The Human Resources Advisory Committee assembled, Aug 7, to meet the latest Interim VP of HR, John Elliott. John, who has been serving as Chief HR Officer at HSC, came across as open to advice and quite willing to use the HRAC for discussing ideas.

Regarding benefits, (a) RFPs will likely result in a change to our current FSA and COBRA administrator; (b) he was dismayed to learn that Dana Hummel, Director of Benefits, resigned and Mr. Elliott is searching for a replacement; and (c) we are hoping for another year without an increase in health insurance premiums as open enrollment starts in early October.

Mr. Elliott is sharing more data with HRAC about RIFs (Reduction in Force). Of the 89 RIFs Jan-Jul, 2017, the majority were grant-funded and thus occurred because funding reduction caused the position to be eliminated. Eleven "riffed" employees were rehired elsewhere in the University, which is encouraged, but we allow the employee to decide whether to reveal her/his RIF status because some might consider it a stigma, even though it is not.

The longest and most complex portion of the meeting involved the waiver credit of $2,100 given to the approximately 800 employees who choose to waive the University's health insurance. This credit goes into their FSA and usually occurs because a spouse has a more generous plan. The University's representative from Aon, our long-time health benefit consultant, entered the meeting at this point. The problem is that this waiver puts our entire FSA out of compliance with the Affordable Care Act through a multifaceted set of reasons (i.e., there is no employee match, we are not providing mandated preventive coverage). Incidentally, both UK and the state formerly provided a similar credit but eliminated it several years ago. We believe that the University budget has built in the savings of approximately 800 times $2,100, or $1.7 million. However, Aon estimates that perhaps 30% of those 800 would choose to take the UofL insurance if the waiver were eliminated, if only to use it as a back-up. If so, this would cost $719 per month (the average cost of UofL's portion of the insurance) times 240 (30% of 800), or approximately $2 million, wiping out any savings and then some. HRAC felt there would be anger among the 800 if they lost that $2,100, regardless of the reason. There must be repeal, but should there be replace? There are several options. One is to reduce the credit to $500, which would be low enough not to violate the ACA, and might mitigate but not eliminate the anger. Another is to put the $2,100 into a HRA, but that option would require significant explaining to the employee, because (a) the $2,100 would then be taxable income to the employee and (b) the HRA would not be associated with UofL's health plan but must be associated with whatever health plan the employee chooses to use instead (presumably her/his spouse's). And that other health plan must be ACA approved, requiring the employee to sign a statement attesting to the ACA-approved status of the other plan. HRAC adjourned recommending that these options be provided to central administration.