

Minutes of 18 November 2002
Approved 27 January 2003

**THE UNIVERSITY OF MICHIGAN
SENATE ASSEMBLY MEETING**

18 November 2002

ATTENDANCE

Present: Andre, Berent, Boyd, Bradley, Brown, Burdi, Byosiere, Combi, Drach, Elenbogen, Ensminger, Fisher, Gobetti, Goldman, Gull, Huntley, Karr, Ketefian, Kim, Koopmann, McDonagh, Okada, Overmyer, Pedraza, Prasad, Remick, Riebesell, Ruffin, Schwendeman, Shimp, Thornton, Wechsler, Winter, Yeo; Lehman

Alternates: C. Smith for O. Sagher, Medicine; D. Walker for J. Raisler, Nursing

Absent: Akerlof, Alfred, Andersen, Atreya, Barsky, Bartlett, Bhavnani, Carlisle, Cho, Clark, Colas, Faerber, Fishman, Frier, Giordani, Gould, Green, Hall, Hills, Keller-Cohen, Kosch, Lindner, Lithgow-Bertelloni, Moore, Ni, Norris, Orr, Page, Pennell Ross, Peterson, Powell, Robertson, Savage, Sension, Seyhun, Shelden, Tappenden, Tropman/Meezan, Watkins, Whatley, Yakel

Participating Guests: Jeffrey Stross, Chair, Pharmacy Benefits Advisory Committee; Marty Eichstadt, HR Benefits Director; Keith Bruhnsen, HR Pharmacy Manager

Observing Guests: D. Pacheco, D. Shoup, R. Jonna, G. Bersemer, R. Palma

MATERIALS DISTRIBUTED

1. Senate Assembly agenda
2. Draft minutes of the Senate Assembly meeting of 30 September 2002
3. Draft minutes of the Senate Assembly meeting of October 2002
4. Annual presentation to the University of Michigan Board of Regents by the Chair of SACUA, dated 14 November 2002
5. Ownership of copyrighted works created at or in affiliation with the University of Michigan, approved by Regents 14 November 2002
6. Nomination guidelines for the Jackie Lawson Memorial Faculty Governance Award, approved by SACUA 11 November 2002
7. Draft revisions to Faculty Appeal Procedures for Schools, Colleges and Academic Units, Sections D15-I, 11/7/02
8. Letter to Senate Assembly from W. Kaplan, dated 30 October 2002, regarding the Legal Advisory Council.

9. SACUA Prescription Drug Responses and related exhibits provided to SACUA by representatives of the Staff Benefits Office, dated 4 November 2002
10. University of Michigan prescription drug benefits effective 1 January 2003
11. PBM Announcement Article Two in a Series,
<http://www.umich.edu/~benefits/new/series/061002.htm>
12. University of Michigan Pharmaceutical benefits Advisory Committee (PBAC) membership list. Fax communication from Benefits Office dated 25 October 2002.
13. AdvancePCS contact information.
<http://www.umich.edu/~benefits/plans/drugs/contact.htm>
14. AdvanceRx.com;
http://umich.advancerox.com/advpcsr_x_formulary/index.jsp?com=uÖ [sic]
15. Commonly prescribed medications, effective January 3, 2003
16. Second tier drugs, dated 25 October 2002

Chair Koopmann convened the meeting at 3:15 P.M. The proposed agenda was adopted.

CONSIDERATION OF THE MINUTES OF 30 SEPTEMBER 2002

The minutes of 30 September 2002 were approved as submitted.

CONSIDERATION OF THE MINUTES OF 14 OCTOBER 2002

The minutes of 14 October 2002 were approved as submitted.

ANNOUNCEMENTS/UPDATES

Chair Koopmann announced:

1. A draft revision of the Faculty Appeal Procedure has been endorsed by SACUA and is offered to the Senate Assembly for vote at the next meeting (see distributed item 7).
2. The Senate Assembly has been sent a letter from W. Kaplan requesting action in regard to the Legal Advisory Committee (distributed item 8).
3. Guidelines have been developed for a Jackie Lawson Memorial Award (distributed item 6).
4. New copyright policy has been adopted by the Regents (distributed item 5)
5. The chair of the Assembly made an annual presentation to the U-M Board of Regents (distributed item 4).
6. There will be no meeting of the Senate Assembly in December. The Assembly will next meet on 27 January 2003. L. Barry and A. Solteil from the Life Sciences Institute will appear.

