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## Fringe benefits Committee, Initial Report

1 message

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**Craig Waddell** <cwaddell@mtu.edu>

Tue, Sep 24, 2013 at 7:36 PM

To: usenate-l <usenate-l@mtu.edu>

Cc: Glenn Mroz <gdmroz@mtu.edu>, Ellen Horsch <eshorsch@mtu.edu>, Craig Waddell <cwaddell@mtu.edu>

Senators:

The University Senate's 2013-14 Fringe Benefits Committee met for the first time on September 11 and again on September 18, at which time I was elected chair.

We had been told that significant changes in Michigan Tech's health-care benefits were being considered and that a decision would be announced on Wednesday, October 9 (we have since learned that that decision might be delayed). Believing that the Senate's September 25 meeting might be the last opportunity for Senators to provide feedback on possible changes, we have worked over the last 6 days to generate our own questions and to collect questions and comments from other Senate constituents. These questions and comments form the substance of our initial, September 25 report.

Item 5 on the Senate's September 25 agenda (copy attached) is a presentation by President Mroz, "Questions and Answers." Senate President Brian Barkdoll has said that questions about possible changes in health-care benefits might be raised at this time. (There is also, of course, item 6b, Committee Reports).

To save time and paper, I've attached a copy of the Fringe Benefits Committee's initial report. In order to help facilitate discussion, I've also copied this report to President Mroz and to Vice President for Administration Ellen Horsch.

Best wishes,

Craig Waddell, 2013-14 Chair

University Senate Fringe Benefits Committee

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### 2 attachments

 **agenda 536.pdf**  
37K

 **Senate FBC Report 25 Sept 2013.pdf**  
136K

**University Senate Fringe Benefits Committee  
Report to the University Senate:  
Questions about Possible Changes  
in Michigan Tech’s Health-Care Benefits  
September 25, 2013**

**Background**

Section III.F.4.b.1 of the University Senate Constitution ( <http://www.admin.mtu.edu/usenate/newconstitution.htm> ) assigns to the University Senate responsibility for reviewing, making recommendations, initiating, and participating in the formulation of fringe benefits policy and procedures. Section D7 of the Senate’s Bylaws <http://www.admin.mtu.edu/usenate/bylaws.html> assigns this responsibility to the Senate’s Fringe Benefits Committee (not to be confused with the administration’s Benefits Liaison Group [BLG]).

[As is noted at the top of the University Senate Constitution ( <http://www.admin.mtu.edu/usenate/newconstitution.htm> ), the current version of the Constitution was approved by the Board of Control on April 27, 2012; hence, the Senate Constitution is, in effect, Board of Control Policy.]

Given that the University administration is currently considering significant changes in employee health-care benefits—possibly including dropping the Preferred Provider Organization (PPO) option and adding premiums to the High-Deductible Health Plan (HDHP) option (possibly per month, per dependent child)—the Senate’s Fringe Benefits Committee has solicited questions about possible health-care changes from Senate constituents.

We present some of these questions below.

Craig Waddell, 2013-14 Chair,  
University Senate Fringe Benefits Committee

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1. The Aon Hewitt study, “Preliminary Health Care Strategy and Pricing for 2014,” commissioned by Michigan Tech concluded that “The PPO and HDHP design differences have narrowed over the last two years,” and, as a consequence, “The actuarial value between the two plans is nearly equal” (slide 14). If there is not a significant difference in the cost of these two options, what reason would Michigan Tech have for dropping the PPO option?

[Aon Hewitt is a human-resources consulting firm headquartered near Chicago.]

[HealthCare.gov defines and illustrates *actuarial value* as follows: “The percentage of total average costs for covered benefits that a plan will cover. For example, if a plan has an actuarial value of 70%, on average, you would be responsible for 30% of the costs of all covered benefits.

However, you could be responsible for a higher or lower percentage of the total costs of covered services for the year, depending on your actual health care needs and the terms of your insurance policy.” <https://www.healthcare.gov/glossary/actuarial-value/> ]

2a. During the benefits update presentation at the April 3, 2013 University Senate meeting, Vice President for Administration Ellen Horsch said that eliminating the PPO and leaving only the high-deductible plan (HDHP) might cause a “change in behavior” among Michigan Tech employees, encouraging them to consume fewer health-care services. Blue Cross already limits which health-care services are and which are not covered. Beyond this, shouldn’t such decisions be left to individuals and their physicians?

2b. In addition, as reported on page 8 of the administration’s own slide presentation (“Benefit Update for CY2012 and Benefit Plans for CY2013 & Beyond,” which is available via the University Senate’s page at <http://www.admin.mtu.edu/usenate/>), Aon Hewitt’s analysis showed that, in a list of key cost drivers, Michigan Tech “Employee Health Status and Health Behaviors” have contributed to our overall health-insurance costs by 20% less than the Hewitt Health Value Initiative (HHVI) average (an average of over 300 employers with 14 million health-plan participants). Doesn’t this suggest that Michigan Tech employees are already making good health-care decisions?

3. The proposal to eliminate the PPO option seems to assume that people who select this option are making irresponsible health-care-consumption choices rather than that they are older, have more dependents, or are otherwise in need of more health-care services and, thus, have chosen the option that best suits their needs.

