I. COMPOSITION AND MEETINGS OF THE ECONOMIC BENEFITS COMMITTEE

1. The 2003-04 members of the Economic Benefits Committee (hereinafter EBC) were: Winston Van Horne (Chair), Steve Atkinson, Douglas Cherkauer, Michael Gordon, Robert Hessling, Pauline Jascur, Teresa Johnson, Judith Panich, Mark Schwartz, Randall Ryder, and Wendy Young.

2. At the EBC's first meeting in September 2003, Winston Van Horne was elected to chair the committee for the 2003-04 academic year.

3. The committee met nine (9) times over the course of the academic year--four (4) times in Semester I, 2003-04, and five (5) times in Semester II, 2003-04. Director ShaRon Williams of UWM's Department of Human Resources regularly attended meetings of the committee.

II. ACTIVITIES OF THE EBC IN SEMESTER I, 2003-04

1. The committee finally created a e-mail reflector of its membership.

2. In September 2003, on the instruction of a universitywide faculty meeting held on September 18, 2003-04, the EBC wrote to UW System President Katharine C. Lyall to express strong institutional opposition to the proposed "alternative play play" (2%/2%) which would be funded from additional health insurance premiums that would be paid by faculty and staff. (The "alternative pay plan" was never implemented.)

3. (a) Faithful to its charge under UWM's Policies and Procedures to advise "faculty and academic staff on all matters of faculty and academic staff welfare, including, but not limited to salary, sick leave, group insurance, and retirement," the committee discussed the 2003-05 pay plan, as well as a range of health-care issues at its October meeting.

(b) The committee sent a letter to Mr. Jay Fulkerson of Navitus requesting a copy of a report that it learned Navitus had prepared in the summer of 2003 pertaining to a formulary for prescription drug benefits.

4. (a) In November, the chair distributed to the committee a letter from then EBC chair Mark Harris to then Chancellor John Schroeder reminding the chancellor of the committee's statutory responsibility concerning salary-related matters, as well as Schroeder's response. The committee reiterated its long-held position that it expects to the "included the loop" pertaining to all discussions about compensation by campus administration.

(b) The committee discussed a range of salary and health-related matters with Directors ShaRon Williams and Michael Rupp.

(c) Fulkerson's response to the committee was discussed. The EBC authorized Director ShaRon Williams to invite William Cox of the Employee Trust Fund (hereinafter ETF) and Mark Huetten of Navitus to its December meeting.
5. (a) The entire December meeting of the EBC was devoted to a conversation with Cox and Huetten concerning health-related concerns and issues, particularly pharmaceuticals. The new "three-tier system" of health insurance and the "three-level system" concerning pharmaceutical benefits were discussed at length. The matter of the "Navitus report" was raised. Cox indicated that he knew of no such report but would look into the matter and get back to the committee. The committee never heard from him.

(b) The committee authorized Professor Teresa Johnson and Director ShaRon Williams to make presentations to the Faculty Senate at its December 18, 2003, meeting concerning its conversation with Cox and Huetten. The presentations were made. They were very substantive, especially in regard to the formulary for determining which medicines would be covered under each of three levels. (It should be noted here that there is no one-to-one correspondence between a "level" pertaining to a pharmaceutical benefit and a "tier" concerning health insurance.)

III: ACTIVITIES OF THE EBC IN SEMESTER II, 2003-04

1. (a) In January 2004, the EBC discussed the 2004-04 Unclassified pay plan. Director Williams brought the committee up to date on the then latest elements of the plan. She noted that the normal merit process--involving "holdbacks" by the provost and the deans--would not be done this year, due to the pay plan being less than 2 percent. Instead, all unclassified employees that were budgeted and payrolled as of October 2003, and were determined by their respective units to be solid performers, would receive an across-the-board increment to their salaries. This observation of Williams was shared with the provost, the senates of the faculty and academic staff, as well as the University Committee and the Academic Staff Committee via the EBC minutes which were distributed electronically on January 29, 2004.

(b) The committee authorized Williams to invite Administrator Thomas Korpady head of the Division of Insurance Services of ETF to its March meeting.