7. A ballot for SACUA nominating committee will be distributed at this meeting.

9. Responses from administrators to questions about pharmacy benefits have been distributed (item 9).

Professor Burdi asked the chair to provide members of the Senate Assembly with a summary of the general fund revenue being directed to the Life Sciences Institute and the Life Sciences Initiative in advance of the next meeting. Chair Koopmann said that he would request that information from the administration. Koopmann pointed out that in addition to diversion of general funds there are also special appeals being made to large donors that may likewise divert funds from other projects.

VISIT OF PROVOST PAUL COURANT

The guest joined the meeting at 3:30 P.M. The chair gave the floor to the provost. The provost said that he intended to offer reflections on his job. The provost listed a series of issues and areas of concern about academic affairs that come before him on a recurring basis. He then listed the administrative reporting lines into his office.

The provost declared that the serious work of the university is done by faculty and students, and that his job as well as that of faculty governance is to enable that work, to provide resources and an environment where the work is accomplished as easily as possible. He said that a second animating principle for his activities is to recognize heterogeneity through decentralization but to make it easy for people to cross disciplinary boundaries.

The provost then articulated the organizing principles and practices of his administration:

- Make sure paths exist to desired outcomes, or at least that tolerance for finding them exists.
- Align standing rules as closely as possible with goals, recognizing that deliberation and judgment are always important, and especially so in the academic setting. A key point is that it is OK to ask for exceptions. We administer and budget to entities that exist in the schools and colleges and institutes and departments. Most of the work is well organized by those entities, but not all and we must have alternative mechanisms. This requires deliberation, experimentation and collaboration.
- Lobby with the rest of the central administration on behalf of the academic missions.
- Help people make connections.
- Understand the historical reasons for rules and practices.
- If the rules and procedures get in the way of good policy and practice and good ideas, find a way to get the right job done. At the same time, when we want to do something nonstandard, understand the precedent, if any, and expect similar circumstances to lead to similar solutions.

He said that his deeper principles included:

- Peer review. Effectiveness at the university requires that nearly autonomous faculty have wide latitude. They must define the job, and the ability to do that comes from learning in disciplines and mixes of disciplines. The way to maintain excellence to construct, person by person and project by project, the right peer group for peer review.
- Seek out people who want to be better. One of the most important practical consequences of tenure is that it allows us to choose freely to bring into our midst people who are better than we are, without fear that we will be eliminating our own places. We must want to be surrounded by great colleagues who aspire to even greater colleagues.
- Plan wisely. Be ready to take advantage of opportunities that arise, without becoming too scattered. Some of us tend to plan too much, and to define searches too narrowly, missing real opportunities. We should be careful about hiring to plans and to defined niches.

The provost concluded his prepared remarks at 3:55 P.M. and invited questions from the Assembly.

Professor Don Brown commented that there has historically been a wide disparity between faculty and deans in regard to metrics of excellence. Provost Courant responded that he could guess that faculty report that teaching is rewarded less than is research. He said that many current faculty were promoted and tenured in an era when teaching did not matter much. He said that historically it was possible to get tenure with a terrible teaching record, but that is not true any more. He added that it is absolutely the responsibility of the faculty to make sure their discipline is taught appropriately.

Professor Gobetti remarked that a search is underway presently for a dean of the Dental School. Gobetti said that he asks each candidate whether they think that tenure could be awarded to a candidate based on excellence at teaching. He said that the candidates unanimously have responded that they would look only at research records. Gobetti said that teaching receives only minor lip service. He stated that deans and department chairs still do not look for teaching, and the present circumstances are not as rosy as the provost alleged. Provost Courant replied that he sees every file proposed for appointment and promotion. If there is not sufficient evidence of teaching ability, he said, he sends them back. Courant commented that there have been cases where people define their careers as the pedagogy of a field, including research about pedagogy, and that those are potential cases for award of tenure. He said that evaluation by the right peer group is essential. Chair Koopmann observed that the provost approves the selection of deans. The provost expressed agreement and added that the remarks he just heard would affect his interviews with candidates.