On page 8 of the administration’s slide presentation (“Benefit Update for CY2012 and Benefit Plans for CY2013 & Beyond,” for the April 3, 2013 University Senate meeting, which is available via the Senate’s page at <http://www.admin.mtu.edu/usenate/>), Aon Hewitt’s lists Age, Gender, and Dependent Coverage as three of the key drivers of health-care costs; hence, it should be possible to use this information to determine whether or not the PPO option is most often selected by those people who need it most rather than by people who are simply inclined to abuse this option. Has anyone in Benefits Services undertaken this analysis?

4. Might some of the health-care-consumption choices that are made to save money in the short-term have long-term negative consequences (including significantly greater financial costs, not to mention human suffering)? For example, what might be the long-term effects of not screening for cancer?

5. Is the goal of the proposed elimination of the PPO option to reduce health-care costs overall by encouraging more-responsible health-care-consumption choices? Or is this a zero-sum game, the point of which is to shift more health-care costs from the institution to the employees?

6. Is it true that if Michigan Tech eliminates the PPO option, we will be the only university in the country that does not offer this option? If so, do we want to be known for that? Will this compromise our ability to recruit and retain top faculty and staff? Or is it inconsistent with the

recruiting and retention goals articulated in Michigan Tech's Strategic Plan  
[https://www.banweb.mtu.edu/pls/owa/strategic\\_plan2.p\\_display?](https://www.banweb.mtu.edu/pls/owa/strategic_plan2.p_display?)

7. During the University Senate's April 3, 2013 meeting, the Senate's Fringe Benefits Committee summarized the results of its 2013 Fringe Benefits Survey (the committee's PowerPoint presentation is available on the Senate's page at <http://www.admin.mtu.edu/usenate/>).

824 faculty and staff completed this survey (a 64% response rate). Of these, 66% indicated that salary and fringe benefits are of equal importance in their compensation package, and 56% said that the benefits package was a very important factor in their acceptance of an offer of employment at Michigan Tech. Does the Michigan Tech administration accept this as an accurate reflection of employee sentiments? If not, what is the basis for not accepting these results? Will the results and recommendations of this survey in any way influence decisions about Michigan Tech's health-care benefits?

8. What is the long-term goal for the university's health-care offerings? Is there a percentage goal or a dollar goal of employee contribution that the university is seeking to meet (one other than the stated regulatory limit of between 60% and 80% employer contribution)?

9. Employees are effectively being penalized for incurring health-care costs to the university (the more it costs for health care, the more the university burdens employees). If employees reduce the overall cost to the university for health care beyond the defined goal (if there is one), will the employees be rewarded in any way for meeting or exceeding that goal; for example, through a rebate, a raise, or a reduction in out-of-pocket costs?

10. Is it reasonable to expect that eliminating the PPO option will make higher-cost expertise at, for example, the Mayo Clinic, Marshfield, and Beaumont unaffordable for most Michigan Tech employees? In any case, will there be fewer in-network options with the remaining HDHP?

11. Is it true that if the PPO option is dropped, employees would be charged \$40-\$50 per dependent per month for health-care insurance under the remaining HDHP option? If so, is this in part, at least, to offset the \$1.4 million that will be lost in PPO premiums?

12. Would it be in Michigan Tech's advantage to provide greater incentives for employees to opt out of Michigan Tech's health-care plans and, instead, rely on insurance plans offered by their spouses' employers or by Medicare (if they qualify)?

## **Appendix: Comments from Michigan Tech University Senate Constituents on Possible Changes in Health-Care Benefits**

### **A. Questions**

1. If you have selected the PPO option for your health-care insurance, why did you choose this option? What is it that you especially appreciate/value about this option? And how might the loss of this option affect you?
2. If monthly premiums were added to the only remaining option, the HDHP option, in what way(s) do you believe this would affect you?

### **B. Selected Responses (edited for clarity and to remove identifying information and then approved for use by the respondents; three asterisks separate comments from different people):**

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My family chose the PPO, despite the high premium, because our routine medical care and prescriptions are covered in network with no deductible. Switching to the HDHP would mean we would have to ration our health care until the deductible was paid, which is not really an option for a family with children. Adding a premium to the HDHP would make it downright draconian—a family like mine would have to pay 100% of medical and Rx expenses until the \$3,500 annual deductible was paid, in addition to paying a premium. I oppose the proposed changes.

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My health costs to date have mainly been for pills. Being over 65, I am not eligible for the HSA. I can use the FSA, but this has a cap (currently) of \$2,500. However, I have used the FSA in the past to pay for dental crowns (only 50% covered), hearing aids, and the moderate (PPO) pill costs. These items completely have used up the FSA.

1) On the PPO my pill costs have been moderate. For example, I have one brand name pill with a retail value of \$3,200/yr. On the PPO, I pay \$160/yr. for the pill. With the HDHP, I may be paying \$3,200 for this pill. So while I pay PPO premiums for 2, it is certain that my costs will increase going to the HDHP. (And these costs are front-end loaded.)

2) Keeping track of the paperwork regarding what I should pay—whether I should have a procedure, visit the doctor, etc.—will be quite difficult. For example, on the HDHP summary sheet, we have a diabetic example. But the information there is insufficient to estimate my costs. Specifically, what % responsibility do I have for Education? for Medical Equipment?

