

REPORT OF MINUTES
BOARD OF TRUSTEES
SPECIAL BOARD MEETING

BAY de NOC COMMUNITY COLLEGE
Catherine Bonifas Board Room (201D)
Escanaba, MI

June 15, 2016

The meeting was called to order at 5 p.m. ET by Board Chair, Philip Strom.

Roll call was taken by Assistant Board Secretary, Laura Johnson.

Board Members Present: Tom Butch, Eric Lundin, Joy Hopkins, Bill Lake,
Tom England, Jim Hermans, Philip Strom

Board Members Absent: None

Administration: Kim Carne, Laura Coleman, Bridget DeGroot

Guest: Jordan Beck, *Daily Press*

Recorder: Laura Johnson, Assistant Board Secretary

Philip Strom added discussion of the mascot name to the agenda as the third item.

I. Health Care Costs:

The floor was turned over to Bridget DeGroot, HR Director, to present information on the proposed healthcare plans for the plan year beginning July 1. The presentation is attached.

Highlights included:

- The College contracts with Ballard Benefit Works to comply with PA 106 and 152.
- PA106 requires the College to bid health, dental, and vision plans in the market once every three years to four or more carriers. Only two out of five carriers outside of MESSA would quote because BCBS has the market in the U.P.
- It is not cost effective for the College to go to a self-funded plan.
- MESSA's Choices II Plan, which is our current plan, came back with a 15.23% increase. MESSA's overall average increase for 2016 was also 15.2% National employer funded healthcare average increase for 2016 is 4.4%
- The current plan, MESSA Choices II Plan, is the best fit for the College from a cost perspective.
- Alternative options were not recommended due to increased cost or very specific carriers were required which does not work well in our area with limited providers. HSA plans came back with high deductibles and high cost but are trickling into Michigan and are slowly promoted as an alternative in this area.

Members on the College Healthcare Benefits Committee retired except for faculty representatives Bill Milligan and Brian Black. The same presentation information was shared with the President's Advisory Council and Bill and Brian to be distributed to faculty members.

- The projected health insurance rates were reviewed. Rates are different for Faculty and Non-Faculty employees because the Faculty plan includes the deductible benefit.
- Benchmark data from an employee benefit survey of 400 Midwest colleges and universities was shared to compare plan benefits and expenses. The MESSA Choices II plan surpasses the benefit data compared.

Recommendations:

- Offer a Health Savings Account (HSA) plan as an additional option beginning January 1, 2017. Information will be shared to educate employees about the plan option. This option will give the College the ability to offer a low cost plan in the Affordable Care Act.
- Continue offering the current MESSA Choices II Plan at the 80/20 option

Bridget responded to questions from trustees. Responses included:

- The annual cost to the College is about \$17,000 for a family healthcare plan vs. the \$2,100 opt out.
- The 80/20 or hard cap options must apply to all healthcare policies offered.
- The difference between college contributions to an employee "Cadillac" plan and a HSA plan account could be contributed to the HSA plans for an employee. The savings to the College with a HSA plan would be realized long term. Greater flexibility is offered with a larger group of employees in a HSA plan. Lower cost plans see annual increases closer to the national average of 4.4% instead of 15.2%.

Additional Recommendations:

- The vision plan quote from the current provider, VSP, came back with zero increase but other quotes showed a decrease in costs. EyeMed was recommended as the new vendor because besides a 15% reduction in costs, the coverage is better.
- The dental plan with SETSEG is self-funded. Although other vendors offered a reduction in costs; it reflects administrative fees. The recommendation is to stay with SETSEG because they provide exceptional service and will negotiate administrative fees. They have implemented a new underwriting company which will save about \$8,000 per year.
- PA152 requires the Board approve the cost share plan to contribute either no more than 80% or a hard cap contribution for the three tiers of the healthcare plan. The budget adopted includes the 80/20 cost share. There are 27 pay periods this year which reduces the increase to employees a bit. The hard cap option is a significantly lower cost to the College but significantly higher to employees. All employee groups must be under the same cost share plan. The 80/20 option increases employee contributions ~11%.

Discussion was held about how other schools that take the hard cap option provide benefits to their employees and options for the future.

Bridget DeGroot explained Section 4 of Public Act 152 of 2011 limits the amount a public employer can pay toward an employee medical premium. The Board must adopt a resolution to adopt the “hard cap” default option or the 80/20 cost sharing option allowing the College to pay no more than 80% of the annual costs of the medical benefit plans it offers or contributes to for its employees. Administration requested the 80/20 option be retained for the 2016-2017 plan year.

