

Meeting No. 967

THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Pages 1 - 6

June 16, 2003

Austin, Texas

MEETING NO. 967

MONDAY, JUNE 16, 2003.--The members of the Board of Regents of The University of Texas System convened via telephone conference call at 10:02 a.m. on Monday, June 16, 2003, on the Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following in attendance and absent:

ATTENDANCE.--

Present
Chairman Miller, presiding
Vice-Chairman Clements
Vice-Chairman Hunt
Vice-Chairman Riter
Regent Caven
Regent Estrada
Regent Huffines
Regent Krier

Absent
Regent Craven

Acting Secretary Martinez

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Miller called the meeting to order. He announced that the purpose of this special called meeting was to consider a matter of sufficient urgency to require immediate consideration by the Board prior to the next regularly scheduled meeting on August 6-7, 2003.

U. T. System: Approval of Contract Extensions for Fully-Insured Health Maintenance Organizations (HMOs), Self-Funded Prescription Drug Administrator and Monthly Premiums for the Medical, Dental, and Life Insurance Plans Effective September 1, 2003

Upon motion of Vice-Chairman Riter, duly seconded, the Board approved the monthly premiums as shown in the tables on Pages 2 - 4 for The University of Texas System self-funded medical and dental plans and the fully-insured health maintenance organizations (HMOs), dental plans, and the life insurance plan to be effective September 1, 2003.

Medical Plan Rates

U. T. SYSTEM SELF-FUNDED MEDICAL PLAN MONTHLY PREMIUM RATES FOR FY 2003-2004*	
Coverage Level	BLUE CROSS AND BLUE SHIELD OF TEXAS UT SELECT PPO** PLAN
Subscriber Only (Automatic Package)***	\$289.39
Subscriber and Spouse	\$564.69
Subscriber and Child(ren)	\$515.94
Subscriber and Family	\$782.63
*The Office of Employee Group Insurance (EGI) will supplement the premium from contingency reserve balances that have developed over the past two years due to an approximate 14.9% reduction in General Revenue Appropriations.	
**PPO is a Preferred Provider Organization.	
***The Automatic Package is the default plan for all eligible employees and retirees.	

FULLY-INSURED HMO MONTHLY PREMIUM RATES FOR FY 2003-2004	
HUMANA HMO	
Coverage Level	AUSTIN
Subscriber Only	\$288.50
Subscriber and Spouse	\$562.94
Subscriber and Child(ren)	\$514.35
Subscriber and Family	\$780.21

FULLY-INSURED HMO MONTHLY PREMIUM RATES FOR FY 2003-2004		
HUMANA HMO		
Coverage Level	SAN ANTONIO	CORPUS CHRISTI
Subscriber Only	\$269.51	\$289.39
Subscriber and Spouse	\$525.72	\$564.69
Subscriber and Child(ren)	\$480.35	\$515.94
Subscriber and Family	\$728.56	\$782.63

FULLY-INSURED HMO MONTHLY PREMIUM RATES FOR FY 2003-2004		
HUMANA HMO		
Coverage Level	HOUSTON	GALVESTON
Subscriber Only	\$292.60	\$317.45
Subscriber and Spouse	\$570.98	\$619.69
Subscriber and Child(ren)	\$521.68	\$566.17
Subscriber and Family	\$791.37	\$858.96

FULLY-INSURED HMO MONTHLY PREMIUM RATES FOR FY 2003-2004	
HMOBLUE TEXAS	
Coverage Level	DALLAS
Subscriber Only	\$302.24
Subscriber and Spouse	\$589.88
Subscriber and Child(ren)	\$538.94
Subscriber and Family	\$817.59

Optional Coverage Rates

DENTAL PLAN MONTHLY PREMIUM RATES FOR FY 2003-2004		
Coverage Level	U. T. SYSTEM/DELTA DENTAL SELF-FUNDED INDEMNITY PLAN	FORTIS DENTAL FULLY-INSURED DENTAL HMO
Subscriber Only	\$26.41	\$10.73
Subscriber and Spouse	\$50.14	\$17.97
Subscriber and Child(ren)	\$55.27	\$24.50
Subscriber and Family	\$78.59	\$28.78