If MTU goes to only HDHP, then I feel it must supply a lot of complete examples for various medical situations as to how I would compute what I should be paying (to make sure that is ALL

I am being asked to pay).

And are my doctors and hospitals going to know how to bill me properly? Are non-local hospitals like Marshfield, Mayo, Beaumont,... still in network under HDHP?

3) Given the finding by AON that the PPO and HDHP plans are nearly the same, what is the REAL MOTIVE for ditching the PPO plan, especially since MTU will be the only University with only 1 plan choice?

If the PPO plan is actually more expensive for MTU, what premium increase would be needed to equalize the costs of the two plans to MTU?

I think it should be emphasized that no one group of employees' health problems is causing this change. Everything is tied together. Example- 1) The reason given why the HDHP plan needs to gather more income (e.g., dependent premium) is loss of the PPO premiums (\$1.4 million) if the PPO plan is cancelled 2) If you are under 65, you still need to come up with (HSA) the money needed for your deductibles/out of pocket max, and this \$ may not be in your HSA when you need it (e.g., beginning of the year).

I feel we also need input from employees of average income who already made significant use of the HDHP plan. What problems have they encountered with paperwork? Judging whether to have a procedure or treatment done? Have they been able to pre-estimate what their costs would be and make their choice based on this? How difficult was it to come up with the money for the deductible and out-of-pocket matches? Have their doctors/hospitals charged them correctly?

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One of the most attractive claims Tech made during my hire was that it was a great place for families. The elimination of the PPO option would seriously damage that claim. I don't think we can afford to make this campus less appealing to potential faculty or graduate students with families.

I elected the PPO plan when I was hired. With one small child in daycare (because we work full time), we make many visits to the physician as illnesses make frequent rounds among the children in the daycare center. (I am not an alarmist when it comes to illness, but, in addition to regular checkups, we visited doctors with our [child] at least six times in the last 12 months, sometimes with lab work and once a trip to the ER for a very high fever—trips that would have been a devastatingly high cost to us under the high deductible plan). The PPO plan has proven by far the most affordable for us, since it allows us to seek low-cost care at regular intervals, rather than paying enormous costs up front.

I fear that the HDHP plan would discourage many families like mine from seeking health care as soon or as often as they should, for fear of the cost. I have to believe that this would only result in more serious illnesses and increased sick time. Adding a premium to that plan only adds insult to injury, unfairly penalizing families with dependents who will, in all likelihood, pay more into the plan anyway. The HDHP effectively gambles on the health of employees and their families,

rather than working on the assumption that we all will need health care regularly. We are not all healthy 20-year-olds. We are older adults, small children with developing immune systems, pregnant or nursing women, and individuals with chronic illnesses. We get injured. We get sick. We need a PPO option for those many of us who expect health care to be a routine fact of life, which only supports our ability to research, teach, and run campus programs. The less time I spend nursing myself or my family, the more time I can spend forwarding the mission of the university.

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It is my understanding that there is some discussion going on about the Opting Out feature of the current Medical insurance benefit. I would like to constructively add my thoughts on the topic because I believe they can substantially reduce the cost to MTU. Allow me to illustrate using my situation as an example.

According to my Compensation Statement for calendar year 2012, the direct cost for HuskyCare HDHP - 991 is shown as \$8,736. The cost to MTU for opting out is \$1,800 (12 x \$150). Each employee who elects to opt out is allowing MTU to realize a direct savings of \$6,936 (\$8,736 - \$1,800). On the surface, it appears to me that MTU would welcome as many employees as possible to opt out. I believe that a savings to MTU would occur in all cases.

But, I also believe that MTU wants to provide a medical-care benefit that is attractive and fair to all employees. One way MTU can achieve this is to use Medicare's "lower" cost insurance as a substitute for MTU's self-insured benefit.

My spouse and I are eligible for Medicare as we are both over 65 years old. At current monthly premium levels, Medicare Part B would cost us approximately \$105 each, the premium for a Medigap policy is about \$160 each, and the Part D premium is about \$40 each. The total annual premium and out-of-pocket expenses for both of us is approximately \$7,320. Still less than what MTU is currently paying on my behalf, but not by much.

As an alternative, I advocate reaching a middle ground, that being 50% of the annual direct cost to MTU. In my case, that comes to about \$4,368 per year (50% x \$8,736) or \$364 per month. This amount, when combined with the amount I currently pay in deductibles, allows me access to affordable, quality health care through the Medicare program. I believe that a 50% split is equitable and allows MTU to realize a substantial direct cost savings by making the Opt Out feature more attractive to employees.

I can only speculate as to how many employees are not at Medicare age but have access to other insurance and would take use of it if the Opt Out incentive was greater.

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Couples that both work at Tech receive no opt-out credit. My [spouse] works here and I don't know the exact number, but I believe it may be close to 100 people (couples?) affected. I can't figure out why it would cost Tech more to cover 2 employees vs. an employee and their non-

employee spouse. I think that is worth asking as well. Also, I believe that if we don't pick the Tech plan, there will also be a Federal exchange option to consider as well, as per the Affordable Care Act.

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I already pay over \$200 extra each month to cover my kids over 21 but under 26. I have one remaining child under 21, so I suppose an HDHP premium would mean I would end up paying extra for his coverage? It looks to me like Tech is trying to get out of employer-provided insurance and force those of us with dependents to find another provider.

