

UHESA Meeting #6
UVSC and conference call
April 27, 2005
1:05 pm – 2:30 pm

WELCOME and ROLL CALL.....Shad Sorenson

Meeting called to order at 1:05 pm.

College of Eastern Utah:	no one in attendance
Dixie State College:	Laurie Sullivan
Salt Lake Community College:	Pat Albertson, Keenan Adcock and Butch Steffen
Snow College:	Mike Jorgensen
Southern Utah University:	Barbara Rodriguez, Annette Murray excused
University of Utah:	no one in attendance
Utah State University:	Milton Johnson, Marsha Howell (PEA), Jill Balard and Teresa McKnight excused
Utah Valley State College:	Shad Sorenson
Weber:	no one in attendance

BUSINESS ITEMSShad Sorenson

Minutes were reviewed and corrections made by Pat and Milt. Barbara motioned to accept as corrected, Milt seconded. Vote to accept corrected minutes was unanimous.

UHESA Committee Reports.....Butch Steffen

While waiting for PEHP representative to join on conference call Butch informed everyone that CEU, Dixie and Snow College will be pulled into the PEHP pool with other state workers, once legislators pass the proposed amendment at the next legislative session.

Each institution reported who their carriers were:

SLCC- has a death benefit through PEHP

Utah State- self-funded health care, administered through Blue Cross Blue Shield of Utah

UVSC- EMIA, but looking at self-funding the following year

SUU- Blue Cross Blue Shield of Utah

Shad asked if the institutions who are self-funded have rewards or recognition for healthy life styles. No one did, but Utah State is looking at giving credits (monetary rewards) for participation in exercise programs, etc. Pat said that SLCC was looking at starting educational programs so all staff and faculty could learn how to take care of themselves as they begin self-funded plans.

Butch introduced Bobbie Reese, Marketing Sales Specialist for PEHP, Steve Broadhead, Financial Director of PEHP and Jeff Boone, Marketing Director of PEHP. Everyone was referred to the documents previously sent out by PEHP for review. This explained the history of PEHP and the medical plans offered to the risk pool.

Title 49 regulates who is eligible to participate in PEHP. Bill Hickman and other legislators are currently in the process of proposing an amendment Title 49 in the next legislative session, allowing higher education to participate. During the interim, PEHP is setting up a Quasi Pool, which will include Dixie State College, College of Eastern Utah, and Snow College. PEHP is open to others coming in to the Quasi, if they desire. They need a lead time of approximately 90 days to set up and include any other institutions prior to your renewal date. Anyone who joins the Quasi Pool would have the same increases as the state pool. They will enter the first year, assuming they have the same risk as the State Pool.

- PEHP representatives pointed out that this is a just a temporary solution. Everyone (especially those at CEU, Snow and Dixie) need to be sure that this legislation is pushed through. If statute is changed, they can accommodate various groups. Otherwise higher education will not be able to be included in the State Risk Pool.

It was pointed out that one advantage of belonging to PEHP is that the state legislature approves health benefits according to figures submitted by PEHP. PEHP premiums are based on what the State Legislature is paying. The State Pool is funded by the legislature.

There are two pools: State Risk Pool, which has approximately 23,000 higher ed and state employees, so costs can remain lower simply due to numbers, and the Local Government Risk Pool. There are different plans available within the pools. If you have an institution with enough numbers, you could establish your own pool.

Bonnie said she would send Butch some premium comparisons with other companies' plans. The figures are calculated on bi-weekly premiums, so if you compare costs of premiums with current premiums being paid, they may differ slightly

Laurie commented that Dixie employees are very excited about this change. Their estimated increase in health care benefits was approximately 23% with the previous company. With PEHP the increase will be 11%, which is fully funded by the state. PEHP also allows you to buy up to a different plan, if you desire. Laurie was unaware about the need to encourage legislation change. She will keep UHESA, specifically Butch, involved in what is going on and what we can do to help. Mike thought it best to work with the President of Dixie and their local legislator (probably Buill Hickman).

Bobbi, Steve and Jeff disconnected.

Legislative Committee

Butch made follow-up comments regarding health care. When the legislature funds benefits, it has already gone to the Pool. If all schools push for a change in Title 49, it leaves each institution an option to participate and it may give better bargaining leverage with your current provider when negotiation premium costs.

