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Committee Meeting: 2/5/2010  
Dallas, Texas

*James D. Dannenbaum, Chairman*  
*Printice L. Gary*  
*R. Steven Hicks*  
*Robert L. Stillwell*  
*Joel Helmke, Chair, Employee Advisory Council*  
*Dan Formanowicz, Chair, Faculty Advisory Council*  
*Bradley Carpenter, Chair, Student Advisory Council*

	<b>Committee Meeting</b>	<b>Page</b>
<b>Convene</b>	10:00 a.m. <i>Chairman Dannenbaum</i>	
<b>U. T. System: Presentation on Benefits Program for U. T. System and U. T. System institution employees, including insurance, retirement, and wellness</b>	10:00 a.m. <b>Report</b> <i>Mr. Stewart</i> <i>Ms. Chambers</i> <i>Ms. Godwin</i> <i>Mr. Roman</i>	<b>298</b>
<b>Adjourn</b>	10:30 a.m.	

**U. T. System: Presentation on Benefits Program for U. T. System and U. T. System institution employees, including insurance, retirement, and wellness**

**REPORT**

Mr. Daniel Stewart, Associate Vice Chancellor for Employee Benefits and Services, will update the Board on the Insurance, Retirement, and Wellness programs of the U. T. System.

Representatives scheduled to attend the meeting are:

- Ms. Laura Chambers, Director of Employee Benefits
- Ms. Faye Godwin, Assistant Director of Employee Benefits
- Mr. Rolando Roman, Worksite Wellness Coordinator
- Mr. Tony Edmond, Sr. Manager Benefit Services, U. T. Medical Branch – Galveston
- Mr. Patrick Tiner, Director, Employee Assistance Program Services, U. T. Southwestern Medical Center – Dallas
- Ms. Eunice M. Currie, Assistant Vice President for Human Resources Management and Development, U. T. Arlington

Information on the various benefits programs follows on Pages 299 - 308.

**BACKGROUND INFORMATION**

The U. T. System, through its Office of Employee Benefits (OEB), administers System-wide employee benefits for U. T. System Administration and U. T. System employees, including group health insurance, optional benefits, and retirement programs. The OEB serves a customer base of 83,000 active employees, 17,000 retired employees, 102,000 dependents, prospective employees, and 20,000 enrolled students.

Chapter 1601 of the *Texas Insurance Code*, State University Employees Uniform Insurance Benefits Act, provides the U. T. System statutory authority to

- Provide uniformity in the benefit coverages for all System employees
- Enable the System to attract and retain competent and able employees and offer coverage that is comparable to that offered in private industry and other universities and state programs
- Foster, promote, and encourage service as a career profession
- Recognize and protect the investment of the System
- Foster and develop high standards of employer-employee relationships
- Recognize the long and faithful service of employees and encourage them to remain in service until eligible for retirement

**The University of Texas System  
Office of Employee Benefits  
Executive Summary  
February 2010**

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The University of Texas System, through its Office of Employee Benefits (OEB), administers Systemwide employee benefits including group health insurance, optional benefits and retirement programs. The OEB serves a customer base of 83,000 active employees, 17,000 retired employees, 102,000 dependents, prospective employees, and 20,000 enrolled students. It is through the service to these customers in the 15 institutions and System Administration that we establish our commitment to design, implement and administer high quality and cost effective benefit programs. In short, the efforts of The Office of Employee Benefits support the mission of The University of Texas System.