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My [spouse] and I are lucky...we have been and are in good health. Choosing the PPO is, by far, best for us. Almost none of our medical expenses go toward the deductible. One size never fits all, be it clothing or medical insurance. The only sure winner from offering only one plan would be the administration (otherwise they would not offer it). [My spouse] and I are better off under the PPO, that's why we choose it.

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According to the U.S. Bureau of Labor Statistics, the average American family spent about 5.2% of income on health care costs in 2012. I find it sad to know that my health-care costs at Michigan Tech (which as a public institution of higher education should be setting a good example of providing quality employee benefits, promoting wellness, and supporting its workforce, community, and public goals rather than profit motivated) are higher than what the average American family spends.

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I opted out of Michigan Tech's insurance this year as my [spouse] has the MP SER BCBSM, and I went under [that] policy, but had we not had that option, we would not qualify for an HSA. If anyone on your policy is on Medicare, no one on the policy qualifies for a HSA. In our case, my [spouse] retired on disability at age 59. After 2 years on Social Security Disability, you are automatically put on Medicare Part A; you cannot opt out.

At age 65, when collecting Social Security, most people qualify for Medicare Part A; again, you cannot opt out. You can elect to purchase a Medicare Advantage policy (which is the only MP SER option in the UP) instead of being on Medicare Parts A, B, & C. But this is still considered Medicare. We could have a high-deductible insurance but would lose all the benefits of the HSA.

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I actually switched from the PPO to the HDHP/HSA system this year, and I have found it to be very problematic. I never know when I am supposed to pay for things or what is covered, and three times already I have paid for a service using my HSA card, and then had the provider

(usually Portage Health) send me a reimbursement check because they were paid directly (somehow) and I had paid twice. I then had to fill out a “Mistaken Disbursement” form and send it and the check to the HSA. I liked the PPO a lot better. Also, Tech stopped putting in money to the HSA this year, so I didn’t even get that.

[Adding monthly premiums to the HDHP option] would be a pay cut, pure and simple. I am the sole breadwinner for my family, so this would be an additional hardship.

[Tech seems to be] shifting 100% of the cost of health care onto us. If Tech shifts us all to an HDHP/HSA and has us pay premiums, I really don’t see the point of going through Tech at all for health insurance... I could probably find better deals (or at least have some choices) by going out onto the insurance market. And perhaps that’s what Tech should do... be honest and say that they are not providing health insurance benefits at all anymore, and send us out into the market. At least then they could trim the HR staff because they’d have less to do, and convert those salaries into health insurance vouchers. Again, that would be the honest thing for Tech to do, instead of continuing to tell new hires that we have “great” benefits.... we actually have few benefits that are eroding annually.

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I think [the PPO] was cheaper for me because of the amount of prescriptions my family takes.

It would seem that [adding monthly premiums to the HDHP] would almost encourage you to skip medical treatment especially if you’re in the lower income bracket.

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[Adding monthly premiums to the HDHP] would be an additional financial burden that contradicts the reasons that anyone would go on a HDHP plan in the first place. My [spouse] and kids would remain on the plan, and we would pay additional fees (= pay cut).

On a larger scale, MTU is following suite with other employers and insurance companies by increasing premiums, particularly for spouse coverage. Yet if we want to retain good faculty, we are best to not follow these trends. I think we all know at this time that any financial issues that the university has at this time are not because of employee insurance, but building projects and other non-academic, non-essentials. While most in the Senate probably won’t get this, these changes are another component neoliberalism on steroids. We have learned nothing from the financial crisis about social welfare and continue to parade the mantra of individual responsibility as “freedom.” Could the executive team read Nobel Prize winner Amartya Sen, Martha Nussbaum, or John Rawls and then reconsider the notion of freedom and responsibility? People who have little do not have and cannot exercise freedom. I do not suggest faculty are yet there, but as a society we are heading that direction.

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I am currently on the high-deductible plan. Our family budget is very tight. If a premium for the

high-deductible plan is added, then I will have no money to put into my Health Spending Account. This means that I cannot afford to see a doctor or pay for medications such as [medication] for my child. If I do happen to have enough money for a doctor's visit, then I will have to prioritize and send my two children. My [spouse] and I will receive no health care. I already routinely tell doctors not to order tests that they strongly suggest that we need because I can't pay for them. Our health benefits have been cut drastically in the last 10 years. I almost can't afford to work here anymore.

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My [spouse] needs bi-weekly injections, which are costly. The PPO option was chosen to help with managing these monthly prescription costs. With the HSHP, we would have to pay the family deductible of \$3500 before coverage would begin, which would be difficult.

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I am currently on the HDHP. I haven't done an extensive analysis, but I would be curious to see why people choose the PPO. I know I did a small analysis on a very specific case for someone else, and they saved a little bit of money (a couple hundred) when considering all the tax implications, etc. by selecting the PPO.

I think [the effect of adding premiums to the HDHP option] is fairly obvious. It would affect my take-home income. The raises at MTU have been outpaced by added costs to health insurance premiums (I view the removal of the employer contribution to the HSA as a health insurance premium), parking, etc. Hence, a premium for HDHP would make my paycheck smaller (again).

