ATTACHMENT #1
UAF STAFF COUNCIL #211
November 12, 2010
SUBMITTED BY: Maria Russell

**President's Report**

**Staff Council Facebook Page:**

I am working with Nichole to utilize the UAF Staff Council Facebook Page to get the word out about what is going on with staff council. An invitation will be sent out to all staff in the next staff council newsletter, currently this page has 89 "friends"

**Chancellor's Cornerstone Award:**

This replaces the Chancellor's Staff and Supervisory Awards, which in recent years had limited participation

Initiatives that strengthen student retention and graduation; investments in high-demand health, biomedical and teacher education programs; and enhancements to UA's competitive research opportunities in fisheries, energy and the Arctic

**Staff Healthcare Committee:**

The university is continuing to find cost savings and efficiencies in its health-care plan and other fixed costs.

nifiam.

revenue, but there are concerns among UAF faculty,

**Reminder for Committee Reports**

Please make sure that you submit your committee reports. In the minutes rather than stating "no report available" in all cases it will be recorded as to why there was no report. This is due to concerns raised by the Chancellor during pre-staff that it appeared that committee members weren't reporting back to Council. The Chancellor feels that staff communication is a vital component to these appointments, and we are not effectively doing our job if we do not report back.

In future minutes we will denote whether or not a committee has convened within that reporting period. We reviewed the minutes with the Chancellor and it was determined that in most of the cases of concern, those committee had not actually met during that particular reporting period.

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# Staff Alliance

*informational*

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Staff Alliance

# Summary of Proposed Potential Plan Design Changes for FY12

## Pharmacy Potential Opportunities

| Description | Amount Saved | Notes | SHCC Questions | SHCC Comments |
|---|---|---|---|---|
| Remove Nexium from pharmacy plan | $ 250,000 | Multiple OTC alternatives. Nexium costs the plan 307K. To stay on it, member would have to pay out of pocket. | Would it be possible to implement the reference based drug pricing for this med instead of completely excluding it?<br>Mike to find out number of peope on the plan who are on Nexium as a maintenance drugs (at least 2 refills) after having been on others first. | Concerns of medical problems if we take away the drug that works. Don't want to take off the table. |
| Exclude all Proton Pump Inhibitors from pharmacy plan and implement a $5 copay for OTC PPIs | $ 328,800 | Multiple OTC alternatives. To stay on it, member would have to pay out of pocket. | Would it be possible to implement the reference based drug pricing for PPIs instead of completely excluding them? | Concerns of medical problems if we take away the drug that works. Stronger concerns with this option than the one above because it affects a lot more drug options. |
| Exclude all Non-Sedating Antihistamine (NSA) drugs from pharmacy plan and implement a $5 copay for OTC NSAs | $ 85,500 | Multiple OTC alternatives. Fairly common provision on plans. | | Similar concerns as above, and saves us less money. |
| Reduced generic copays for certain maintenance drugs (cholesterol, cardiovascular, diabetes, COPD) to increase compliance | $ 44,900 | Retail generic $2, mail order $5. Cost savings projected on medical health utilization from better maintenance of conditions. | Match DM list of conditions (e.g. asthma)? Look at brand where generic is not yet available too? | Great idea to encourage better health and generic use. Definitely support this one, and suggest the additions to left. |
| Increase differential between preferred brand name and non-preferred brand name from $40 to $60 | $ 140,000 | Retail tiers would be at $5/$25/$60 | | Several recent increases. Understand an increase, but the rate is too large-- would support $50 instead. |
| Referenced based drug pricing (maximum plan reimbursements by therapeutic class) | | Base maximum amount on therapeutic class, member pays difference between Drug X and Drug Y within the class. Still a very new system not widely adopted. | | A stretch to implement this one at this time. Consider whether it could be applied above to a limited class like Nexium or PPIs. |
| Mandatory Mail Order for maintenance meds (those taken monthly) | $ 100,400 | Refills only covered if filled through mail-order; allow 2 refills before mandatory mail order. Members affected: 2503. | For mail order options, could we exempt liquid medications to avoid weather related issues? | Don't like taking away the choice altogether. Mail order concerns with getting lost in the mail or fixing errors, not just weather-related spoilage. |
| Non-mandatory Mail Order for maintenance meds: Double retail copay if member does not use mail order starting on third refill | $ 150,400 | Retail copays would be at $10/50/80. Members affected: 2503 | For mail order options, could we exempt liquid medications to avoid weather related issues? | Don't necessarily love this, but if mail order is implemented, this version is highly preferred. |

