

Faculty Senate Chair Report

Krista Wallace-Boaz

June 5, 2019

Board of Trustees

A budget workshop for board members took place May 13th. Dan Durbin will attend the June 5th Faculty Senate meeting to provide an overview of the upcoming budget. [Please see the attached PowerPoint.](#) The next Board of Trustees meeting will be: June 20, 2019.

Passport

The following information, from the President's email last Wednesday, May 29, outlines some of the details regarding the status of Passport:

What are the terms of the deal for UofL? UofL, through University of Louisville Physicians and UMC, will sell 70% of its ownership interest to Evolent for about \$44.7 million and will maintain 19.2% ownership of Passport moving forward. These financial resources are timely to help us address critical funding issues and structural budget problems at ULP and in the School of Medicine. This resource influx will help alleviate some of the financial pressures straining our Health Sciences Center.

Why is this a good deal? Two short-term and two longer-term considerations were front and center throughout this complex negotiation, reflecting both U of L's interests as an independent institution and its interests as an integral partner to the Louisville community.

- Short-term:
 - No disruption of service – The health of our community is critically important, and UofL must play its part in ensuring care is not disrupted whenever possible. Evolent already partners with Passport, so this purchase should cause no disruption in service to its more than 300,000 customers
 - Improve our financial stability – The sale of part of our interest in Passport Health will provide critically needed resources that can help the university stabilize its short-term financial position on the Health Sciences Center campus
- Longer-term:
 - Enduring partner to the Louisville community - The university will continue to play a key role in Passport's future, continuing our commitment to the community
 - Prioritizing our commitment to West Louisville – This deal honors our commitment to the West Louisville Health and Well-being Campus project. Evolent is dedicated to bringing the project to fruition in partnership with developers and other key stakeholders.

Humana Gym

The following Executive Summary outlines budget information and key factors involved in the decision to close the Get Healthy Now/Humana Gym:

Humana Gym Closing

Executive Summary:

Due to budget constraints and competing priorities, the Humana Gym will close effective June 30, 2019. Wellness management and disease management programs—activities that currently operate under the Get Healthy Now (GHN) umbrella—will continue but will move to the Human Resources department. Phase out of this program specifically includes the closure of the Humana Gym and the transition of fitness and related activities for its 350 members to other organizations or entities.

Overview of Annual Costs:

Subscriber Revenue (offsets costs)	<\$52,000>
Humana Gym Rental	\$ 80,400
Health Fitness Corp. (gym management)	\$ 448,990
Gym operations (salaries for 4 FTE)	\$ 386,300
Operating costs for GHN Wellness Center (utilities, cleaning, maintenance, supplies, capital purchases, etc.)	\$ 192,114
Net Annual Institutional Cost	\$1,055,804

Annual GHN Expenses Charged to the Health Plan**:

Health Fitness Wellness Program Management	\$213,523
Disease Management Program	\$243,000

**Both of these program costs are charged to our health insurance plan and are allowable health plan expenses. Two – three FTE in Human Resources may be required to support these activities. This will be refined once the programs have transitioned to benefits.

Humana Gym Closure:

The goal is to close the Humana Gym effective June 30, 2019 but the university will continue to honor its contractual commitment to the Health Fitness Corporation, which binds us to pay them through September 7, 2019. There is a 120-calendar day termination clause (120 days = May 9 – September 7).

Several alternative fitness venues are for current members and include:

- 1) Student Recreation Center (\$24.00 a month)
- 2) Planet Fitness (Black Card Program \$15.00 a month)

Currently, Get Healthy Now gym members pay \$15/month for a membership. The University has secured an arrangement with Planet Fitness that would allow faculty and staff to obtain a “Black Card Membership” at Planet Fitness for a \$15 per month with no additional annual or signing fees.

Human resources has agreed that closing the Humana Gym will not have an adverse impact on the health of our employees or the wellness and disease management programs we offer. There are two programs housed in the Humana Gym (Wellness Program and the Disease Management Program)

that should shift to Human Resources for management within this unit. The wellness program and disease management programs are integral parts of our health plan. These programs are not connected to the Humana Gym. Both programs can continue without the Humana Gym. However, keeping these programs will require one or two people to manage these programs.

DETAILS

1. Agreements:

- a. Humana Gym contract (expiration 12/31/19)
 - i. 120-day termination for convenience (September 7)
 - ii. 60-day for breach (June 29)
 - iii. Contract fee \$466,781 = (Health Fitness Corporation – paid from X0829 GHN Fitness Facility; funded by a transfer from X0551 – HR Benefits.)
 - iv. Humana Building owned by ULF
 - v. Get Healthy Now (UofL) is the tenant
 - vi. Get Healthy Now pays the Foundation (via transfer) \$6,700/month (\$80,400/year)
 - vii. Get Healthy Now pays the lease payment out of:
 1. X0829 (GHN Fitness Facilities) dept. 4010400123 (HSC)
 2. HSC funds program X0829 out of X0551. Last year, a transfer was done in April for \$572,891.
- b. Wellness Program Management Contract
 - i. There are two programs:
 1. Wellness Program
 2. Disease Management Program
 - ii. These two programs should shift to Human Resources.
 - iii. This will require the addition of one to two employees to manage both programs.
 - iv. 120-day termination for convenience (September 7)
 - v. 60-day termination for breach (June 29)
 - vi. Unsure of current fee = need to research further

2. Impact:

- a. Employment: Humana Gym Employees/Management will be separated:
 - i. Hourly employees = 3
 - ii. Management /exempt = 1
 - iii. Total \$376,000 includes 28.5% fringe and benefits
- b. Existing Equipment will need to be transferred or moved elsewhere
 - i. Foundation purchased equipment and true owner
- c. Health Insurance Premiums/Costs: There should be no impact as long as we maintain the wellness and disease programs. Removal of these programs could actually cause an increase in claims expense, thus increasing premiums. In addition, we intend to increase our emphasis on wellness, which should have a positive impact on our claims experience.

3. Participants:

- a. Gym Membership/Program participants: approximately 350.