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If we are going to pay premiums for the HDHP, what would the extra benefits be vs. the current plan? Will Tech be contributing any funding towards this plan? I am already depositing money into this account that would just about equal a payment for the PPO plan and can not afford more. Will the premium be based on the number of dependents? or will it be a flat rate or a graduated rate? I do not feel that it is right that families of 2 or 3, etc., should pay the same premium as a family of 6 or 8 etc. What will the opt-out credit be? And will dual working spouses at Tech qualify for the opt-out?

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In a conversation in the office this morning, a staff member had chosen the PPO because of the difference in prescription coverage. In the high deductible you have to meet your deductible before you qualify for the prescription coverage and having all that expense upfront was a financial issue for them.

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I have selected the PPO since coming to at MTU in [year]. I chose this plan because it was the

most cost-effective plan and allowed my [spouse] and me to seek medical care without having to weigh the cost against the benefit.

The proposed change to the HDP including premiums would essentially mean that my [spouse] and I could not afford to seek medical care. We would not have any savings built up in the plan, and on top of that, would be required to pay a premium. This is a double hit for us. My [spouse] has some medical issues, and this would affect us very negatively.

As an adjunct faculty member who works well beyond my required service, I have not seen a raise from MTU in 10 years but have seen my benefits decrease dramatically. My benefits are paid through the [organization], a nonprofit that because of funding cuts has not been able to afford any significant salary increase in several years. Thanks so much for allowing me to voice my thoughts.

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I'm in my third year working at Michigan Tech. In my first year, I was enrolled in PPO because I knew my family was going to have a baby and that we would use the extra coverage. The second year, I switched to HSA family plan (me plus spouse and one or two children). The first year, I spent 12% of my annual salary on health care costs (premiums and deductible). The second year, I spent about 6% (no premiums, just deductible). I chose the HSA because there are no premiums, not because it is great coverage.

I've found with the HSA that I make health-care decisions based on the fact that things aren't covered. For instance, I only get half of the blood tests my doctor recommends, because each one costs me about \$150 out of pocket. When my daughter had a medical emergency over the summer, I almost didn't get in the ambulance.

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I have to agree with the other input I saw come in over the weekend—adding premiums to an already mediocre high-deductible health plan is a terrible idea for attracting the best faculty and staff and retaining current employees.

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Our society is fairly committed to the idea that health insurance is provided through an employer (not by the state, and it is not particularly accessible without a connection to an employer). Health insurance is one of the rewards given to those lucky enough to have full-time employment.

Under this system, health insurance is provided so that fully employed people don't have to face the difficult question: If I'm a healthy, responsible individual, is it worth shelling out any significant portion of my limited pay in order to address potential health issues that may or may not arise?

Adding premiums to a high-deductible plan puts people in this boat, where they may begin to weigh how much they're paying for health care they may or may not use, versus how much they would pay as an uninsured individual to access any necessary care.

When I signed up for my health care, I went with the high-deductible plan because I didn't like the idea of shelling out a monthly premium for care I may or may not use. I would certainly question its value if my health insurance involved both a monthly premium and a high deductible.

When even those who are employed full time by an employer that provides insurance may wonder if it's even worth carrying, that defeats the whole purpose of using health insurance as a reward associated with full-time employment, because you're putting fully employed individuals in the same situation as those who aren't employed: do I pay for health insurance I don't think I can really afford, or do I take the risk of being uninsured?

In losing the benefit of accessible health care, potential employees will wonder why they want to work here, and current employees will wonder if it's time to look elsewhere for a system that isn't being completely eroded.

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We chose the PPO option because it was the best fit for the cost for our family. Having only the HDHP option would make accessing health care prohibitively expensive, which in turn makes the prospect of retaining faculty and staff grim. For the University to invest money in searching for and hiring faculty and staff only to lose them by cost cutting their health care may turn out to be a more expensive endeavor after all.

Monthly premiums would cause my family to make further adjustments in our own expenses, most significantly ending conference travel and associated costs for important aspects of professionalization and the recruitment of new MTU graduate students.

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No more pay cuts. And for staff? Gads, what a disaster.

They will respond that the new health care law makes it necessary. Premium-health plans like ours face pretty stiff taxation for the employer on the value of the plan. I imagine that is the cost that is being shifted to us.

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No more premiums!!!!!! In the short time I've been at MTU, there has been an unacceptable erosion of health care benefits. I believe we have reached the point where the retention of faculty is in jeopardy. The university should hire outside professional HR specialists to address this problem.

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I would absolutely disagree with added premiums on a health-care option that already is lacking. Please fight for keeping the HDHP from being raised any higher!

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I might be in the minority here, but if our health-insurance provider charges us premiums by the person, then we should be charging premiums by the dependent. If Tech continues to pay premiums then it is a moot point.

My colleague and I were discussing the threshold at which it becomes more advantageous to abandon Tech's health insurance plan and go out into the Obamacare open market. We would have more choices (including cheaper ones) and control over which bank or credit union holds our HSA.

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It seems to me that health care is the new corporate method for filtering out "undesirable" employees. Since Affirmative Action prohibits search committees from asking job applicants if expect to have families and create fulfilling lives that may distract them from their work of writing grant proposals, now we just make our benefits profile so hostile to staff and faculty with families that no more of "those" people will accept positions here and those people with families will start to jump ship.

