

Minutes of 15 December 1997  
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THE UNIVERSITY OF MICHIGAN  
SENATE ASSEMBLY MEETING  
MINUTES OF 15 DECEMBER 1997

ATTENDANCE

**Present:** Assanis, Bartlett, Bernal, Bleske, Browder, Bryant, Burnstein, Christiansen, Colletti, Cooney, DeCamp, Ensminger, Julius, Keyserling, Kleinsmith, Lomax, Loveland-Cherry, MacAdam, MacAlpine, Malamud, Nagel, Navvab, Olson, Pintrich, Rahme, Raisler, Rosenberg, Rush, Schneider, Shapiro, Sharf, Shotwell, Siebers, Steneck,, Teasley, Turcotte, Ward, Yeo, Zorn.

**Alternates:** None

**Absent:** Baker, Burdi, Burnham, Castle, Croxton, Curley, Deskins, DeWoskin, E. Feldman, M. Feldman , Flynn, Francis, Freedman, Freese, Gull, Hultquist, Jamerson, Jensen, Kabamba, Karnopp, Kibbie, Kossoudji, Lafortune, Lawson, D. Lee, V. Lee, Mann, Marshall , Martin, Nolen-Hoeksema, Pastalan, Perakis, Rogers, Schteingart, R. Sharp, W. Sharp, Wagaw, Wasserman, Yeung

Chair D'Alecy convened the meeting at 3:20 P.M.

MATERIALS DISTRIBUTED

1. Agenda for 15 December 1997
2. Draft minutes of the Senate Assembly meeting of 27 October 1997
3. Draft minutes of the Senate Assembly meeting of 17 November 1997
4. Committee update to Senate Assembly, dated 15 December 1997
5. SACUA Nominating Committee ballot

CONSIDERATION OF THE MINUTES OF 27 OCTOBER 1997

The minutes of 27 October 1997 were approved as submitted.

CONSIDERATION OF THE MINUTES OF 17 NOVEMBER 1997

The minutes of 17 November 1997 were approved as submitted.

VISIT OF JACKIE McCLAIN, EXECUTIVE DIRECTOR OF HUMAN RESOURCES AND AFFIRMATIVE ACTION

Chair D'Alecy introduced Jackie McClain, who he said was invited to discuss fringe benefits. McClain explained that the normal process for changes to fringe benefits involves the Flex Benefits Committee, which has consisted of 3 faculty appointed by the Provost and 3 staff appointed by the CFO. She noted that the Committee was expanded during the previous week by addition of 1 faculty member and 1 staff member representing the Health System. She said that the Flex Benefits Committee plans to maintain a monthly meeting schedule. McClain said that she also meets with the CESF, as does the benefits director. She pointed out that if the Flex Benefits Committee recommends a course of action,

McClain discusses the financial impact of the proposal with the Provost, and in some cases the proposal must go before the Regents.

McClain said that long term disability and retiree benefits are on the agenda for this year.

McClain then said that she would explain how events that transpired during the past summer differed from the normal process. She reminded the faculty that 2 years ago the Hospital Director made a presentation to the Regents which forecast financial difficulties and he proposed to cut the budget by \$200 million. Last year, the Hospital Director hired an outside consultant to analyze the hospital benefits and the consultant came up with recommendations in the form of a 5 part plan. At that time, it would apply only to the health system as it was then defined. A decision was made not to bring the proposal to the Regents for a vote. Then in mid June a proposal for a university-wide Mcare preference plan came out of the Hospital Executive Committee that was different in detail from the original proposal.

McClain said that the June proposal to change fringe benefits did not go through normal benefits channels. She said that she provided an analysis of the proposal that listed points pro and con; the proposal went before the Regents in July and was tentatively approved. The Regents opened a 2-week period for commentary. During that period they received about 2000 responses, mostly negative. The Regents did not confirm their initial vote.

McClain said that the university administration clearly understands now that they cannot proceed with big changes when the faculty is not present. She added that MCare preference is not a dead issue, and that EVPMA Omenn has indicated that MCare is at a competitive disadvantage without it. McClain finished her prepared remarks at 3:32 P.M. and Chair D'Alecy invited comments from the faculty.

Chair D'Alecy asked who convenes the Flex Benefits Committee. McClain replied that she did.

Professor Zorn asked if Blue Cross will still be in the mix of insurance options. McClain replied that it would, most likely.

Professor Sharf asked McClain to articulate the pros and cons of the MCare steerage proposal. McClain replied that, from the administration's perspective, it directs business to the University Hospital. She noted that the administrative perspective was distinct from the perspective of employees. She explained that there would be a significant cost for those who for medical or personal reasons can't switch to the UM in-house plan. She said that the plan was to charge individuals 20% of the premium costs out of pocket if the employees would not switch to MCare, but that the costs in some cases would amount to a fee of \$95 per month. As a result, she said that her office placed a cap of \$60 per month for personal outlays.

