

BENEFITS COMMITTEE  
MINUTES

July 21, 2022

Attendees: Phil Phillips, Connie Horton, Greg Ramirez, Gary Hanson, Hung Le, Jim Gash, Lauren Cosentino, Maretno Agus Harjoto, Nicolle Taylor, Sean Burnett, Marc Goodman, Danny DeWalt, Michael Feltner, Larry Bumgardner, Joseph Fritsch, and Pete Peterson.

Absent: Donna Nofziger Plank, Lee Kats, and Jay Brewster

Together, the University Management Committee and the Retirement Plan Committee form the Benefits Committee.

I. BENEFITS COMMITTEE CALL TO ORDER:

Chief Operating Officer Phil Phillips called the Benefits Committee meeting to order. The meeting was held via Zoom on Thursday, July 21, 2022. Vice President for Student Affairs Connie Horton opened in prayer.

II. 2023 BENEFITS RENEWAL:

Chief Business Officer Nicolle Taylor and Associate Vice President of Human Resources and Business Services Sean Michael Phillips presented on the current benefits market and cited challenges the institution will face entering into 2023, such as inflationary costs and high forecasted premiums in the years ahead, in part due to Anthem introducing predictive modeling to its rate renewal process. Associate Vice President Phillips reminded the Committee the University funds 84% of employees' benefits costs, which continues to remain above benchmarks for both higher education and for-profit corporations. Last year the University received a credit from Anthem of \$934,150 due to a decrease in the 2022 medical premium renewal, which will be put towards the \$1.2 million cost increase for 2023. To solve for the \$345,000 balance, Associate Vice President Phillips recommended modifying the HSA seeding and increasing employee benefits rates by 2%. By modifying the HSA Seeding, the University would generate an estimated savings of \$265,000. Adjustments would include removing the University's base contribution while increasing the matching contribution. Furthermore, matching would concur with payroll deductions rather than a lump sum at the beginning of the year to mitigate loss from those who reduce their contributions throughout the year or leave the University altogether. Associate Vice President Phillips explained how the modest increase in employee benefit rates would be offset and exceeded by the raising of the merit pool and the salary floor.

Associate Vice President Phillips provided considerations for the voluntary benefits renewal, including upgrading the MetLife Accident Plan, upgrading the MetLife Critical Illness Plan, making no changes to the current Hospital Indemnity Plan, and changing the MetLaw Hyatt Legal Plan to

LegalEASE. Lastly, he proposed a University contribution of \$90 per year per employee for the Retiree Health plan forfeitures.

Discussion ensued and SMP answered Committee members' questions. After much deliberation, a motion was made to 1) accept the HSA funding plan as proposed; 2) implement a 3% increase to employee premium rate; 3) move forward with the \$100 Retiree Health Plan; and 4) for the voluntary benefit renewal to be considered by the Committee after receiving additional information. The motion was seconded. Subsequently, a Committee member motioned to amend the employee benefits increase to the originally proposed 2% rate. The motion was seconded, however, did not carry with three votes. With the vote to amend vetoed, the proposal was voted on with the 3% rate increase. The vote carried with fifteen in favor. The Committee emphasized the importance of acknowledging inflation in a letter sent out to the Pepperdine Community regarding benefits.

III. ADJOURNMENT:

Chief Operating Officer Phil Phillips adjourned the Benefits Committee portion of the meeting, and the Benefits Committee members left the meeting. At this time, the University Management Committee meeting commenced.