There is not much to report on Legislative issues. It may be good to note that \$90 million is being given to transportation over the next ten years.

There is also \$300 million in surplus. It is probably not too soon to start planning our strategies for asking for more salary increases for next year. We may want to brainstorm at our next meeting for action to begin in August. 2.5% is nice, but Butch feels we can do better than that.

Butch also noted some legislative changes:

- Debra Headden was appointed to position of legislative analyst for human services. Boyd Garrett, the lead man for higher education in the legislature, will be appointing a new person to replace her.
- Brent Goodfellow is now Senator Goodfellow
- Senator Ron Allen (Tooele) is now head of the utilities area

Milt reports that Utah State will be having a Legislative Forum this Friday. None of the legislators were available to come so they are having a presentation by their legislative liaison on finance.

Communication Committee

Shad apologized that this committee has not been utilized or even organized, according to by-laws of UHESA. It would be a good idea to get this up and running for next year. Discussion was started on suggestions, but tabled until a future meeting.

“Hot Issues on Your Campus Affecting Staff

- Laurie reports that they have been working on a new constitution since the exempt and non-exempt staff have split into two organizations. The President gave them until Friday to complete the revised constitution. This short time conflicts with the current constitution in the fact they are supposed to give two-weeks for staff to review any changes prior to revisions. If they do not meet the President's deadline, he says he will refuse to recognize them as an organization. Susan Gardner was forced to resign as the Vice-President (Susan is an exempt employee, but does not

want to belong to the exempt organization. She will continue to belong to the non-exempt staff organization and pay her dues, but will be a non-voting member).

- Snow College is also in the process of re-writing their constitution. Since Snow has the Richfield campus and professional and classified staff, they are working to reorganize their executive council so that it consists of members from professional staff, classified staff and staff from the Richfield campus. The president will serve a three year term, with a rotation of president between the three groups.
- Utah State reported that their CEA and PEA organizations have been working together so well that the Faculty Senators asked them to attend Faculty Senate and see what can be done to have the three groups work closer together towards common goals. Milt felt this was a phenomenal stride.
- Discussion was held again regarding which institutions have stipends for presidents, which are funded by dues and which are funded from the presidents/allocated funds (Shad will send out the Institutional Reports again to see if information on this report will help.... He also asked that everyone try to update their sections of the report)
- Barbara asked what others were doing as far as including part-time employees in recognitions, participation in associations, etc.

SLCC is also rewriting their constitution and by-laws due to restructuring of their institution. Their Staff Association has only been for full-time staff employees. Part-time employees are now being included. They define part-time as "anyone less than 75% of FTE.

Pat also pointed out that the staff association went to the faculty association and asked for funding for staff awards. They funded six part-time staff awards. These awards also included full-time and part-time employees. For the awards, they defined part-time as being eligible for benefits (tuition waiver, health care, etc.)

Next Meeting Time

June 22, 2005 at UVSC and by conference call

August 4&5 meeting will be held in Ephraim, Utah hosted by Snow College

In follow-up to a suggestion by Shad last month that we meet more frequently so meetings are not so long, the only comment made regarding this was that if we had stuff to discuss that would be fine, but they were not in favor of having a meeting just to have a meeting. Laurie said she would have to consider this. It was again tabled.

Laurie wanted to meet with Shad to go over her duties and get a better understanding of her responsibilities, etc. Barbara and Laurie will travel to UVSC in June or July to meet with Shad. Laurie will call Barbara to make arrangements.

Barbara motioned to adjourn. Milt seconded. Meeting adjourned at 2:30

Letter of Transmittal

Public Employees Health Program (PEHP) is a non-profit, self-funded trust managed by the Utah State Retirement Board. Group Insurance was established by mandate in 1961 by the Utah State Legislature to provide insurance coverage for public employees. At that time, Group Insurance was a division of the state Department of Finance. Benefits were administered by an outside company. In 1976, Group Insurance was made a division of the Utah Retirement Systems and one year later, in 1977, the administration of the health insurance program was brought in-house and the Public Employees Health Program was established.

For over twenty years, PEHP has been providing benefits for employees of the State of Utah. In addition, Salt Lake County, Salt Lake City, and dozens of other public entities and school districts within our state also offer benefits through PEHP.