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- Statutory Enablement - Chapter 1601 of the *Texas Insurance Code*, State University Employees Uniform Insurance Benefits Act
  - Provide uniformity in the benefit coverages for all System employees
  - Enable the System to attract and retain competent and able employees and offer coverage that is comparable to that offered in private industry and other universities and state programs
  - Foster, promote and encourage service as a career profession
  - Recognize and protect the investment of the System
  - Foster and develop high standards of employer-employee relationships
  - Recognize the long and faithful service of employees and encourage them to remain in service until eligible for retirement

**Office of Employee Benefits and Collaboration**

- 34 staff serve over 175,000 enrolled members, 24 institution and Texas Department of Criminal Justice Benefit Offices, 275 institutions benefits support staff and 14 contracted vendors.
- 34 staff support the areas of customer service, marketing, premium collection and reconciliation, training, and eligibility and enrollment.
- Enrollment and premium billing systems created and maintained internally to support institutions and save significant institutional funds and resources.
- Benefits are designed to maintain a robust program, maximize recruiting and retention and meet the needs of the institutions.
- Overall annual Insurance Program - approximately \$850,000,000
- Operational annual cost of OEB - approximately 3%
- Collaboration with all institutions, including faculty and staff, with a wide variety of business and research objectives being met
  - Coordinate and seek guidance from the Systemwide Insurance Advisory Committee- includes two representatives from each institution as well as the Retirement Programs Advisory Committee
  - OEB staff maintains standing resource positions on the Employee Advisory Council, Faculty Advisory Council, Student Advisory Council and numerous institution committees including Employee Assistance Program leaders, Wellness Advisory Boards, etc.

- Continuous efforts assist OEB to determine the goals and objectives of the program to meet institution needs.
  - Research/Studies
  - Recruiting
  - Awards and recognition
- Excellent relationship with System Audit Office

### **Group Insurance Highlights**

- Information
  - Eligibility determined by statute and includes employees working in a benefits eligible position for 20 or more hours per week, in an appointment for 4 ½ months or more and includes former employees who are retired under the jurisdiction of Teacher Retirement System (TRS) or the Optional Retirement Program (ORP). Graduate Teaching Assistants, Graduate Research Assistants and Post-Doctoral Fellows are also eligible for program enrollment.
  - Average UT SELECT medical plan annual premium increase from 2002-2010 equals 4.1%.
  - Minimal plan design changes in last five years, however, numerous program enhancements.
  - Premium reductions and plan enhancements have occurred in many of the voluntary plans.
  - IRS Section 125 plan which allows certain premiums to be paid pre-tax, thus saving the University and the employee in payroll tax dollars.
  - Qualified dependents eligible through age 25, regardless of student status.
  - Exceptional enrollment, often surpassing industry standards, in voluntary benefit plans, thus illustrating the value the plans provide. Optional coverages are funded entirely by the employee or retired employee. Optional coverages include two dental options (147,491 enrolled), vision coverage (117,175), life insurance (99,163), Accidental Death & Dismemberment (90,337), long and short term disability (43,258 and 23,679 enrolled respectively), long term care (7,338) and UT Flex (22,242).
  - Student Health Insurance Program contracted and managed through Office of Employee Benefits - 20,785 total enrollment.
    - Students fund premium entirely-no state or local funds offset premium
    - All students, who are not working in a benefits eligible position (20 or more hours per week), are eligible to enroll. Spouse and family coverage available.
    - Continuous education through quarterly meetings with Student Advisory Committee (SAC).
    - Discussion of plan design with both SAC and Directors of institution's Student Health Centers.
    - Program includes options to elect additional coverage through the major medical coverage as well as study abroad coverage.
    - Annual negotiations for many of the last five years have resulted in lower premiums and improved benefits.
    - Challenge to balance needs of students and affordable premium rates.