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For all I can tell, Michigan Tech is pushing toward abandoning all health care for staff and faculty, pushing everyone into the new private-insurance market exchanges when they open up. The administration, therefore, wishes to convert us all into "consultants" instead of employees. Everyone I know with the job title of "consultant" earns twice what I earn per year, however. IF they didn't, nobody would choose to be a consultant.

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I wonder how much time our faculty are wasting each month, reviewing "Benefit summaries" and trying to match hospital bills with coverage statements and HSA records and so on. It strikes me as a monumental waste of time and money, which if we actually counted and measured the lost productivity, would clearly not match what we saved in this transition.

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If my health care erodes again with no appreciable salary raise, I will begin looking about for other jobs. This just isn't viable if I cannot have faith that my employer is trying to keep my compensation at least stable into the future. I hear stories about the old unionization attempts, and people are again talking about that in desperation. I am starting to think that collective bargaining may be the only solution.

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Walking by campus signage for homecoming, I was struck quite powerfully that we will ask Alumni to give funds to build a Clock Tower, but not to give to funds to help secure staff and faculty benefits against annual erosion.

I can't believe that a student's experience will be more enriched walking around a clock tower than would happen from a passionate dedicated faculty and staff, inspired by a firm belief that the administration of the institution has demonstrated a firm commitment to their collective quality of life.

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I selected the PPO option mainly because it seemed easiest to manage when given the choice between the PPO and the other. I like it especially because it is taken out of our paycheck every time, and we don't have to worry about doing anything with it.

From what I understand about the other plan, we would be responsible for keeping track of what we area spending, how much is in our account, etc. This DOES NOT seem to be easy to manage at all and would just make more work for us.

I am very confused about how the other plan works. I'm not sure if the coverage of the PPO is any better or not since I really don't understand the other insurance; therefore, I can't make a fair comparison. It seems like too much to think about things like this, the better. So I would say the ease of use and the convenience is the best thing about the PPO.

I think the insurance we had with Aetna was much better than the Blue Cross. The choices we have had for insurance seem to keep getting worse. Maybe less money should be spent on other things and more money be put towards better insurance.

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**Supplement to the Fringe Benefits Committee's September 25, 2013 Report  
Additional Responses from Senate Constituents  
October 6, 2013**

In preparation for its report at the University Senate's Wednesday, September 25 meeting, on Friday, September 20, the Senate's Fringe Benefits Committee asked senators to solicit from their constituents responses to the following questions:

1. If you have selected the PPO option for your health-care insurance, why did you choose this option? What is it that you especially appreciate/value about this option? And how might the loss of this option affect you?
2. If monthly premiums were added to the only remaining option, the HDHP option, in what way(s) do you believe this would affect you?

The appendix of the FBC's initial, September 25 report included responses from 30 University Senate constituents. Since that time, the below 21 responses have been received. These responses have been edited for clarity and to remove identifying information and then approved for use by the respondents; three asterisks separate comments from different people.

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I am on the HDHP option for healthcare. If monthly premiums are added to this option, I feel this will have a negative impact on my healthcare options. I will not be able to put money into my Health Savings Account if I have to also pay a premium. I also feel at this time that I really don't have health-care since I have to pay 100% of the bills until the high deductible is met. I am still making monthly payments to the hospital for [a test] that was taken 2 years ago.

After the university stopped putting an annual amount into our HDHP, my family encountered having 2 surgeries in one year. Our savings account was wiped out, and we have never caught back up. The impact of the rise in insurance costs for me and my family is that we don't go to the doctor unless it is an absolute emergency. My [spouse] went for the free annual physical this past spring. The doctor discovered some things during the "free" physical that will require some very expensive tests that we can't afford and will not be following up with. It is very sad to have health insurance but not be able to afford to use it.

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Lower-paid employees should not be forced by a HDHP plan to forgo, or defer, medical care. This is counter-productive in the long run.

The PPO provides a predictable, worry-free safety net. The PPO has a % co-pay, so its subscribers have "skin in the game" for each transaction, and a self-funded FSA to buffer against major expenses. I'll always keep the PPO plan if it remains an option.

There is little, if any, overuse of services, in my opinion. I seriously doubt if employees are

lining up for unnecessary colonoscopies!

Insurance, by definition, is shared risk. Cancers and illnesses and accidents can strike anyone at any time, even the “young, healthy employees.” The university should NEVER pit one group against another.

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The issue of paying premiums on the HDHP is rather bothersome. We were lured into this plan by MTU with employer contributions to the HSA, which were discontinued, but able to make sufficient employee contributions to cover the costs until the deductible threshold was passed and the insurance started helping with healthcare.

If I (and many others) have to pay premiums, then there will not be sufficient funds for y employee contributions to the HSA—which de facto leaves me uninsured until the deductible is reached. This is tantamount to a significant reduction in salary.

Michigan Tech already has issues with recruitment and retention of high caliber educators and scholars. I doubt that this will help. We do not need to be equivalent to other institutions with the benefits offered; we have to do better if MTU is going to reach its lofty goals of scholarly excellence and maintain them.

The non-faculty employees are most likely to be hit hardest by instigating premiums on the HDHP because they tend to have larger families and lower salaries.

