

University of Maine System
Board of Trustees Meeting

Zoom Meeting
April 27, 2020

Human Resources & Labor Relations Committee Meeting

Present: **Committee Members:** Betsey Timm; Chair, James Erwin, Sven Bartholomew, Trevor Hustus, Trish Riley, Michael Michaud, and Kelly Martin. **Staff:** Chris Lindstrom, Ellen Doughty, Ryan Low, James Thelen, and Tracy Elliott. **Others:** Denise Stephenson-WillisTowersWatson.

Absent: Samuel Collins.

Trustee Timm, Chair, called the meeting to order and welcomed everyone. The Clerk performed a roll call of the Committee members present.

Medical Plan – Self Insured Funding & Plan Management

WillisTowersWatson Senior Advisor, Ms. Denise Stephenson provided an analysis of the University of Maine System's status as a provider of self-insured benefits. The vast majority of clients of the same size as the University of Maine System are self-insured. UMS has evaluated funding methods consistently over the years. Prior to July 1998, the UMS plan was self-insured, employees had an Indemnity Plan with no network, and no network claims discounts. Pharmacy and stop loss were allocated to outside vendors. Changes over time have resulted in more managed program, fully integrated & administered by CIGNA. Stop loss and Pharmacy contracting terms have been consistently negotiated and competitively bid annually. In addition to these carrier, financing & structural changes, the UMS Employee Health Plan Task Force (EHPTF) has supported the introduction of targeted plan design changes to impact employee utilization patterns and cost trends.

Fully Insured means set monthly premiums based on enrollment are paid to the insurance company and the risk falls on the insurer if claims are higher than expected; however, the insurer gains if program runs well. Self-Funded means that UMS pays for the actual claims that are incurred plus administrative expenses and risk falls on the employer if claims are higher than expected; however, UMS saves money if claims are lower than expected. Cost savings, flexibility, cash flow control, and access to claims data are all advantages to using a Self-Funded plan. Some of the disadvantages to a Self-Funded model are asset exposure, risk assumption, fiduciary responsibility, reserve funding liability, and increased employer involvement. UMS Purchases Individual Stop Loss Coverage, which covers extreme losses for an individual covered by the plan. For instance, if an employee's illness or injury results in extraordinary medical bills, the Individual stop loss coverage would kick in after the bills exceed a certain amount defined in the policy. UMS has 41 high dollar amount claims, which are claims that exceed \$200 thousand. Of those 41 claims, 21 are employees, 14 are spouses of employees, and 6 are children of employees. Historically, UMS has outperformed industry trend for enrollment and plan costs, with particular success in prescription cost management. UMS emergency room visits continue to decrease and use of generic prescriptions continue to increase. TeleMedicine & EAP continue to be an area of opportunity and it is anticipated that 2020 usage will increase dramatically due to COVID impacts. Ms. Stephenson explained that the projected impacts of COVID-19 to UMS health plans cost will be dependent on several factors including infection rate, severity of illness, age, pre-existing conditions, and the ability of local healthcare to manage the

influx of patients. The 2020 UMS Budget Projection did include margin for normal claims fluctuations and may help cover additional costs due to COVID.

Annual Workforce Profile Report 2019

UM Vice President of Campus Human Resources and UMS Interim Co-Chief Human Resources Officer, Mr. Chris Lindstrom provided a brief overview of the UMS 2019 Annual Workforce Profile Report. The Workforce Profile is an overview of the UMS workforce, reflecting full-time and part-time regular employees. This represents the 4,635 regular employees that were actively receiving a paycheck as of October 31, 2019. Additionally, there were 875 part time faculty members teaching in the Fall 2019 semester. Of the 4,635 UMS employees reported: 2.2% are administrators, 27.5% are faculty, 40.8% are salaried staff, and 29.5% are hourly paid staff. Overall, between the seven campuses, women make up a slight minority of full-time faculty at 47.7% of the population. Women are well represented among administrators at 48%. There are 100 administrators, 75 of whom are in the Management Group. In the Management Group women make up a slight majority at 52% of the cohort. Most of the regular hourly employee cohort consists of women at 53.9% of the population. The average salary for administrators is \$143,376; \$80,370 for faculty; \$54,846 for salaried staff; and \$33,303 for hourly staff. A significant proportion of faculty (45.4%), hourly (48.1%) and administrators (54%) are 55 or older. The majority of salaried employees (69.7%) are under the age of 55. There is limited diversity as measured in the federal ethnicity categories. Overall, 6.2% of employees System-wide report a minority race/ethnicity. This is a significant increase over the 4.4% minority self-reported last year. Mr. Lindstrom pointed out that there is an error on the correlating minority, race/ethnicity chart in the report and that the correct data would be reflected in the report submitted to the following Board of Trustees meeting. UMS ethnicity information is collected on a voluntary basis and about 10% of UMS employee population chose not to volunteer their ethnicity information. UMS has many long-service employees and the average length of service ranges from 9.8 years for salaried staff to 14.7 years for administrators. In the Fall 2019 semester, there were approximately 875 Part-Time Faculty teaching 4,700 credit hours of course work.

Annual Turnover Analysis Report 2019

Mr. Lindstrom provided a brief overview of the UMS 2019 Annual Turnover Analysis Report. From October 31, 2018 through October 31, 2019, the number of employee separations for all reasons was 11.8% of the average population of regular employees. Of this, voluntary resignations made up 7.6%, and retirements accounted for 2.7%. The remaining 1.5% involuntary separations resulted from end of term appointments, layoff, and termination. The turnover rate of 11.8% is up from last year's rate of 10.3% due to an increase in year-over-year voluntary separations. The number of separations due to position elimination/staff reduction is 4, which is 1 more than last year for the same period. 87.5% of the 546 total separations are due to voluntary resignations and retirements. Retirements alone account for 23.2% of the 546 total separations. The percent of total UMS new hires/rehires (473) in represented and non-represented units vary from a high of 36.4% (172) in the UMPSA unit to a low of 0.2% (1) in the Law Faculty unit. Retention of employees at all Universities is 88.0%, the lowest retention rate among bargaining groups is PATFA Regular at 51.6%.

Executive Session

On a motion by Trustee Riley, which was seconded by Trustee Hustus, and approved by a roll call vote of all Trustees present, the Human Resources & Labor Relations Committee agreed to go into Executive Session under the provisions of:

- 1 MRSA Section 405 6-A to discuss the evaluation of personnel and the consideration and discussion of appointments, evaluations, employment and duties.

On a motion by Trustee Michaud, which was seconded by Trustee Martin, and approved by a roll call vote of all Trustees present, the Human Resources & Labor Relations Committee concluded the Executive Session.

Additional information about the meeting can be found on the Board of Trustees website:
<https://www.maine.edu/board-of-trustees/wp-content/uploads/sites/12/2020/04/MtgMat-HR-042720.pdf>

Adjournment

Heather A. Massey for
Ellen N. Doughty, Clerk