## UT SELECT Medical and Prescription Plan

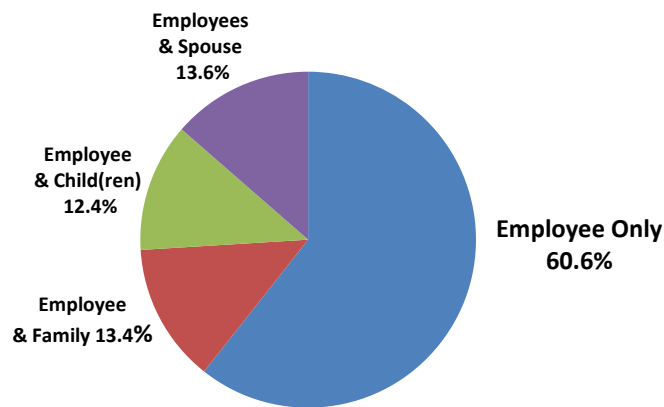
- UT SELECT Features
  - Self-funded UT SELECT Health Program (medical and prescription) - 175,358 total members enrolled (99,163 employee and retired employee/76,195 eligible dependents)
  - No annual or lifetime maximum benefit
  - No pre-existing condition limitations imposed
  - Ranked one of the top plans amongst Hewitt's Pathfinder Group, a study group comprised of 42 of the top national universities
  - Average member age 41.7 years
  - Early intervention to help maintain and improve members' health
  
- Challenges
  - Increased utilization of all services
  - Increased cost of medical care, including new emerging prescription therapies
  - Technology advancement in medical treatment
  - Decline in managed care initiatives
  - Market consolidation
  - Aging of the population
  - Federal Government Medicare payment reductions
  - Direct-to-consumer advertising for prescription drugs
  - Increased number of mandated benefits
  - Slow or minimal support of onsite campus wellness programs
  
- Wellness Programs & Services - The University of Texas System "Living Well: Make it a Priority"  
Worksite Health & Wellness program was established in 2007 to encourage all employees, retirees and dependents to reach their potential and maintain the productivity necessary to meet the challenges of work and life.
  - Goals
    - Provide employees, retirees and dependents at all University of Texas System Institutions the opportunity to participate in a comprehensive and integrated health improvement program
    - Reduce and contain lifestyle-related health care costs at all institutions
    - Measure and reduce health-related absenteeism cost
    - Integrate the "Living Well: Make it a Priority" program into the employee benefits package at all institutions
    - Create a culture and environment that supports the "Living Well: Make it a Priority" programs at all institutions
  
  - Resources
    - Comprehensive Health Manager Program that provides critical information about preventing or managing serious disease - to developing a personalized health improvement plan that connects all resources and tools available through the UT SELECT Plan
    - Health Coaching Program that focus on lifestyle behavior changes
    - Improved Preventive Care Coverage (100 percent colonoscopy coverage)
    - 24/7 Nurseline available to all UT SELECT Medical Plan members
    - Smoking Cessation Program provides targeted resources to assist participants to stop smoking

## UT SELECT Program Data

<b>FY 2010 UT SELECT Monthly Premium Cost-Full Time Employees and Retired Employees*</b>				
Level of Coverage	Subscriber Only	Subscriber & Spouse	Subscriber & Children	Subscriber & Family
Total Monthly Cost	\$393.08	\$768.37	\$701.91	\$1,065.47
Employee/Retiree Out of Pocket Cost	\$0.00	\$169.23	\$177.00	\$333.28