Contact Person

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Carrier Responsibilities

PEHP is very confident in our ability to meet the proposed requirements of this RFP. We are certain that you would be very pleased with the coverage and service PEHP Provides. We are committed to working with your agency to continue to provide exceptional coverage for your employees.

PUBLIC EMPLOYEES HEALTH PROGRAM SELF-FUNDED, INTERNALLY-ADMINISTERED PHILOSOPHY

PEHP is a non-profit, independent governmental agency of the state of Utah, created by the state legislature "...to provide a mechanism whereby the state, its educational institutions and political subdivisions may provide their employees with group health, dental, disability, and life insurance in the most efficient and economical manner."

PEHP administers its programs for state and local governments and school districts on a self-funded basis. The accompanying narrative, responses, and administrative fee discussions contemplate a self-funded relationship.

Reinsurance

PEHP provides two types of reinsurance coverage; specific stop loss and aggregate stop loss.

Specific Stop Loss

Specific stop loss protects the Risk Pool from large medical claimants that have claims dollars that exceed a set level. The level set by PEHP is \$75,000 during the twelve-month period from 7/1 to 6/30. The net (premium paid less reimbursement for claimants over \$75,000) rate for the specific reinsurance coverage depends on the overall experience of the groups participating in PEHP's reinsurance fund. The rates are determined retrospectively as of June 30th. For our most recent year-end, June 30, 2004, the net overall rate for specific reinsurance was .75%.

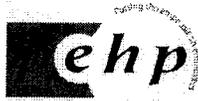
Aggregate Stop Loss

Aggregate stop loss coverage protects the Risk Pool from total claims costs that exceed the expected claims level. The PEHP aggregate stop loss coverage covers claims that are in excess of 110% but less than 125% of expected claims. The rate for aggregate reinsurance coverage is .3%.

Administrative Costs

A significant advantage to self-funding your medical plan with PEHP is the low administrative cost paid for third-party administration. Your organization's administrative fee would be their *pro rata* share of PEHP's costs based on enrollment.

Our administrative charges are inclusive of all services we normally provide. If PEHP were requested to provide administrative services beyond what we do for all participants, we would negotiate a fee for that service.



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Executive Summary

Large Group Language-over 1,000

Public Employees Health Program (PEHP) is pleased to offer your organization PEHP Medical benefits. Our goal at Public Employees Health Program is to create easy-to-use, cost effective programs with comprehensive benefits that will help relieve many of the financial obligations experienced by employees and their families.

Groups with more than 1,000 employees may become their own "risk pool" within PEHP and as such, have more freedom to design benefit plans and funding mechanisms than groups sharing risk in multi-employer pools. In this case, your future rates would be based on your organization's utilization. Rates will be determined each renewal period based on the agencies claims experience. Through our public/private partnerships with Altius Health Plans and Intermountain Health Care, we are able to offer two excellent plans to your employees.

Small Group Language

Although PEHP signs agreements annually with agencies participating in the Local Governments Risk Pool, new agencies entering the Pool should plan on making a three year commitment to the Pool. If an agency leaves the Pool before completing three years, the agency's rates paid into the Pool and claims paid out of the Pool will be calculated. If more claims have been paid out than rates collected the agency will be required to pay the difference to the Pool. If more rates have been collected than claims paid, the excess will stay in the Pool for the benefit of the Pool.

This Risk Pool allows you to select from three medical plans and two dental plans. You can select the benefit plan(s) that best suit your employees' healthcare needs. These self-funded programs allow all the risk to be placed in one pool, rather than spreading risk between multiple carriers. We feel that this is in the best interest of everyone because it provides the freedom of a large Preferred Provider Network with a more efficient Managed Care Network without the risk of adverse selection.

PEHP's Preferred Care This plan is a Preferred Provider Plan with a swing option. This plan offers the savings of a managed care Preferred Provider medical network with the freedom of choice of an indemnity plan. Services obtained from our large panel of PPO medical providers require only a low, predictable co-payment at the time of service with no additional balances due.

The participants of our large Preferred Provider network have contracted to accept the member's co-payment and PEHP's fee as payment in full for the procedure. Participating providers are contractually obligated to write off any balance above PEHP's Preferred Provider Fee Schedule.