It was motioned by Tom Butch based on the history given by Bridget DeGroot and the impact it would have in the short run without a HSA plan in place, and seconded by Bill Lake to:

“Adopt the Resolution of the Board of Trustees of Bay de Noc Community College adopting the 80/20 Cost Sharing Option as written for by Section 4 of the Publicly Funded Health Insurance Contribution Act, Public Act 152 of 2011 as presented.”

Eric Lundin clarified a motion is not needed for the HSA plan to be added beginning January 1, 2017. Trustees agreed it was a management decision.

No further discussion. Motion carried unanimously.

II. Update Transaction Report Parameters:

Dr. Coleman request the minimum monthly transaction report parameter increase from \$1500 to \$5000 to align closer to purchasing policy requirements and save staff time when preparing the report. Board action is required for the audit process. Transactions of \$5,000 or more would be reported in the monthly report.

There were no questions on the recommendation and trustees were in consensus.

It was motioned by Jim Hermans and seconded by Eric Lundin to:

“Approve increasing the minimum monthly transaction report parameter from \$1500 to \$5000 effective July 1, 2016.” No further discussion. Motion carried unanimously.

Bridget DeGroot left the meeting at 5:37 p.m.

III. Mascot Name Discussion

Dr. Coleman and Kim Carne discussed survey results for naming the athletic teams' mascot and symbol with trustees. The survey ran about three weeks and returned ~60 responses from the community, employees, and students.

Joy Hopkins left the meeting at 5:47 p.m. and returned at 5:50 p.m.

The name will be revealed during the U.P. State Fair in August.

The marketing team and Athletic Director will continue to work on a proposal. Trustees agreed the decision does not require board approval but appreciated opportunity for their feedback. Tom Butch requested the meeting minutes reflect his suggestion, the "Scholars".

On a motion by Tom England and seconded by Jim Hermans:

"The meeting was adjourned." Motion carried unanimously. The meeting adjourned at 5:52 p.m. ET.

Laura L. Johnson
Assistant Board Secretary

6/16/2016
Completion Date

Approval Date

Philip L. Strom
Board Chair

Approval Date

Bay College

Benefits Renewal, PA 106 and PA 152 Overview
2016-17 Plan Year

Vendor Overview

**Ballard
(Broker)**

SET SEG

MESSA

**FlexSave of
America**

PA 106 Work

Dental

Health

Flexible
Savings

PA 152,
Consulting

Work Comp

Vision

Life Insurance

Long Term
Disability
Insurance

ASR
(Reimbursement)

2007 MI Public Employees Health Benefit Act

- PA 106 - What is it?
 - Bids must be completed once every three (3) years
 - Medical
 - Dental
 - Optical
 - The college is responsible for reaching out to four (4) or more carriers for the bidding process

Ballard Benefit
Works PA 106
HEALTH
Results

- Markets Identified – 5 Carriers besides MESSA bid
 - 3 Declined to Quote (Aetna, Cigna, Priority Health)
 - 2 Provided Quotes (BC/BS MI, Blue Care Network)

<i>Fully Funded</i>	
Carrier	% Increase
MESSA Choices II Plan (Current)	15.23%
BC/BS M - Similar Plan	40.27%
Blue Care Network (HMO)	7.02%
BC/BS - Simply Blue H S A	17.64%
Blue Care Network (HMO) H S A	-1.54%

National employer funded healthcare average increase 2016 – 4.4%

2015-2016 Health Insurance Rates

	Bi-Weekly Contribution
Faculty Single:	\$ 54.88
Faculty Two Person:	\$ 122.48
Faculty Family:	\$ 152.22
Admin/Staff Single:	\$ 52.96
Admin/Staff Two Person:	\$ 118.98
Admin/Staff Family:	\$ 148.02

2016-2017 Health Insurance Rates

	Bi-Weekly Contribution
Faculty Single:	\$ 61.11
Faculty Two Person:	\$ 137.32
Faculty Family:	\$ 170.85
Admin/Staff Single:	\$ 58.80
Admin/Staff Two Person:	\$ 132.14
Admin/Staff Family:	\$ 164.40

**2016-17 Fiscal Year
has 27 pay periods.*

Benchmark Data

	Midwest Colleges	MESSA Choices II
Family Deductible	\$ 1,659	\$ 1,000
Family Out of Pocket Max (PPO)	\$ 5,628	\$ 3,000
Office Co-Pay (Primary)	\$ 23	\$ 20
ER Co-Pay	\$ 111	\$ 50
Generic Prescription Co-Pay	\$ 15	\$ 10