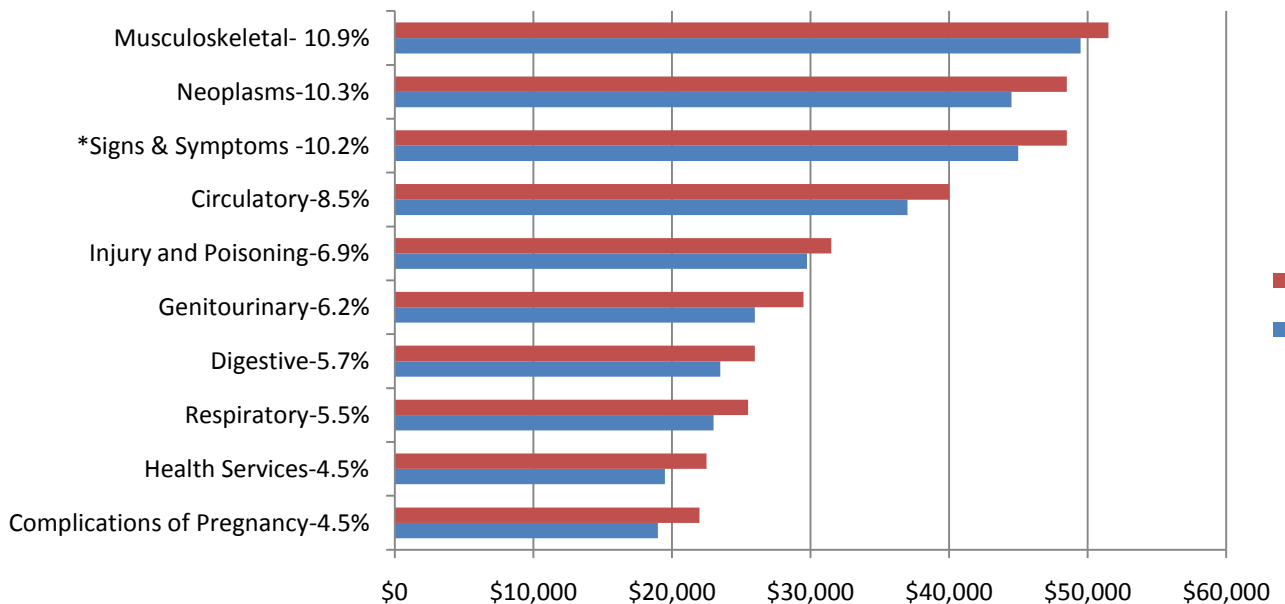
\*Data from FY2010 Premium Rate Charts

**% of Total Contracts FY 2009**  
 Approximately 175,000 Total Enrollment  
 Data from UT SELECT Annual Report



### FY 2009 Top 10 Diagnosis Categories

Of the total paid benefits, 31% are attributable to the top 3 diagnosis categories: musculoskeletal, neoplasms, and signs and symptoms, two of which are also prevalent in the large claims. \*Signs & Symptoms include signs, symptoms, abnormal results of lab or other investigative procedures and conditions with no diagnosis.



<b>FY 2009 Payment Distribution by Claimant- Medical Plan Only*</b>		
Plan Paid Amount	Claimants	% of Claimants
Less than \$1,000	92,011	58.4%
\$1,000 - \$5,000	46,562	29.6%
\$5,000 - \$30,000	16,661	10.6%
\$30,000 - \$50,000	1,029	0.7%
\$50,000 - \$100,000	730	0.5%
\$100,000 - \$250,000	322	0.2%
\$250,000 - \$500,000	60	<0.1%
Over \$500,000	26	<0.1%
<b>Total</b>	<b>157,401</b>	<b>100.0%</b>
Approximately 92.9% of the membership filed a claim in FY09, and 7.1% of the members (12,021) did not file any claims.		
*Data from FY2009 UT SELECT Medical Annual Report		

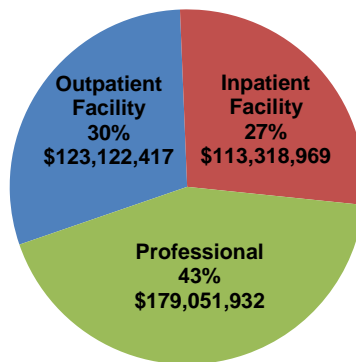
### **FY 2009 UT SELECT Plan Statistics**

- Approximately 170,135 members reside in Texas
- Approximately 2,778 reside outside of Texas
- Coverage is available nationwide and worldwide
- Blue Cross and Blue Shield (BCBSTX), the third party administrator for the UT SELECT Plan handled 451,079 phone calls for UT SELECT in FY 2009.
- There are over 65,000 contracted providers in the UT SELECT provider network and over 450 hospitals.
- 56% of the UT SELECT enrollment are females, while 44% are males.
- 99% of the medical claims are from network (contracted) providers, 1% are from non-contracted providers
- 155,774 of the members never visited the emergency room in FY 2009, while 15,656 had at least one visit and 3,756 had more than 2 visits
- There were 402 high-cost claimants with total claim payment at or exceeding \$100,000 per episode of care. These members accounted for 17.2% of plan costs. The top 20 medical patients incurred claims at or above \$500,000 per treatment of specified condition.
- Major Joint Replacement is the top inpatient surgery of FY 2009, followed by tracheostomy and spinal fusion.
- 2,273 babies were born under the UT SELECT plan, with 306 considered complex.
- 2,112 members have been identified for complex case management
- 77% of the patients filled one or more prescriptions
- When a generic medication is available, 63.4% of the time a generic is filled rather than a brand named medication
- There are 2,217 patients using high cost specialty medications, which cost approximately \$22,816,191