PEHP's Summit Care This plan is a Managed Health Care plan with a Swing Option that uses providers and facilities contracted with Altius Health Plans. This plan features unlimited Well Care benefits and low predictable co-payments at the time of service with no additional balances due. A primary care physician and referral to see a specialist are not required. Currently Altius Health Plans is administering the claims payment, customer service, utilization management, Provider Network contracting and management for Summit Care. Geographical enrollment limitations apply.

PEHP – the Public Employees Health Program

PEHP's Advantage Care This plan is a Managed Health Care plan with a Swing Option that uses Intermountain Healthcare providers and facilities. This plan features unlimited Well Care benefits and low predictable co-payments at the time of service with no additional balances due. A primary care physician and referral to see a specialist are not required. Geographical enrollment limitations apply.

Traditional Dental This plan offers the freedom to use any provider. When a preferred provider is used the patient has the advantage of a predictable copay.

Preferred Choice Dental This plan offers the advantages of a managed care program with the freedom of a traditional indemnity program. When utilizing a preferred provider the patient will pay a low predictable copay with no balances to pay above the co-payment for eligible services. When using a non-preferred provider, PEHP will pay eligible benefits up to the Preferred Dental Fee Schedule and the patient will be responsible for the copayment and any remaining balance.

An important benefit included with PEHP's medical plans is the Medical Waiver of Premium provision. This provision provides for a disabled employee to have up to 22 months of medical premium waived as long as the employee is covered under an employee-sponsored long-term disability insurance plan and the employer retains group coverage with PEHP. Medical premiums may be waived beginning two months after the employees last day worked. This premium waiver applies to medical coverage only.

Other PEHP features include a rigorous credentialing process for our Preferred Providers and facilities, strict claims processing controls, superior customer service, and excellent reporting capabilities.

PEHP is confident that our administrative costs will be viewed favorably. Public Employees Health Program is committed to keeping administrative costs to a minimum.

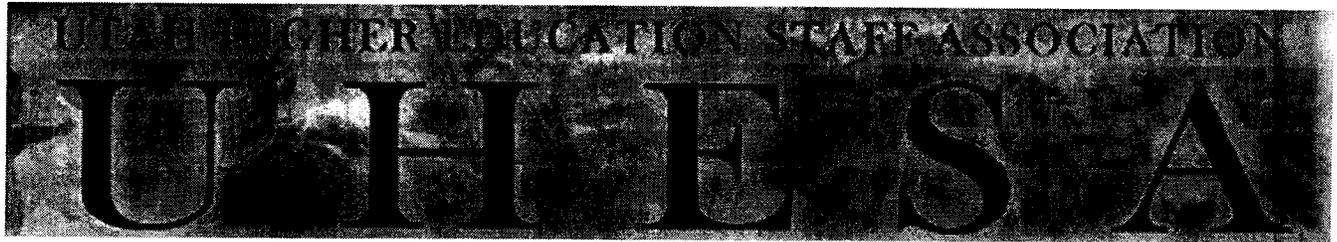
In order for coverage to be provided by PEHP, 80% or more of the eligible employees must enroll onto a plan. However, this percentage takes into effect those employees who do not carry coverage with your agency, being they are covered on another health or dental plan as a dependent.

NOTE: If the eligibility number of eligible employees is lower than this amount (80%) or the number drops below this amount once the plan is put in place, the group would be considered ineligible at the next renewal cycle.

We appreciate the opportunity to propose our medical plans for your organization and employees. We are committed to providing an excellent benefits package as well as superior customer service as we administer the program for your employees.

Sincerely,

Linn Baker
Executive Director
Public Employees Health Program



MEETING - AGENDA
April 27, 2005

Utah Valley State College
Conference Call: 866-256-5096 Password: 6224

www.usu.edu/uhesa/

1:00 p.m.

Welcome and Roll Call

Shad Sorenson

Business Items

Shad Sorenson

- Approve minutes from March 2005
Emailed: 26-April-05 (Barbara)_

PEHP Discussion

Butch Steffen

UHESA Committee Reports

-Legislative

Butch Steffen.

-Media and Public Relations

Jill Ormond Whitaker

“Hot Issues” on Your Campus Affecting Staff

Round Table

Next/Future Meeting Agenda Items

Shad Sorenson

Thank YOU for Your Participation. Have A Great Day!

Future Meeting Schedule

June 22, 2005

August 4&5, 2005

All meetings will be available via conference call or Bancom