Members Present: Fran Wilkinson, Faculty co-chair, Shawn Berman, Lee Brown, Karin Retskin, Sharon Scaltrito, Codruta Soneru, Jewel Washington, Brenda DelaPeña (for Elaine Phelps, ex-officio) and Jason Wilby.

Members excused: Hans Frederick Barsun, staff co-chair, Carol Bernhard, Carolyn Hartley, Suzanne McConaghy, Elaine Phelps (ex-officio), C. Randall Truman John Vande Castle

Members absent: Josie Abeyta (ex-officio), Cenessa Martinez (ex-officio) and Theresa Ramos (ex-officio)

1. Agenda approved as submitted. Motion: Lee Brown, 2nd: Codruta Seneru. Motion passed unanimously.

2. Approval of minutes from Jan. 19 meeting deferred due to fact checking of item with interim VP of HR, Jewel Washington. Motion to defer: Karin Retskin.

3. Report and Recommendations of Retiree Healthcare Task Force (TF): Fran elaborated on her email of 3/12/2013 at 12:55, which is entered into the minutes for reference:

In preparation for our FSBC Meeting today, attached is the full Report and Recommendations of the Retiree Health Care Task Force and a brief executive summary.

Also as you may know, members of the Retiree Health Care Task Force presented our report and recommendations to the BOR Audit Committee last Friday. There was extensive discussion about the VEBA Trust that was recommended in the report: what is it, why we would consider one, how and from where UNM would identify funding, what are the participation assumptions, why current staff would opt to participate since there have been no raises in four years, and so forth. I am not sure that they understood the VEBA concept and the consultant was not able to fully explain it to their satisfaction. The Audit Committee chair permitted open comment (which was not scheduled, but very appropriate to do IMO). Several retirees spoke, including our own Karin. In addition, Beverly Burris and others made statements.

After considering the Task Force’s recommendations and hearing from the audience, the Audit Committee chair asked us to gather additional information and take several things into consideration including different levels of contribution by tiers (current tiers are: retirees with final salaries under $20K, $20K to $34,999, and over $35K); phasing in the recommendations rather than jumping to a 70/30 split in July 2013, and possibly holding harmless some retirees such as those within a few years of 65. Some of these areas, especially different contribution levels for the tiers was something that the Task Force wanted to consider (I have exchanged several emails with Elaine Phelps about it), but in order to meet the time line in our charge, the actuaries did not have sufficient lead time to accomplish it previously. The Audit Committee
chair suggested that our recommendations should reduce the AAL by 50%. Earlier in the meeting/presentation, I had stated that eliminating ALL pre-65 health care and not imposing a VEBA, would only reduce the unfunded AAL by 45%. Obviously, we cannot do everything suggested and reach a 50% reduction of the unfunded AAL, but we can work with UNM-HR to have the actuaries run some additional scenarios, taking into consideration the above areas. As I understand it, the process is for the Task Force’s revised report and recommendation is that it will go to the F&F Committee on April 5th (the meeting begins at 9 a.m.)

In preparation for requesting the additional scenarios, I met with EVP David Harris yesterday afternoon (Hans is away, out-of-state on vacation this week, and could not join me.) EVP Harris provided additional direction. As a next step, I have a phone “meeting” with Mike Duran scheduled for this afternoon.

After presenting this information to the committee, much discussion ensued. First, Karin asked if it would be able to quantify the contributions and expenses of early retirees separately from other retirees and active employees. If this was possible it should theoretically be possible for them to pay a higher premium which should have a positive impact on the AAL. Fran said this should be possible and this should positively impact the AAL since retirees use more health care relative to the premiums paid. The only question is whether this level of detail can be accomplished by the actuaries in the timeframe we have been given.

Karin followed up by asking if there could be the same tiers in this “carve out”. Fran said she didn’t see a reason why this couldn’t happen (but again, there is a time constraint for the next report).

There then followed a discussion of the VEBA and the demographics of who might opt in or opt out of the VEBA. Fran stressed that the VEBA might be structured so that there was an initial decision to opt-in or opt-out. Subsequently employees would have a one-time opportunity to change their status. Employees opting in at this later point would have to pay all “catch up” contributions effective from the date of the initial opt-in period. Those opting out at any point would not be reimbursed for contributions made.

No follow-up meeting is scheduled with the Retiree Health Care Task Force yet but Fran will email the Task Force when the meeting is scheduled. [The revised Task Force report will be heard at the BOR F&F Meeting on April 5th.]

4. Update on the wellness and health assessment programs: Deferred until the following meeting.

5. Update on Health Insurance and RFP: Jewel Washington reported that UNM was in the process of finalizing contracts with the three approved vendors for health insurance: Lovelace and Presbyterian for healthcare, and Express Scripts for prescriptions. John Brown inquired what was being done about Lovelace’s relationship with UNMH. Jewel assured the committee that each of the vendors would continue to be assessed on their maintaining a positive relationship with UNMH and she was aware of the difficulties in the relationship between Lovelace and UNMH. Monitoring the effectiveness of the vendors closely was one reason that the RFP can be
done a yearly basis. Sharon noted that doing the RFP more regularly [than annually] was impractical. Karin also noted the hardship causes to employees and retirees if a vendor contract were ever terminated. Shawn asked if it would be possible to contract with UNMH directly. It was pointed out that UNMH could not handle the influx of new patients this would entail.

6. **Update on ERB proposals**: Fran said that it looked like SB115 would be heard today. HR64 is already approved. SB115 contains reductions in COLA that HR64 does not. Hopefully, we will know the resolution to this soon. [Fran will forward information on these bills to the FSBC, noting that some members directly subscribe to govrel-l.]

7. **Update from retiree association**: Karin wanted the committee to thank the hard working group of retirees that has been in Santa Fe lobbying state legislators about the importance of not including the COLA reductions in any legislation passed about regarding ERB changes. The committee unanimously agreed these people deserved the appreciation of the committee.

8. **Other business**: Karin inquired about the generation of 1099s for retirees who have domestic partners covered under their UNM health insurance. She asked if married couples get the same form generated for covered non-UNM spouses. Brenda explained that per IRS guidelines the benefits to domestic partners are taxable. So, this generates a 1099 for retirees but is included on the W-2 for active employees. Karin wondered when employees were told this as the retiree who brought this to Karin’s attention seemed surprised. Brenda said that the affidavit the employee signs to obtain domestic partner benefits explains this. Also, HR always counsels employees seeking domestic partner benefits to consult a tax attorney on the tax implications of any benefits the domestic partner obtains.

There was no other new business.

Meeting was adjourned at 4 pm exactly.

Minutes respectfully submitted by Shawn Berman