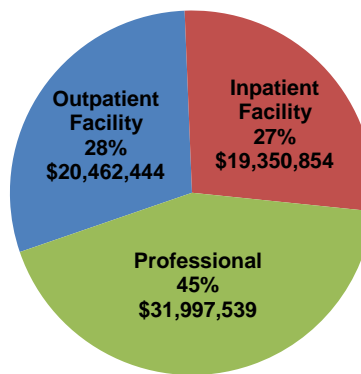
## Total UT SELECT Medical Plan Payments by Place of Service

\*Data from UT SELECT Medical Plan FY 2009 Annual Report

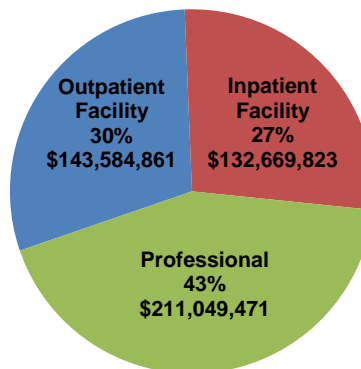
### Active Employees and Dependents FY 2009



### Retired Employees and Dependents FY 2009



### All Subscribers FY 2009





<b>Top 10 Prescription Categories by Plan Cost*</b>				
<b>FY 2009 Rank</b>	<b>Prescription Category</b>	<b>Chapter</b>	<b>FY 2009 Plan Cost</b>	<b>FY 2009 Patients</b>
1	Lipid/Cholesterol Lowering Agents	Cardiovascular, Hypertension & Lipid	\$11,519,214	25,717
2	Proton Pump Inhibitors	Gastroenterology	\$10,151,843	14,809
3	Pulmonary Agents	Respiratory, Allergy, Cough & Cold	\$7,156,934	9,123
4	Antidepressants	Autonomic & CNS, Neuro & Psych	\$5,891,203	9,000
5	Non-Insulin Hypoglycemic Agents	Endocrine/Diabetes	\$5,688,332	9,028
6	Rheumatological Agents	Musculoskeletal & Rheumatology	\$5,550,508	508
7	Anticonvulsants	Autonomic & CNS, Neuro & Psych	\$4,752,492	8,870
8	Psychotherapeutic Agents	Autonomic & CNS, Neuro & Psych	\$4,421,286	4,925
9	HIV/AIDS Therapy	Anti-infective	\$4,044,581	330
10	Antipsychotics	Autonomic & CNS, Neuro & Psych	\$3,813,430	2,011
*Data from FY 2009 UT SELECT Prescription Annual Report				

<b>Top 10 Drugs by Plan Cost</b>				
<b>FY 2009 Rank</b>	<b>Prescription Drug Name</b>	<b>Therapeutic Sub-Class</b>	<b>FY 2009 Plan Cost</b>	<b>FY 2009 Total Patients</b>
1	Nexium	Proton Pump Inhibitors	\$8,115,968	9,312
2	Lipitor	Lipid/Cholesterol Lowering Agents	\$4,710,096	8,117
3	Enbrel	Rheumatological Agents	\$3,053,581	259
4	Humira	Rheumatological Agents	\$2,432,106	182
5	Advair Diskus	Pulmonary Agents	\$2,218,625	3,416
6	Valtrex	Antivirals	\$2,118,661	3,761
7	Plavix	Antiplatelet Drugs	\$2,046,384	2,329
8	Singulair	Pulmonary Agents	\$1,969,939	5,300
9	Actos	Non-Insulin Hypoglycemic Agents	\$1,968,975	1,723
10	Cymbalta	Antidepressants	\$1,968,729	2,225

## Retirement Program Highlights

The University of Texas System Retirement Program provides an opportunity for employees to accumulate savings now to use in the future.