2. (a) Given Williams' contributions to the committee since the outset of Semester I, 2003-04, the EBC at its February 2004 meeting approved unanimously the following motion and accompanying rationale:

   **Motion**--"The membership of the Economic Benefits Committee shall include the director of the Department of Human Resources as an ex officio member."
   **Rationale**--"Given the functions of the Economic Benefits Committee as specified in UWM's Policies and Procedures (Supplement to Chapter 6, A.2.2), and given the functions of the director of the Department of Human Resources, the permanent presence of the director enhances the ability of the committee to execute its responsibilities. A case in point is the ex officio membership of the director of libraries on the University Libraries Committee." The Secretary of the University forwarded the motion to the Faculty Senate, which approved it at its April 2004 meeting.
The committee discussed at length the sorts of concerns, issues, problems, and questions that should frame its upcoming March meeting with Korpady.

The committee developed an agenda item concerning "return to work after retirement." What is the current policy? What impact, if any, does return to work have on the benefits of retirees? When faculty members who have retired return to work do they remain faculty or do they become academic staff? If they do become academic staff, of what significance is this?

The entire March meeting of the EBC (which was held jointly with the Academic Staff Economic Benefits Subcommittee) was devoted to a wide-ranging conversation with Korpady. HMOs, the three-tier system, the three-level system, the unattractiveness of the Southeastern Wisconsin market for health-care insurers, the possibility that only the Standard Maintenance Plan (hereinafter SMP) might be available in Southeastern Wisconsin in 2004-05, the cost of health insurance premiums in 2004-05, appeals pertaining to the denial of a given prescription drug, and no summer 2003 "Report" by Navitus-among other matters-arose in the course of the conversation with Korpady.

As they did after Cox and Huetten met with the committee in December 2003, in April Johnson and Williams made presentations to the Faculty Senate in behalf of the EBC. As was true in December, the presentations captured well the substance of the conversation with Korpady.

In April, the EBC did an expansive retrospective on its meeting with Korpady. It framed a letter to Korpady in which it asked him to respond to four specific queries of the committee, two of which were raised by the Academic Staff Senate. The queries concerned: 1) Should the SMP become the Tier 1 insurer for Milwaukee County, and neighboring counties, would a list of service providers be made available, how would it be developed and circulated, and would employees be able to retain their current physicians? To this query, Korpady observed that "If SMP comes to Milwaukee, there will be a provider listing available to employees there in plenty of time for them to make their choices. I cannot be sure everyone will be able to keep their primary doctors under SMP, but I'm, sure many will. . . ." (See Korpady's e-mail to Van Horne, April 29, 2004.)

The committee requested a percentage breakdown by manufacturer of pharmaceuticals in Level 1, Level 2, and Level 3. (This matter was raised by the Academic Staff Senate.) Korpady responded that he did not "have a percentage breakdown of PHARMA manufactures by tier . . . ."

The Academic Staff Senate wanted to know why the Pharmacy and Therapeutic Committee (hereinafter the P&T Committee) reviews new drugs which have received federal Food and Drug Administration approval. Korpady noted that the P&T Committee had found it wise and prudent to do so, and cited the case of Baycol.
(a.4) The EBC requested data pertaining to the per capita utilization of health care for all Wisconsin state employees, and more specifically, state employees in Southeastern Wisconsin. Korpady replied that this request would require "a lot more research" than he can afford. He suggested that the committee contact individuals such as Professor Bobbie Wolfe, Dr. David Kindig, or Dr. Pat Remington, all of UW-Madison.

5. (a) In May, the committee discussed the latest information pertaining to the 2004-05 pay plan.

(b) It broached the subject of the 2005-07 pay plan, noting that at present UW System employees are already 7-8 percent below the median of peer institutions. It observed that Lyall had floated of idea of 4 percent for each year of the 2005-07 biennium.

(c) The committee thought it might be well to explore with the director of the Department of Human Resources the possibility of a bimonthly electronic newsletter that addressed a range of health-care/retirement/salary, etc., issues, problems, and concerns.

(d) The perennial problem of parking was touched upon by the committee, and will be discussed more fully in the fall.

All in all, the EBC had a very productive year. Its members served this institution very well. The committee did not just run in place. It took the initiative to engage substantively critical benefit concerns that touch us all. We should all be proud of its work.

Submitted by,

Winston A. Van Horne, Chair
Economic Benefits Committee