



Draft MEETING MINUTES

Meeting/Project Name:	Human Resources Policies Task Force		
Date of Meeting: (MM/DD/YYYY)	12/17/2008	Time:	4pm-6pm
Minutes Prepared By:	Suzanne Richardson	Location:	Bobst Soho Conf.room 1244

1. Meeting Objective

1. Retiree Benefits

2. Attendance at Meeting

Name	Department/Division	E-mail	Phone
Charles Bertolami	Dean, College of Dentistry	Charles.bertolami@nyu.edu	89898
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Grace Garnice	Executive Director HR- Stern	Ggarnice@stern.nyu.edu	80135
Margaret Meagher	Sr. Director of Benefits	Margaret.meagher@nyu.edu	81275
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3. Agenda and Notes, Decisions, Issues



Retiree medical

Jim Archer

- There is a structure that's in place that drives retiree medical. Government provides the Medicare system out there. This provides plans that provide a drug benefit.
- Let's look at future hires, and younger people separately.
- Page 1 give an overview of retiree medical, eligibility rule. When you think about costs, it's different than how most people think about costs.
- To give some flavor retiree medical. We want to talk about these issues, and your ideas about this
- What should be the role of NYU when it comes to retiree medical?
- What's NYU's role in the process currently,
- What do retirees get? Benefits that continue what are the benefits that continue? Medical life insurance long term care, Access to the library etc.
- Eligibility is 55 and age of service total of 10 years minimum
- In higher education and at NYU it happens a lot that people work beyond age 65. And stay on NYU's medical plan as an active employee instead of going on into Medicare. As opposed to retiring at 55 like in corporate.
- Page 4 introduces the significant difference in pre and post 65, Medicare eligible or not.
- You can use Medicare any medical plans that are available. Go into any of the plans that an active employee might have.
- Once you become covered by Medicare. The government picks up 70-75% of medical costs. The employer plan is what kind of cost. In some coordination, if you had been covered, here's what we would have paid, pay up to 100% the key concept is to coordinate with Medicare.
- The problems with it, general problems are that it's difficult for the retiree to understand. People are never quite sure what their plan is going to pay. Administratively it's got to take the submitted charges, and then figure their rules in place. From admin efficiency standpoint. You have to think about the level of effort. Fewer benefits. Percentage of cost. It's much higher than it is on the active plan.



<ul style="list-style-type: none">• Good coverage exists through Medicare; we are looking to design this to be flexible and to supplement Medicare. The other option is not to supplement Medicare, but to replace it.• Most people think of Medicare being A B C and D, D being the prescription drug benefit.• They recently added in part D benefit which I includes prescription drugs. Before part D, there was just part C which was not drug related.• If you meet the requirements, you can enroll in part B• The only thing we're trying to come to grips with is what NYU might provide above and beyond Medicare. There is no private market. You can't go out and easily buy this kind of medical benefits. When you think of what the role of nyu could be. Pre 65, it's a valuable role. It doesn't exist on the private market. Post 65 there would be grumbling people could have good coverage still available.• It's fair to say we have a situation where so many employees choose to work beyond 65. We have a longer exposure to covering them. Higher ed is unique in that regard. People are looking beyond the financial crisis. Most people in the working world are trying to leave before 65; this isn't always the case with NYU.• Some still might want to work beyond 65. NYU is going to be their primary responsibility.• What are people being asked to pay? Payroll contributions are listed. Between 1989 and 2000 we're asking them to pay dependants 20% of the costs.• People who have retired in the past 8 years, and future, 10% for themselves and 20% for dependents.	Jim Archer	
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<ul style="list-style-type: none">• We've had a history at various points of saying people should pay something, pay more for covering dependants etc.• What's the right cost? If the retiree passes then the spouse becomes like the retiree, the dependant rates become the same as the regular retiree. We have retirees that remarry and put 5 dependants on their insurance plan, then pass away, and NYU carries those dependants for a long time. That's what in fact really happens.• When it comes to talking about projected costs we collect data each year. We do a fairly detailed analysis how much do we think it's going to cost? As long as we have good data, it's typically through mid 08.• Based on the data through July or August. For NYU he's how much you need to budget these medical costs. We do it on the active side. There's not as much data to begin out there. From a design perspective. NYU's cost on average to a broader set of employers.	Jim Archer	
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<ul style="list-style-type: none">• We count 45 all the way to 55 (eligibility) and how many benefits they accrue. It's done to every single employee to calculate every person's full benefits and what it would look like to provide all benefits to all persons that is what is called the full liability.• In 2007 the present value of the liability was a hair over 200 million if we said nobody earns anything from here on out we would be held to 200 million and that would satisfy all future liabilities.• Over a billion dollars by 2035.• Over time it's going to increase. That becomes the impetus for employers to think about this.• Graph showing the current year obligation, fed cost accounting ascribable to 2007. it would follow the same slope of the line. 22 million dollar on page 7 is the current years and putting it on an annual basis. What is the percentage of the retiree medical benefit.• Active medical is about 60 million. Retiree medical is about 7 million.• Per person basis active employees as a group on average. 9k per employee. Pre-65 retirees. 12-13k per retiree per year. Spending 3k-4k.• Interesting way to think about this on page 10. Reduce cash costs. Currently retired FAS 106 liability. 37% of the overall liability. Valued what is going to be the cost implecation for them. Over age 40 account for 63% of this liability• Under age 40 people do not count as liability. No cash costs. People who are under age 40 they can't start accruing benefits until they reach age 40. as you start thinking about it is you've got current retirees. If you wanted t impact cash costs. You'd be forced to do something .Plan that makes sense long term. 45 years old. Make changes for them. Impact your accounting costs. Say we don't want to make changes for anybody who's currently employed by NYU at any age. You could lump them together. Not heavily invested. You can make changes in anyone or some combination of different columns.	Jim Archer	
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<ul style="list-style-type: none">❖ What makes sense? Financial eligibility. Fairness.• What is our contract with people what are we committing to if we commit to NYU• Do we want to limit or look at retiree dependants? We can get numbers on that.• Do we want to look at the plan where if you get hospitalized, currently in the plan we have it so you don't have to pay anything up front, but you do have to pay percentages if you remain in the hospital for over 60 days.• We could change this to having to pay \$2000 up front, but then having the rest of your long term medical bills completely covered. Medical bills long term can impoverish people.	Jim Archer	
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4. Action Items

Action	Owner	Due Date
Review Questions on Page 13-14	everyone	1/21/2009

5. Next Meeting (if applicable)

Date: (MM/DD/YYYY)	01/21/2009	Time:	4-6pm	Location:	Bobst Soho conf room 1244
Objective:					