- Plan Options
  - Teacher Retirement System (TRS) – a mandatory Defined Benefit plan for employees of public education
  - The Optional Retirement Program (ORP) - a Defined Contribution plan available to certain eligible employees (primarily faculty and high level administrators) in lieu of participation in the Teacher Retirement System (TRS). The election is only available upon first eligibility and is irrevocable.
  - The University of Texas Government Retirement Arrangement (UTGRA) - an excess benefit plan for certain eligible ORP participants
  - The UTSaver Tax Sheltered Annuity Plan (TSA) - a voluntary plan available to all employees
  - The UTSaver Deferred Compensation Plan (DCP) - a voluntary plan available to all employees
  
- Enrollment

<b>Program Participation</b>		
<b>Program</b>	<b>Total Enrollment</b>	<b>Percent Enrollment</b>
TRS	66,500*	83%
ORP	16,000	17%
TSA	16,000	17%
DCP	5,700	6%
UTGRA	700	Limited to certain ORP eligible participants
*TRS Enrollment is an approximation based on current UT Insurance Eligibility of 80,000 total eligible employees. Enrollment data received from UT Retirement Manager, institution reporting and vendor reports.		

- The Teacher Retirement System (TRS) is a Defined Benefit plan available to all eligible employees in public education in the State of Texas. Eligible employees are engaged in regular employment that is expected to last for a period of 4 ½ months or more; are employed for one half or more of the standard full-time workload; and with compensation paid at a rate comparable to the rate of compensation for other persons employed in similar positions. Student employment and temporary, less than halftime, seasonal or regular employment is not eligible.
  
- The Optional Retirement Program (ORP) is a Defined Contribution plan available only to certain eligible employees as an alternative to participation in TRS. ORP eligibility is a one-time, irrevocable election effective for the remainder of the eligible participant’s career in higher education.

- Program Information
  - Managed by three OEB staff members and supported by six retirement providers that were selected through a Request for Proposal (RFP) process in 2006
  - Customer Service, program marketing, loan, hardships, and administration of program provided by Office of Employee Benefits.
  - Program has over \$5 billion in assets among all of the plans
  - Employee participation in the two voluntary plans reached a historical high of 27% in 2008
  - Economic difficulties faced by many of our employees led to a decrease in voluntary savings participation. Since that time, however, with continued communication and education efforts, the numbers are beginning to increase again.
  - Assets are invested in funds selected by the employees and offered by the six approved providers and four grandfathered providers
  - Investment fund options are routinely monitored by the providers and by OEB in conjunction with an outside investment consultant to ensure compliance with the established standards set forth in the 2006 RFP process and the Investment Policy Statement.
  
- Program Contributions

FY 2009 Annual Contributions			
Plan Name	Annual	Average Monthly	Total Assets
ORP	\$266,352,586	\$22,196,048.83	\$3,176,026,062.00
UTGRA	\$5,676,777	\$473,065	\$36,321,740
TSA	\$100,413,503	\$8,367,791.92	\$1,031,499,210.00
DCP	\$51,112,969	\$4,259,414.08	\$143,034,052.00
Total Cash Flow	\$423,555,835	\$35,296,320	
*Data received from vendor FY 2009 Annual Retirement Reports			

**UT Rewards 4U (See sample on next page)**  
**Total Compensation Statement**

- Employee tool used to illustrate the value of an employee’s total compensation
- Management tool used for retention and recruiting
- Statement created in conjunction with the System Office of Employee Services (OES)
- OEB and OES have partnered to provide the statement to employees of UT institutions beginning in 2010
- Statement can be viewed online, year-round via My UTBenefits located within the [www.utsystem.edu/benefits](http://www.utsystem.edu/benefits) website.

