

1. Senate Assembly agenda
2. Draft minutes of the Senate Assembly meeting of 16 April 2001
3. Senate Assembly List by Units
4. 2001-02 Senate Assembly Planning Opinion Poll
5. Memorandum to SACUA from the Committee on the Economic Status of the Faculty, dated 25 July 2001, regarding comments on the Rx2002 Report.
6. RX2002 Work Group Questions/Answers, dated 6 August 2001
7. Prescription Drug Health Matrix

Chair Navvab convened the meeting at 3:23 P.M. The proposed agenda was adopted.

CONSIDERATION OF THE MINUTES OF 16 APRIL 2001

The minutes of 16 April 2001 were approved as submitted.

ANNOUNCEMENTS

1. SACUA has sent a letter of congratulations and offer of support to L. A. Tedesco, interim provost.
2. Nominations are being sought for the next speaker in the Academic Freedom Lecture Series.

#### UPDATE ON WORK IN PROGRESS

Chair Navvab informed Senate Assembly about status and progress on a series of issues that had been reported to Senate Assembly during the previous year. The Chair's status report is included as an appendix to these minutes. Mr. Schneider provided an overview of the procedures followed by the central administration pertaining to proposed revision of prescription drug benefits. He called specific attention to distributed items 5, 6 and 7.

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#### ACTION OF THE SENATE ASSEMBLY SA092401-1

Professor Gobetti offered a motion adopted by SACUA at its meeting earlier in the day: Senate Assembly respectfully requests that the president respond to the issues, reports, and requests for information that Senate Assembly and SACUA have brought before him and his executive officers during the previous year.

Chair Navvab invited discussion of the active motion. Professor Koopmann pointed out that reports generated by the Tenure Committee and the Academic Affairs Advisory Committee (AAAC) consumed many months of faculty effort, and that it is disheartening to faculty when their efforts are seemingly ignored. Professor Ketefian recommended that a communication be generated to accompany the motion explaining the faculty concern about the need for a timely response from the administration to its requests. She said that a sense of futility could emerge otherwise.

Professor Koopmann pointed out that responsiveness by central administration has changed from that which prevailed when the Principles of Faculty Governance report was developed by the AAAC. Chair Navvab commented that the change has been most striking since April 2001. Professor Ketefian remarked that faculty should be very concerned about academic performance of student athletes, and other matters that are the purview of the Board in Control of Intercollegiate Athletics (BICIA); she noted that issues related to BICIA were one of the items of non-response. A member of the Assembly asked if there was priority to the set of pending issues.

Professor Riebesell moved that the main motion be amended to include a list of specific issues. Vote on the proposed amendment to the main motion:

Number approving: 9 Number disapproving: 17 (Members abstaining were not counted.)

Professor Ketefian moved that the main motion be amended to substitute the word "president" to "president and executive officers", and to change "him and his executive officers" to "them". Vote on the proposed amendment of the main motion:

Number approving: 26 Number disapproving: 3 (Members abstaining were not counted.)

A member of the Assembly moved that the main motion be amended to include "attached list of". Number Approving: 19 Number Disapproving: 11 (Members abstaining were not counted.)

Amended Main motion "The Senate Assembly respectfully requests that the president and executive officers respond to the attached list of issues, reports, and requests for information that Senate Assembly and SACUA have brought before them during the previous year."

Attached List:

- 1) Report from the Academic Affairs Advisory Committee on Teaching Principles
- 2) Administrative proposals regarding a Conflict of Commitment policy
- 3) Report from the Tenure Committee regarding Tenure Guidelines
- 4) Report from the Civil Liberties Board and Senate Assembly regarding electronic privacy
- 5) Administratively proposed changes in Regents' Bylaws regarding the Board in Control of Intercollegiate Athletics

Vote on the Amended Main Motion: Number Approving: 30 Number Disapproving: none (Members abstaining were not counted.)

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## PRESCRIPTION DRUG 2002 BENEFIT PROPOSALS

Chair Navvab invited Professor Koopmann to introduce a discussion of faculty concerns about proposals for changes to prescription drug health care benefits that had been developed by an administration-appointed committee and an external consulting firm hired by the provost and the chief financial officer. Professor Koopmann remarked that the report seemed to overlook the fact that a variety of reasons exist whereby generic drugs are not perfect substitutes for name-brand drugs. He said that in those legitimate instances, higher co-payments should not be charged for the name-brand drugs.

Ms. M. Eichstadt, associate director of the Benefits Office, replied that her office would honor the designation "DAW" (Dispense as Written) on the script. Ms. B. Butterfield,

associate vice president and chief human resource officer, stated that the DAW notation will not require any explanation from the prescribing physician. Professor Ketefian asked what charge was given to the Prescription Drugs 2002 Committee. Chair Navvab replied that the committee was constructed in reaction to the rising cost of prescription drug benefits. He said that the Committee on the Economic Status of the Faculty (CESF) had reviewed the committee's report at the request of SACUA. Ms. Eichstadt stated that the true savings in benefit expense would come from physician and patient education. She said that her office has to make the community aware of the true cost of prescription drugs. She said it is necessary to educate people to be good consumers, and to understand that this is university money that could be used in other ways.