My one irrational thought here is that MTU wants to make its HDHP so unpalatable that it drives (most) everyone into the insurance exchanges, thereby containing its health-care costs.

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I would be paying out of pocket for what was previously not an expense to me. I would consider this a reduction in my overall benefits and salary package.

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A monthly premium would definitely cause me to cut back on other priorities, such as food, gasoline, and everyday living expenses. Last year, we all were burdened with a parking fee and no employer contribution to HAS and retirement plans. Since the middle-class consumer is 70% of the United States economy, we are constantly being asked to pay more and get little. This will have a drastic effect on the local economy in the Western UP. It appears that this monthly premium is a way to have employees at MTU consider the exchanges that are offered from the ACA (Obama Care).

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I did select the PPO option. I chose this option because it provides the most security (i.e., insurance) in case my family needs medical coverage. In essence, I was willing to pay the premiums in order to receive better health coverage. More specifically, there was much going on regarding our medical situation; e.g., we knew that we were going to have a baby. Having the option to choose the PPO allowed us to plan for this. I think this is one of the reasons that having a choice is so important. Each employee has different health insurance needs, and a single employee may have different needs at different times in his life. Taking away the PPO prevents employees from making allowances for what they might face and what stage in life they find themselves in. The loss of the PPO means that we will simply not be able to plan our health coverage and costs nearly as well.

If monthly premiums were added to the HDHP, then obviously this will cost us more money. The fact is the administration is simply cutting our salaries without “cutting” our salaries. It is shameful.

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I have tried both the PPO and the High Deductible and would like to see us keep the PPO if at all possible. I believe that if the University removes the PPO, people will not go and take care of issues when needed, as they may not have the money upfront. This may cause more health issues and expenses in the long run.

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I really fear that this continual rollback is just the shape of things to come, and that it has been so significantly rolled-back in such a short time does not bode well.

Last year, I was misdiagnosed at XXX, and had I not used my PPO to go to the Mayo for a second opinion, I would have undergone a very invasive, and totally useless, surgery at significant cost to me. Thankfully, I was able to get the right non-invasive treatment at the Mayo. It is my understanding that if the PPO is abandoned, we will lose many in-network options. Is that true?

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Before taking away the PPO option, please remember that if either employees or their spouses have military/VA benefits, they are NOT eligible for HSA and, thus, are shut out of this option. This is going to present a big problem.

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Because most faculty work a significant number of hours beyond a traditional 9-5 workday, time spent on administration of benefits naturally takes away from time available to do our jobs (e.g., write grants, write and edit papers, improve courses, etc.). It is not an after-hours activity because, for faculty, there is no such thing as after hours. The PPO may be more expensive, but it is a lot easier for me to participate in. Administering an HSA in order to avoid squandering the

tax benefits afforded participants under that system takes time and energy away from my primary focus. If forced to, I will certainly shift my energies to these sorts of activities. But, I would rather use my time to generate additional real value for my research program and, by extension, the university.

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This has been the “standard” for quite a few years in the private practice arena. The employee has to pay some or all of the deductible (\$3,500 to \$5,500 per family) and place this in a health-savings account. Employees are currently allowed to deduct these HDP costs from their gross income (pre federal income tax). This health savings account money is controlled by the employee and is not a “use it or lose it.”

I don’t remember our business charging the employees any part of the “premium,” only the deductible portion.

I have had an HDP plan since ~ 2003 ([company], personal, and now MTU). I feel this has worked out well for myself and the employers.

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In the health-care-benefit debate, one starts to think that the administration only views the faculty and staff as a liability to be contained, and that they forget that the faculty and staff are what brings the value to this entire enterprise. They also seem to neglect all of the things we do for the university without compensation. For example, how many of us work most of the summer with little or no pay?

I choose the PPO option because, having two dependent children and not knowing what our health issues will be in a given year, it is convenient not to have to think about how much money to put in a health savings account. We simply pay the co-pay when we need to go. I believe that loss of this option will complicate my life and require me to spend more time managing our health-care expenses.

It is hard to know how exactly [adding monthly premiums to the HDHP option] will affect me, because no cost comparisons have been provided. However, I can only imagine that our coverage will be reduced, while costing more, resulting in a larger proportion of my income [going] to cover health-care expenses.

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The university has already stopped contributing to the HDHP, resulting in enormous out-of-pocket costs for employees on the plan (it’s looking like my family’s costs will be over \$6,000 this year). It is unbelievable that they are now considering adding a premium for the plan. What’s next? Every year benefits get rolled back more.... Has there been any talk in the senate of revisiting the idea of a faculty union?

Also, I find the practice of rolling out a last-minute raise only to follow it immediately with a cut to benefits that completely offsets the raise to be insulting.

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I am against both of the fringe benefit options [cutting the PPO and adding premiums to the HDHP]. The PPO is more useful for some individuals than the HDHP, not me personally, but I know of others. I am very much against the premium charge on the HDHP.

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I am very much against paying for dependents. Our 3% raise is gone based on increases in health-care costs and parking. If I have to pay for my dependents, I will be in effect taking home less than I did 3 years ago. I already am because I am kicking in \$6,000 to my health savings account as a hedge against a major health expense. I am also paying more for eye care and dental than I did last year.

