Call to Order & Meeting Minutes

Chairman Davis called the meeting to order and asked for approval of the April 24, 2012, meeting minutes. A motion was made, seconded, and the vote unanimous to dispense with the reading of the meeting minutes and approve same as prepared by the Secretary.

Mr. Davis stated that Dr. Phil Carr, President of the Faculty Senate had replaced Mr. Tom Meyer, and he welcomed Dr. Carr to the Committee.
Survey of Orthodontic Coverage

Mr. Gerald Gattis stated that a Committee member had expressed interest in orthodontic coverage at the last meeting resulting in a survey of peer institutions. Ms. Tina Stalmach reviewed a summary of the survey results with the Committee. She stated that two of the four institutions offered no coverage and two offered coverage limited to 50% up to $1,000 under a voluntary dental benefit. Mr. Gattis stated that the University of South Alabama’s dental benefit is included in the Health & Dental Plan cost and the benefits are in line with other institutions if not slightly better. He noted that SouthFlex offers the opportunity to tax shelter medical costs and this is a useful tool for those needing this type of dental service. The Committee members agreed that the current benefit is adequate.

A motion was made, seconded and the vote unanimous not to recommend a change to the current dental benefit.

2013 Cost Projection

The Consultant distributed the 2013 Cost Projection report. He stated that the University had just received the annual renewal analysis report from Blue Cross Blue Shield as well as the annual Valuation report. Both reports contain an estimate of the 2013 cost which is used in preparing the University’s budget.

The Consultant explained the financial arrangement used by the USA Health & Dental Plan which is based on a cost sharing allocation with the University paying 75% of the projected cost and the employees 25%. He stated that there is also a suggested reserve to stabilize the ups and downs of the claims experience.

The Consultant reviewed the report with the Committee. He stated that the projected cost indicates a need for additional funding. The current funding rates adopted 1/1/2012 produce revenue of $38,350,872 compared to the projected cost of $40,771,586 indicating an increase of $2,420,714. That increase will average $46.44 per covered subscriber per month.

He proceeded to review utilization and paid claim data shown in several different formats addressing both major lines of coverage, large claims and an analysis by type of service.

Mr. Davis stated that any increase will be difficult during these lean years. He stated that the University was considering a new medical plan (Tier II), which would affect only new employees. It would be designed to reduce costs while providing an adequate level of benefits.

The Consultant stated that the annual Valuation report had been presented this week and the Management Committee had not reviewed that information. He stated that no decision on the allocation of the suggested increase of $46.44 had been made.

Adjourn:

There being no other business to come before the Fringe Benefits Committee, the meeting was adjourned at 4:35 p.m.