Market Data

- ### 2015 Higher Education Employee Benefits Survey Report:
- Polled 400 Colleges & Universities in Midwest
 - **83%** have at least \$1,000 Deductible
 - Average **deductible** for a traditional PPO health plan is
 - **\$752 (Single) & \$1,659 (Family)**
 - Average **office visit co-pay** is **\$23 (Primary) & \$32 (Specialist)**
 - Average **ER co-pay** is **\$111**
 - Average **generic prescription co-pay** is **\$15**
 - **51%** of Institutions have **cost share for dental plan** - 27% paid completely by employee
 - **75%** of Institutions offer a High Deductible Health Plan
 - **74%** of Institutions offer **more than one** health plan option (ranges from 2-6 plans)

RECOMMENDATION:
New Health Plan
Option
(January 1st)

- Health Savings Account (HSA) Plan Overview
- Affordable Care Act (ACA) Compliance
- Savings for future health care expenses
- Cannot be paired with other plans or Flex Spending
- High Deductible Health Plan (HDHP)
 - Individual minimum \$1,300
 - Family minimum \$2,600
- Lower Premium, Higher Deductible
- Tax-advantaged, Funds accumulate & roll-over YOY
- MESSA offers three (3) options; looking into alternative carriers and self-funding

Ballard Benefit
Works PA 106
VISION
Results

- Markets Identified – 4 Carriers besides MESSA bid
 - Ameritas, EyeMed, Heritage, Cigna

<i>Fully Funded</i>	
Carrier	% Increase
MESSA (current)	0.00%
Ameritas	11.88%
EyeMed	-15.76%
Heritage	-3.81%
Cigna	-16.43%

Vision Plan – Overview of Changes

Vision Care Services	MESSA/VSP 3		EYEMED	
	In Network	Out of Network	In Network	Out of Network
Exam	No Deductible	\$35 Max	No Deductible	\$40 Max
Standard Contact Lens Fit & Follow-up	<i>Not Covered</i>		Up to \$55	N/A
Retinal Imaging	<i>Not Covered</i>		Up to \$39	N/A
Frames	\$65	\$55 Max	20% Off, \$100	\$55 Max
Standard Lenses				
Progressive	<i>Not Covered</i>		\$65 CoPay	\$60 Max
Lens Options				
UV Treatment	<i>Not Covered</i>		\$15	N/A
Scratch Coating	<i>Not Covered</i>		\$15	N/A
Polycarbonate - Adults	<i>Not Covered</i>		\$40	N/A
Polycarbonate - Kids	Covered - Age 25	N/A	Covered - Age 19	N/A
Anti reflective coating	<i>Not Covered</i>		\$45	
Contact Lenses				
Disposable	\$115	\$115	\$115	\$115
Elective	\$115	\$115	\$115	\$115
Laser Vision Correction	<i>Not Covered</i>		15% Discount	N/A
Additional Pairs Benefit	N/A		40% Discount	N/A
	Once every 12 months		Once every 12 months	
Frequency	Contacts in lieu of Lens & Frames		Contacts do not lose frame allowance	

Ballard Benefit
Works PA 106
DENTAL
Results

- Markets Identified – 4 Carriers besides SET SEG bid
 - BC/BS MI (Self Funded and Fully Funded), Ameritas, Cigna

<i>Fully Funded</i>	
Carrier	Administrative Fees
SET SEG (Current)	0.00%
BC/BS MI (Self Funded)	-34.50%
BC/BS MI (Fully Funded)	-32.96%
Ameritas	10.58%
Cigna	15.00%

2011 MI Publicly Funded Health Insurance Contribution Act

- PA 152: What is it?
 - Limits the amount a public employer can pay toward an employee medical premium
- 80/20 or Hard Cap
 - 2016 Annual Hard Cap Limits
 - EE \$ 6,142.11
 - EE + 1 \$12,845.04
 - Family \$16,751.23

PA 152 Calculations for 2016-17 (MESSA Choices II Plan)

<u>EMPLOYER</u>	<u>EMPLOYEE</u>	<u>NON FACULTY</u>		<u>EMPLOYER</u>	<u>EMPLOYEE</u>	<u>FACULTY</u>
<i>Percent Increase (Bi-Weekly - Based on 27 pay periods)</i>						
11.04%	11.04%	80/20 Cost Share		11.34%	11.34%	80/20 Cost Share
11.06%	11.06%			12.12%	12.12%	
11.07%	11.07%			12.24%	12.24%	
3.63%	25.65%	Hard Cap		3.63%	42.23%	Hard Cap
-2.89%	55.45%			-2.89%	72.16%	
-0.59%	46.42%			-0.59%	63.57%	

2016-17 Recommendation

- Health Insurance
 - Continue to offer Choices II Plan (budgeted) – 80/20
 - Offer HSA Plans for January 1st
 - Education throughout July-September
- Dental Insurance
 - Continue with SET SEG self-funded plan
 - Negotiate Administrative fees
- Vision Insurance
 - Move to EyeMed (tried negotiating with VSP first)

Questions?