Professor Olson pointed out that many faculty travel, spending significant time away from Ann Arbor. He said that for such individuals, Blue Cross/Blue Shield is a superior choice. McClain replied that such is always an issue when you adopt an HMO.

Professor Julius asked McClain to explain the problems facing long term disability and retiree benefits. McClain replied that increased participation in the program is forcing the need for larger reserves. She said that the Flex Benefits Committee called in a consultant last year. She said that it looks like a 50% increase in premiums would be needed within one year. She said that option was not desired, and so a plan for cost containment was necessary. She said the second issue concerns retirement benefits for prospective hires. She said there is no sentiment for changing the benefits to

those on the payroll already. She noted that health benefits costs to retirees are accelerating, and that we need to learn to what extent it is a recruiting issue.

A member from the gallery pointed out that faculty practitioners in the Dental School do not participate in option 2 of the dental coverage plan, and asked why. McClain responded that the faculty practitioners did not submit a bid because they could not meet the specifications for regional service.

Professor Kleinsmith said that he had a philosophical question about fringe benefits related to who benefits. He noted that McClain's presentation seemed to emphasize benefits that accrue to the hospital.

McClain replied that there is a perspective that holds if business goes to the University Hospital, the entire university benefits from it.

Chair D'Alecy asked McClain to review the budget implications of the steerage plan. McClain replied that MCare and MCare Point of Service now hold about 16,000 of the 23,500 eligible members. She said that her analysis assumed that about 50% of the remaining group could be moved into MCare, resulting in a net gain to the Hospital of about \$2 million.

A member from the gallery asked how it would be possible to ensure that the manipulations of the past summer were not repeated. McClain replied that short of an administrative directive that changes the process, the president, provost, and CFO have all made assurances that they need to have more dialog before effecting change. Professor Bleske asked how faculty can monitor the process. McClain replied that committee minutes were available electronically. She said that the MCare steerage plan has not really gone away. She said that faculty could contact the CESF and work with the members. Chair D'Alecy pointed out that CESF minutes are available through the SACUA web pages.

Professor Kleinsmith remarked that the motivating factor for the steerage plan was supposedly the dire financial straits of the hospital, but that recently thousands of dollars in bonuses have been awarded to employees there. McClain replied that the budget projections were aimed at getting the cost per case down. Kleinsmith said it sounded like the administration was taxing one group to pay a bonus to another.

Professor Ward said that the hospital budget was in the black at present because of reductions in the length of stay. He said that the cost per case affects whether industries permit their employees to come to the hospital. He noted that the number of admissions has increased. He added that increased enrollment in MCare would mean that more money comes back to the institution.

Professor Lehman noted that about \$2 million per year would be charged to faculty and staff out of pocket if they retained coverage other than MCare. He asked if the final, net accounting meant that the \$2 million in premiums charged against their salary income would effectively be given to MCare. McClain replied that it was not a clean answer, but yes.

Professor Bernal commented that quality of service was an issue, and he asked how quality was evaluated. McClain replied that her office monitors quality and sets quality standards. She said the benefits office cares very much about quality and feedback from members.

Chair D'Alecy thanked McClain for her presentation and discussions at 4:20 P.M.

#### ELECTION OF SACUA NOMINATING COMMITTEE SACUA NOMINATING COMMITTEE

Ballots were distributed for election of a Nominating Committee for SACUA membership. After several minutes they were collected and Senate Assembly staff members served as tellers. Election results were as follows:

Membership from outgoing SACUA members: Professors Valerie Lee and Louis D'Alecy.  
Membership from outgoing Senate Assembly members: Professors Feldman, Steneck, Ward, and Hultquist.

## ANNOUNCEMENTS

Chair D'Alecy announced:

1. The Multicultural Committee requests that Senate Assembly members reply to a questionnaire distributed to them.
2. The Senate Assembly will meet next on 26 January 1998.
3. Activities associated with MLK Day are listed on a web page for easy reference.
4. SACUA has instituted a web site where discussions about diversity can be conducted through uncensored dialog.
5. Current compositions of Senate Assembly study groups are listed on item 4.

Professor Raisler announced that student members of the MLK Day committee have asked that faculty become actively involved by giving an assignment related to the topics of the celebration.

Professor Steneck inquired if the Student Relations Committee was dealing with a recent report that upper class students will not be permitted to live in dormitories after this year. Professor MacAdam replied that, as liaison member of the committee, she will bring the subject forward at the next meeting.

Professor Steneck announced that the Rules Committee intends to look at unit rules versus the Regents' Bylaws and bring discrepancies to the attention of the Senate Assembly. He announced that the committee will also look at the Senate Assembly committee structure, probably first by gathering information. Professor Olson remarked that two years ago the Rules Committee discovered discrepancies in the Standard Practice Guide. He said he could provide the report.

## OLD BUSINESS

No old business was presented.

## NEW BUSINESS

No new business was presented.

The meeting adjourned at 4:35 P.M.

Respectfully submitted,

John T. Lehman  
Senate Secretary