

MINUTES

UNIVERSITY MANAGEMENT COMMITTEE

August 17, 2017

ATTENDEES: Phil Phillips (chair), Gary Hanson, Hung Le, Edna Powell, Lauren Cosentino, Marnie Mitze, Michael Feltner, Rick Gibson, Donna Nofzinger-Plank, Marc Goodman, Rick Marrs, Connie Horton, Pete Peterson, Grant Nelson

ABSENT: Paul Lasiter, Lee Kats, Joseph Fritsch, Jack McManus

I. **UNIVERSITY MANAGEMENT COMMITTEE CALL TO ORDER:**

Vice President for Administration Phil Phillips called the University Management Committee meeting to order. The date was Thursday, August 17, 2017 in the TAC Lobby Conference Room – Malibu Campus. Vice President for Student Affairs Connie Horton opened in prayer.

II. **June 15, 2017 MEETING MINUTES**

Upon the motion duly made and seconded, the minutes of the June 15, 2017 meeting were approved as presented.

III. **BENEFITS – Action Requested**

Chief Human Resources Officer Lauren Cosentino presented an update on medical benefits and requested Committee approvals on 2018 Plan Year Options, reduction of University contributions to Emeriti accounts, and seeding of HSA accounts.

Since the last meeting in June, Human Resources updated the community on upcoming benefits changes through a town hall in July and a presentation at the President's briefing in August. Additionally, chief Cosentino indicated a task force including Lauren Cosentino, Gary Hanson, Phil Phillips, Greg Ramirez, Brian Thomason, Michael Feltner, Marc Goodman, Michelle Del Giudice, and Paul Lasiter met on a weekly basis throughout the summer to strategize.

Chief Cosentino noted: research revealed 50% of all medical plan participants, and most of the healthy ones, have Kaiser insurance. The three Anthem plans have the older and more expensive pool of individuals. Of the 48 catastrophic claims in the three Anthem plans, 40% of the costs are attributed to those age 65 and older. As an option to address this issue, Vivity HMO - a network of seven hospital services including UCLA and Cedars Sinai - will be added to the line up of existing plans. This network is open to sharing best practices to drive down costs and was created to be priced competitively with Kaiser. Going forward, Vivity will be positioned as the lowest cost

plan at Pepperdine. Chief Cosentino showed the Committee the “Anthem Disruption Report” to outline the percentage of overlap in hospital and physicians networks between Vivity and the existing Anthem plans.

Additional upcoming plan changes were outlined as follows:

- While in the past Pepperdine has kept Kaiser rates artificially low, rates will now rise.
- Introduction of retailer choice network for pharmaceuticals.
- Replace Anthem Rx formulary list.
- Anthem EPO plan:
 - Office copays will increase from \$25 to \$45.
 - Deductibles will increase from \$500 individual/\$1,000 family to \$750 individual/\$1,500 family.
 - Out-of-pocket maximum will increase from \$3,000 to \$3,500 per individual.
 - Out-of-pocket maximum will increase for families to \$10,500.

Since the highest catastrophic claims are coming from employees and dependents 65 and older, the Committee agreed to work towards incentivizing retirement. It will be important for such a program to provide economic security, communicate appreciation to the individual, and thoughtfully consider continuing to engage retirees in our community.

The Committee unanimously moved to approve the rates for the 2018 Plan Year shown below as well as seeding HSA accounts. The Committee also moved to approve decreasing University contributions to Emeriti accounts with one abstention. It was agreed that proper communication of new plan changes will be key.

Plan	Coverage	Proposed Employee Cost 90% EPO
HDHP	SINGLE	\$ 123.00
	EE + SPO	\$ 262.00
	EE + CHRN	\$ 238.00
	FAMILY	\$ 361.00
EPO	SINGLE	\$ 278.00
	EE + SPO	\$ 600.00
	EE + CHRN	\$ 490.00
	FAMILY	\$ 852.00
Advantage HMO	SINGLE	\$ 123.00
	EE + SPO	\$ 262.00
	EE + CHRN	\$ 238.00
	FAMILY	\$ 361.00
Vivity HMO	SINGLE	\$ 75.00
	EE + SPO	\$ 180.00
	EE + CHRN	\$ 170.00
	FAMILY	\$ 245.00
Kaiser HMO	SINGLE	\$ 80.00
	EE + SPO	\$ 190.00
	EE + CHRN	\$ 175.00
	FAMILY	\$ 255.00

IV. ADJOURNMENT

There being no further business, the meeting was adjourned. Unless otherwise notified, the next meeting will be held on September 14, 2017.