There are people who cannot be on a HDHP due to some of their health care and keep Medicare benefits. For this reason alone, I am against getting rid of the traditional health-care option.

MTU is basically not caring for their employees anymore. I do not need some of the services that are being provided at the SDC as part of our health care. I would give them up to not have to pay for dependents.

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I don't care if they eliminate the PPO next year as I have the HDHP. I am absolutely against charging a premium for the HDHP. The only way I could accept a premium on the HDHP is if they charge a premium only if an employee wants more than themselves covered on the HDHP, and then the premium should be a flat (not graduated) rate per additional person. I really believe the HDHP plan should be at no cost to the employee and one additional family member.

The reason I think premiums should be charged for the HDHP plan only for family members, not the employee themselves, is because the reason Tech's healthcare costs exceed those of most universities is because of the high number of dependents that Tech employees add to their insurance coverage. This additional cost should be borne by those that have been found to be responsible for the high health care costs at Tech, the employees that have a "large" number of dependents.

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I have the PPO option and like it. It is the most like real insurance. Also it allows me the best control over knowing exactly what my family's health care costs will be each year.

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The definition of a high deductible health plan is “a plan that has a higher deductible, but lower premiums” than a traditional health plan. Essentially, as the deductible goes up, the premium goes down.

The deductible on the Tech plan is very high and is rewarded with no premiums. If you increase the premium without decreasing the deductible, you are essentially extorting money from your employees.

Also, the PPO option should remain available. For some people, young and old, this is the best option.

Essentially, health insurance is glorified gambling. Tech seems to be trying to turn the odds in the administrators’ favor rather than helping the employees as much as possible to help their odds (a.k.a., giving them a fringe benefit).

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I am strongly opposed to dropping the PPO option.

I think that dropping this option is simply penalizing people who are making a rational decision about their health care. If you have significant, recurring medical expenses (like medication), choosing the PPO option is rational. By dropping it because it is more expensive, the University is simply making money by shifting costs. (I do not buy the argument that a significant portion of the PPO costs are driven by people making frivolous medical decisions. Of course, one can always cherry pick data (and they have the upper hand in that because they have access to the data and we don’t), but a few anecdotes do not make data.)

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I recently attended a department meeting concerning the proposed changes to the MTU health plan. There was unanimous opposition to the elimination of the PPO option. If the bleak prospect of “HDHP only” is going over like a lead balloon with current faculty members, consider what a deterrent it may be to attracting new, highly qualified faculty.

Also please consider that a family undergoing a catastrophic health event is already under duress. Additional paperwork, inevitable insurance phone contact, and detailed record keeping will add another layer of stress, which can detract from optimal professional performance.

Please consider these thoughts.

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I understand that there are proposed changes to the health care offerings at MTU. I oppose these changes.

The entire U.S. is experiencing a war over health care; it has shut down our Government. The

largest reason I see for not addressing this issue at this time is to wait and see what settles out of the dust in the greater U.S. system. Of course, MTU exceeds the health care mandated by the government, but this is an issue where people's emotions are running hot. I would not want to damage the image of MTU by its employees by adding oil to this fire.

The second issue is that the only reason we were given for the change was so that MTU would be the only university to have only one health-care plan on the books. We were presented with facts that said this would in no way impact the university health-care budget, just take away one option, take away choice. It is not attractive to lose the choice to tailor one's own health-care plan. The PPO is a low-risk option, and the HDHP is a high-risk option. With the PPO, you are expecting to be sick and paying for that gamble; with the HDHP, you are gambling that you will be healthy.

Taking one option away is akin to telling us that we have no choice as to how our retirement is managed, and there will be only one retirement fund. Recently, Tech has expanded the options on retirement by adding Fidelity. Why shrink the options on health care? It sends the message that the goals of MTU are not aligned. Lack of choice may discourage possible and current faculty and staff from choosing to express their talent within the MTU organization.

There was talk about the fact that the premiums may be increased without evidence presented how this impacts the health-care budget and if money is being funneled to other financial burdens in MTU under the guise of health-care costs. As above, each plan is a choice of how much risk in an individual's health care each person wishes to tolerate. The overall health-care plan at MTU should take into account this risk-weighted budget but allow the employees to choose while being a total zero balance.

I would hate to learn that any proposed increases were siphoning funds elsewhere within the MTU overall budget. I oppose any additional premiums on the HDHP. Already, we've had three visits to the doctor or nurse, and our health-care costs are greater than the past 13 years [elsewhere] with the MTU health-care plan. I do not want to see this increase further with a monthly premium. In addition, if there is an increase for dependents, I can see this discouraging partners at MTU not already married, choosing to not get married and wind up taking an additional financial hit for the commitment to each other.

It would be nice if the administration could provide solid evidence and data to back up their proposals. This would clarify and justify the intent and at least make faculty and staff feel as though they were part of the DEMOCRATIC PROCESS. Without the faculty and staff, there is not much of a university as a business.

As a closing comment, if any changes were to be made to the MTU health-care system, I would encourage MTU to lean on the local dental providers to be fully "in plan" to save the faculty and staff the increased costs and leverage the large impact that MTU actually has on their practice. I would be much happier to receive a higher level of dental coverage if Tech decides to slip in health-care-plan premiums or higher costs to the loyal employees of MTU. Please give us something to justify changes to a plan that appears to not be broken.