Professor Andre asked if the provost wished to identify an area where he has his own visions and initiatives. Provost Courant replied that he does not try to feign expertise, and that most ideas come to him, not from him. He said that he has greatest effect by

providing central resources, such as in the area of information technology. Professor Andre asked if this initiative would translate into more "smart" classrooms. The provost said yes, but that there were large expenses involved as well as important questions about how much should be wireless and how much wired.

The provost stated that another challenge at present is getting people on 12 month appointments in the Medical School engaged in teaching as practiced in units where the appointments are based on 9 month periods.

Professor Prasad pointed out that the College of LSA has declared restrictions in faculty searches, and each department has been instructed to pick its search of highest priority. He said the approach is a bad idea. Instead, departments should search broadly and hire the best candidate overall, rather than limit the hiring to a single subdiscipline. The provost expressed agreement, and suggested that faculty should make exactly that case to the dean and executive committee; he said that he would speak to the dean, as well.

The guest concluded his remarks at 4:15 P.M.

VISIT OF STAFF BENEFITS ADMINISTRATORS BRUHNSEN, EICHSTADT, AND STROSS.

The guests joined the meeting at 4:15 P.M. Chair Koopmann invited them to make initial remarks about changes in pharmacy benefits. Following is an abbreviated account of the visit; a complete digital audio program in wav or mp3 format is available to Assembly members from the Senate Secretary.

Professor Stross stated that pharmacy costs have been increasing at 15% per year over the last 4 or 5 years. He said that the administration made a decision that everyone except certain bargained for units would have the same benefits henceforth. The result is a 3 tier system under which co-payments for generic drugs will be \$7, preferred brand name drugs will carry a \$14 co-payment, and non-preferred brand name drugs would cost \$24 in co-payment per 1-month supply. Ms. Eichstadt reported that AdvancePCS has been selected to administer the pharmacy benefits. Mr. Bruhnsen added that mail orders can be submitted to obtain 90 day supplies of medication for 2-times the co-pay price rather than 3-times. He said there would also be a point of sale drug card for retirees as well as an opportunity for people to synchronize prescriptions. He stated that the university administration would access to the data on drug utilization.

At 4:25 P.M. Chair Koopmann opened the floor to questions from the audience. Professor Ketefian asked how the new drug plan would be financed. Ms. Eichstadt replied that previously the pharmacy benefit expenses were included in contracts with individual health care providers, but now they are separate. She said there has been no change in the way the U-M administration is reflecting expenses for itself or for employees.

Professor Brown remarked that it seems savings are being sought by shifting people to generics. Professor Stross said yes, and by shifting to less expensive name brands. Chair Koopmann asked Stross to offer his thought about this contract. Stross replied that the administration learned a great deal, and that will help in the future.

Mr. Daniel Shoup, president of the Graduate Employees Organization, stated that GEO members have concerns about implementation of this plan. He noted that AdvancePCS does not have the best interests of patients at heart, and he asked what assurance exists that patients would get the medication they need. Stross replied that everyone written a prescription should be able to get what is prescribed. He said the question was just the cost of the co-payment. He said that AdvancePCS has agreed not to pressure physicians to prescribe specific drugs over others.

Professor Smith pointed out that under the new plan faculty and staff will have much larger co-payments than is true for union-organized groups. He said that the AAUP recently surveyed bargained-for university faculty groups in the State of Michigan. He said that with the exception of Eastern Michigan University, co-payments are much smaller than here; the highest are what organized labor pays at the U-M: \$5 and \$10. At EMU, the co-payments are \$10 and \$15, but faculty make no contributions to their health care expense through payroll deduction. He added that none of the respondents stated that health care benefits were tied to the salary programs at their schools. He asked whether the lesson from the survey was that faculty should organize.

Ms. Eichstadt declared that benefits and salary come out of same pool at the U-M. Professor Stross acknowledged that U-M benefit costs are probably not dramatically higher than at other schools. Traditionally, he said, the U-M budget has shouldered most of the benefit cost, but that is changing. Professor Koopmann asked how the U-M compares with the total benefits at other schools. Ms. Eichstadt replied that her office is looking at the total compensation package for faculty and staff right now.