A member of the Assembly asked how the options and benefits compare among programs, specifically in regard to United of Omaha. Ms. Eichstadt replied that the options differ. She said that Option 2, for example, means that her office would carve out all drug benefits from all programs and bid that Pharmacy Benefits Management separately. She said that everyone would then have the same formulary, or drug coverage. A member asked if the consolidation would expand or contract the formulary. Eichstadt replied that the answer is not known. She said that changes could occur in either direction. She pointed out, for example, that consolidation would extend benefits for birth control medication to members of health care plans where the benefit is presently denied.

A member commented that CESF was concerned that how the benefits are applied will depend on the details of implementation, and that implementation could potentially adversely impact employee choice among health care plans. Eichstadt responded that the success of negotiations with health care programs will fall squarely on her shoulders. She said that she doesn't think of the changes so much as saving money for the university as it is preserving a benefit that is increasing in cost dramatically. She stated that health care providers are happy that the U-M would carve out the difficult problem of prescription drug benefits. She declared her assurance to the Senate Assembly that the U-M will continue to have all of the health care options as at present.

Ms. Butterfield stated that part of the provost's concern was the double digit increases in prescription drug benefits. Butterfield said that if the administration spends an additional \$20 million on prescription drugs, then that amount it will not be available for academic programs. Professor Ketefian asked if the university gave consideration to the pros and cons of becoming its own insurer. Ms. Eichstadt replied that the U-M benefits office accounts for 89,000 insured lives, which may seem large, but that it is trivial on a national scale. Ms. Butterfield added that, moreover, there is insufficient competency in house. Professor Koopmann inquired whether it is possible to foresee conditions under which health care providers might charge a surcharge for people to stay in their programs under a new Pharmacy Benefits Management scheme.

Another member of the Assembly pointed out that retirees living out of state have only one plan appropriate to their situation, regardless of the price placed on it. Thus, if Professor Koopmann's scenario were realized, these people would be compelled to move back to Michigan to participate in local HMOs. A member of the Assembly asked the

administrators to respond to SACUA's identification of the importance of a cap on annual out of pocket expenses. Ms. Eichstadt replied that the retiree plan is paid for by U-M funds. She said that the administration agrees that there should be a cap, perhaps in the \$2000 to \$3000 range. Another member asked what factor was most influential in causing the increased drug costs. Eichstadt replied that it appeared to be research and development costs. Professor Yeo said that the Rx2002 committee tried to learn the cause, but was unable to pinpoint the specific reason.

A member of the Assembly asked if increased drug usage is lowering other health care costs. Eichstadt replied affirmatively, stating further that hospitalization costs have been reduced, but that people are also living longer and that increases the costs. She added that an outside firm is presently conducting focus groups with members of the university community. She said that her office will present those results to the executive officers to help them with their decision. She said that a decision is expected by the end of November, so that her office can begin work on benefits programs for 2003. She explained that she needs to start planning for 2003 by January 2002.

Professor Yeo stated that her understanding is that VP Kasdin will make a final decision based on the workgroup report and input from the focus groups. Ms. Eichstadt replied that the decision will be made by VP Kasdin, interim provost Tedesco, and EVPMA Omenn. She added that to her, option 2 was the most appealing.

#### OLD BUSINESS

There was no other old business.

#### NEW BUSINESS

There was no new business.

The meeting adjourned at 5:00 P.M.

Respectfully submitted,

John T. Lehman  
Senate Secretary

#### **University of Michigan Bylaws of the Board of Regents, Sec. 5.02:**

Governing Bodies in Schools and Colleges In each school, college, or degree granting division of the University, including those at the University of Michigan-Dearborn and at the University of Michigan-Flint, the governing faculty shall be in charge of the affairs of

the school, college, or division, except as delegated to the executive committee, if any, and except that in the School of Graduate Studies the governing board shall be the executive board, and in the Medical School shall be the executive faculty.

## APPENDIX TO SENATE ASSEMBLY MINUTES OF 24 SEPTEMBER 2001

Topics for 2001

Prescription Drug 2002 - To CESF and back to Senate Assembly by early fall

Grade Alteration Policies - To AAAC

\* Teaching Principles -From AAAC to go to the Interim Provost then to Senate Assembly (waiting Since 2001 June)

\* Tenure Guidelines - From Tenure Committee and Senate Assembly for Provost response (waiting Since Winter of 2000)

\* Electronic Privacy - From CLB and Senate Assembly for President response (waiting Since 2001 April)

\* Conflict of Commitment - From President's Commission to Senate Assembly (waiting Since the End of July 2001)

Grievance Procedures Changes - From AAUP to SACUA for next step

\*BICIA Report - From President to SACUA and to Senate Assembly (waiting Since 2000 November)

Faculty Composition/Non-Tenure Track Increases - From Provost to Senate Assembly  
Procedures for handling allegations of faculty misconduct- From AAUP to SACUA for next step

Prescription Drug 2002

The issues we have identified so far are:

- 1) No higher co-pays when equivalent drugs are not available either for medical reasons or because a generic choice does not exist.
- 2) A cap on annual out-of-pocket expenditures for all plans including retiree plans.
- 3) Accommodation for retirement, travel, and living outside of Ann Arbor.

4) Preservation of employee choice of health plans at reasonable cost.

5) Continuous involvement of elected faculty governance in the development of the specific plan.