**Jane Doe**

EID (Employee ID Number): jdoe

**Your estimated 2009-2010 Total Compensation is: \$ 80,694**

Your Pay	UT System Contribution
Regular	\$ 52,368
Longevity Pay	\$ 1,680
University Salary Supplement	\$ 615
Wireless Device Allowance	\$ 900
<b>Total Annual Income</b>	<b>\$ 55,563</b>

The current annual pay listed above is your estimated annualized 2009-2010 pay based on 2080 hours worked.

**Your Compensation Package**



Total annual income:  
\$ 55,563 (69%)

UT System benefits:  
\$ 25,131 (31%)

The value of your benefits package equals 31% of your estimated total compensation. This is calculated by dividing the total cost of UT System benefits by your estimated 2009-2010 total compensation.

**Benefit Options**

Benefits	Employee Contribution	UT Benefits Contribution
Health Insurance	\$ 3,999	\$ 8,786
Dental Insurance	\$ 1,070	\$ 0
Vision Insurance	\$ 129	\$ 0
Short-Term Disability	\$ 146	\$ 0
Long-Term Disability	\$ 217	\$ 0
Optional Life Insurance	\$ 200	\$ 0
Optional AD&D Insurance	\$ 29	\$ 0
Long-Term Care	\$ 0	\$ 0
UT\$aver TSA	\$ 0	\$ 0
UT\$aver TSA-Roth	\$ 0	\$ 0
UT\$aver DCP	\$ 0	\$ 0
Employee Assistance Program	\$ 0	\$ 12
Teacher Retirement System	\$ 3,498	\$ 3,498
Social Security	\$ 3,389	\$ 3,389
Medicare	\$ 793	\$ 793
Federal Unemployment Tax	\$ 0	\$ 29
Workers' Compensation	\$ 0	\$ 64
Vacation	\$ 0	\$ 3,323
Holidays	\$ 0	\$ 2,820
Sick Days	\$ 0	\$ 2,417
<b>Total Benefit Value</b>	<b>\$ 13,470</b>	<b>\$ 25,131</b>

**Share of Benefits Costs**



Your benefits contribution:  
\$ 13,470 (35%)

UT System benefits contribution:  
\$ 25,131 (65%)

Your share of benefit costs is calculated by dividing your benefits contribution by the total benefit value.

**Your Benefits**

Health Insurance	Subscriber & Family
Dental Insurance	Subscriber & Family
Vision Insurance	Subscriber & Spouse
UT Flex Medical Account	\$ 2,000 Per Year Elected
UT Flex Dependent Day Care	Not Elected
Employee Basic Life	\$ 10,000
Employee AD&D Life	\$ 10,000
Short-Term Disability	\$ 631 Per Week
Long-Term Disability	\$ 2,733 Per Month
Long-Term Care	Not Enrolled
Employee Assistance Program	Enrolled
Optional Life Insurance, Employee	\$ 165,000
Optional Life Insurance, Spouse	\$ 25,000
Optional Life Insurance, Per Child	\$ 10,000
Teacher Retirement System	Enrolled
Optional AD&D Insurance, Employee	\$ 100,000
Optional AD&D Insurance, Spouse	\$ 50,000
Optional AD&D Insurance, Per Child	\$ 10,000
UT\$aver TSA	Not Enrolled
UT\$aver TSA-Roth	Not Enrolled
UT\$aver DCP	Not Enrolled

Disclaimer: This statement is an estimate based on your currently projected earnings for fiscal year 2009-2010 and your benefit elections as of 9/1/2009. Although care has been taken to make this statement as accurate as possible, the actual compensation and benefits you realize may differ. Provision of this statement to you does not constitute a guarantee of continued employment or benefits eligibility. In most instances, availability of a benefit is governed by the specific terms of plan documents. The terms of those plans cannot be altered by this statement. Consult the Office of Employee Services if you need further information about this statement or your benefits.