# Summary of Proposed Potential Plan Design Changes for FY12

| Description | Amount Saved | Notes | SHCC Questions | SHCC Comments |
|---|---|---|---|---|
| Eliminate deluxe plan and continue with standard and economy plans | $280K to $360K | .5% savings | | Concern with losing orthodontia coverage altogether if deluxe plan doesn't exist. |
| Eliminate deluxe plan and increase the standard and economy deductibles<br>*Standard $250 increase to $500<br>*Economy $500 increase to $1,000 | $1.8M to $2.1M | 3% savings | If we deleted deluxe, could we offer an orthodontia add-on? | Would like to see a middle ground between #2 and #3 that allow three plannS5and #3tr |

## Summary of Proposed Potential Plan Design Changes for FY12

| Description | Amount Saved | Notes | Notes |
|---|---|---|---|
| Implement medical tourism (cover travel expenses for patient & another person to have certain procedures done in Puget Sound) | | For each knee replacement done in Seattle and not Fairbanks UA could save $46K.<br>43 knee replacements, 29 hip replacements, 26 discectomies in FY10. | Excellent idea, strong support |
| Pilot onsite medical clinic in Fairbanks or Anchorage | | Unlikely to be implemented in FY12 due to startup logistics | Great thing to reduce costs and make health care services more accessible. |

## Staff Alliance Chair:

Good Morning! My names is Maria Russell and I am the current Staff Alliance Chair.

First, the Staff Alliance would like to thank Board of Regents, President Gamble and the Statewide Administration for all of their work on the FY12 budget. I am here today to testify on behalf of staff and encourage the board to adopt the Staff Alliance Compensation Working Group's recommendation of a 3% salary increase for non-represented staff in the FY12 budget.

We acknowledge the budget process is the difficult practice of balancing various and often times competing interests throughout the UA system, through this we encourage the board and the administration to remember the role staff members play in all sectors of the university. We feel that in light of the current economic situation our 3% recommendation presented as a reasonable compromise, as it only covers a portion of the anticipated in CPI and health care costs.

Unfortunately there is a high level of uncertainty among staff, due to today's economy and the inability to plan on increases from year to year, whereas we used to have a reliable step increase.

There is also a huge concern about the increase in the employee health care contribution in relation to the staff compensation increase in FY11, and how a reduced increase will have a detrimental impact on staff.

*(Copies of initial data given to the BOR, it was noted that the staff alliance working group is in the process of reviewing this data with statewide).*

So what does this mean for the average staff member? Here is a quick review of the average, median and mode employee, with a spouse and then with a family. This model uses full time employees.

In review of an average and median Employee, at Grade 78 Step 20, this employee with a spouse had a $30.35 in adjusted gross income per pay period. This employee with a family had a $19.63 in adjusted gross income per pay period. More than half of our staff fall at or below these earning levels.

Whereas the Mode Employee at Grade 76 Step 11 with a spouse had a $15.99 in adjusted gross income per pay period. This employee with a family had a $5.27 increase in adjusted gross income per pay period.

As you can see once all other payroll deductions are made there was a minimal if any

Part time employees and employees in lower grades were faced with reduced take home pay if they weren't proactive in changing or able to change their health care contribution. After a quick look at Health Care Plan enrollment for FY10 in comparison to first quarter enrollment in the FY11 plans looks like there is a strong trend towards moving from the deluxe to standard, from standard to economy. From initial feedback it seems that employees made this decision purely to keep the paychecks status quo.

Staff Alliance is working with the JHCC to address concerns with increased health care costs and we have a dedicated group (Staff Compensation Working Group) looking at the complete picture of staff compensation to assist with these issues.

Employees have reported different ways of adjusting to the effects of health care costs and CPI increasing faster than their wages.

**Staff Speaker #2:  Salary Increases not keeping up with the cost of living**
Cost of living affects are especially prominent for lower earning employees.

A staff member from UAS summed up how she was dealing with this issue when she wrote the committee saying,

> *"Yes, I did notice my paycheck was smaller.  I will not be contributing to any UA Foundations or UAS requests*

**{Here is the testimony that was provided to the regents right after the public testimony in written form}**

**Good Morning Regents**

**I work at the Matsu Campus, and I am a Member of the Classified Council**

**I would like to address you this morning in regards to the staff pay INCREASE of 3%**

**I have worked at the University of Alaska for 8 yrs. During this time I have watched the benefits decline and the pay decrease while the health care costs continue to escalate. In July of 2006 the Announcement of the PERS Tier 4 retirement left new employee's with very little retirement.**

**Then in March 2008, instead of the proposed 2% grid increase and 2.6 % [illegible]ept**

| | FY08 | FY09 | FY10 | FY11 |
|---|---|---|---|---|
| **Deluxe Employee + Spouse** | $ 2,257.00 | $ 2,508.00 | $ 3,118.00 | $5,094.00 |