Professor Ensminger asked about the process by which preferred drugs are selected. He asked if specialists really agree that one drug in a class is as good as another. He pointed out that the administrative approach to prescription drugs weakens the confidence placed in physicians. Stross replied that specialists have participated in deliberations by the plan administrators, and that it is the administration's decision if a drug goes on the formulary list. He said decisions are based on review of the literature. He said that the administration has not thought about physician judgment that much.

Professor Ensminger stated that in the case of decision-making of such large importance as this, it would be a good idea to have outside reviewers. Stross replied that he would be very comfortable with such a situation.

Professor Drach stated that pharmacies can be expected to raise the price of generic drugs in response to the administration's plan, so the expected savings will not be realized. He added that he finds it objectionable that the university administration is aiming to direct business to a mail order company at the expense of established

pharmacist-patient relationships locally. Professor Stross replied that the pharmacy benefits manager will impose a maximum allowable price for drugs. He added that mail ordering saves a lot of money for the university.

Professor Lehman pointed out that AdvancePCS was already the Pharmacy Benefits Manager for M-Care, and that it was already handling about 71% of U-M prescription drug business for the U-M, according to information provided by Staff Benefits to the Budget Study Committee. He suggested that the real growth in prescription drug costs should have been easily ascertained by inspecting expenditures to AdvancePCS rather than by hiring an outside consulting firm to estimate costs, as was done in this case. Ms. Eichstadt and Mr. Bruhnsen replied that M-Care had been unwilling to provide the appropriate information.

Professor Riebesell asked about the confidentiality of medical records under this new plan. Ms. Eichstadt replied that her office has so far been blocking access to individual medical information by employers.

Professor Ensminger asked who people should call if they have complaints. Mr. Bruhnsen replied that AdvancePCS has a phone number, and that they will handle the appeals process from U-M employees. He said that people could always come to him if they are not satisfied.

The guests left the meeting at 5:07 P.M.

ACTION OF SENATE ASSEMBLY 111802-1

Professor Ensminger moved that the Senate Assembly shall conduct a survey of the faculty by September 2003 by electronic means if possible, that construction of the survey shall be open to input from all Assembly members, and that the purpose of the survey shall be to assess the degree of satisfaction with the new pharmacy benefits plan.

Vote on the active motion:

Chair Koopmann called for a vote on the motion by show of hands and declared that it had passed by unanimous consent.

Professor Smith recommended that people from Survey Research be invited to help design the survey method.

Professor Ketefian asked where her colleagues could find help if they need more interpretation of the package describing pharmacy benefits changes. Professor Gobetti

said that the package will have phone numbers to call in case of questions. Professor Yeo said that there is also a website with Human Resources' version of the explanation.

Professor Burdi expressed concern that there is insufficient time to affect the contract for pharmacy benefits. Professor Ensminger responded that the administration would surely come forth with numbers about the money it is saving from the U-M budget, but those numbers would not reveal the amount of pain and suffering that was caused. Professor Berent commented that the intent of the survey is to measure customer satisfaction, whereas Professor Burdi's point requires representation in decision-making. Professor Yeo stated that she sits on a pharmacy benefits oversight committee, chaired by Professor Billi, and that she will be happy to deliver faculty concerns to that committee and then report back to the Senate Assembly. Chair Koopmann declared that the effectiveness of faculty and staff concerns would depend on how much money is saved and how much of an uproar there is.

OLD BUSINESS

There was no other old business.

NEW BUSINESS

There was no other new business.

The meeting adjourned at 5:20 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.

November 18, 2002 Senate Assembly Meeting Agenda

- 3:15 pm Consideration of Minutes
- 3:20 pm Announcements and Updates
- 3:25 pm SACUA Nominating Committee
- 3:30 pm Address by Provost Courant
- 4:15 pm Pharmacy Benefits
1. Professor Jeffrey Stross, Chair, Pharmacy Benefits Advisory Committee
 2. Marty Eichstadt, HR Benefits Director
 3. Keith Bruhnsen, HR Pharmacy Manager
- 5:00 pm Old/New Business
- 5:05 pm Adjournment