MONTHLY LIFE INSURANCE PREMIUM RATES FOR FY 2003-2004	
OPTIONAL COVERAGE	
AGE OF MEMBER	COVERAGE COST
RATES ARE BASED ON \$1,000 OF COVERED MONTHLY EARNINGS.	
Less than 25	\$0.059
25-29	\$0.059
30-34	\$0.059
35-39	\$0.076
40-44	\$0.107
45-49	\$0.164
50-54	\$0.255
55-59	\$0.400
60-64	\$0.605
65	\$0.912
66-69	\$1.137
70 and over	\$1.137

MONTHLY LIFE INSURANCE PREMIUM RATE FOR FY 2003-2004	
SUPPLEMENTAL COVERAGE	
AGE OF MEMBER	COVERAGE COST
RATES ARE BASED ON \$1,000 OF COVERED MONTHLY EARNINGS.	
Less than 25	\$0.055
25-29	\$0.056
30-34	\$0.059
35-39	\$0.074
40-44	\$0.104
45-49	\$0.159
50-54	\$0.248
55-59	\$0.388
60-64	\$0.592
65	\$0.884
66-69	\$0.884

MONTHLY LONG TERM CARE PREMIUM RATE
The monthly premium rates for long term care coverage will remain the same for FY 2003-2004.

OTHER OPTIONAL COVERAGE PREMIUM RATES
The monthly premium rates for long term disability, short term disability and vision coverage were approved at the U. T. Board of Regents' meeting on February 13, 2003.

The 78th Texas Legislature reduced the General Revenue Appropriation for FY 2004-2005 for Employee Group Insurance by approximately 14.9% from FY 2002-2003. Plan benefits for both the UT Select self-funded PPO plan and the fully-insured HMO plans include higher co-payments for some services, increased coinsurance for UT Select, and a new prescription drug deductible for both the PPO and HMO plans. Even with these changes, EGI will supplement the self-funded plan from contingency reserve balances that have developed over the past two years.

UT Select out-of-pocket costs in FY 2003-2004 remain the same as FY 2002-2003, while HMO out-of-pocket costs vary according to plan and geographic area. Overall monthly premium rates declined 4.2%, with UT Select premium rates declining 9.4% and HMO rates increasing 6.9% on average.

In recent years, U. T. System employees and retirees have indicated a strong desire for insurance vendor stability; therefore, EGI was successful in obtaining contract renewals with Humana, Inc., and HMOBlue Texas for FY 2003-2004. HMOs are not offered to employees and retirees in the El Paso, Midland/Odessa and Tyler areas. Additionally, a contract extension has been negotiated with Medco Health Systems, Inc., the current pharmacy benefits manager for the UT Select plan.

Monthly premium rates shown for the self-funded UT Select PPO plan and the self-funded Delta Dental plan were established based upon past and projected claims experience and were recommended by Rudd & Wisdom, Inc., a nationally recognized actuarial firm based in Austin, Texas.

Premium rates for the fully-insured HMOs, Fortis Dental HMO, and the life insurance plan were negotiated with each carrier and recommended by Rudd & Wisdom, Inc. Monthly premium rates include .5% for EGI operating expenses, \$1.47 per active employee for Basic Life Insurance, \$0.15 per active employee for Personal Accident Insurance, and \$1.00 per employee for the Employee Assistance Programs offered by the U. T. System. The rates for EGI operating expenses and the Employee Assistance Program have not changed from FY 2002-2003 to FY 2003-2004. The \$1.47 for the Basic Life Insurance reflects an increase of 15% over FY 2002-2003 rates.

Executive Vice Chancellor Kennedy expressed his thanks to the members of the Board for today's meeting which will enable timely facilitation of information to eligible employees and retirees, and highlighted a few of the insurance plan changes. Mr. Dan Stewart, U. T. System Executive Director of Benefits Administration, added that the U. T. System group plan offers two options (UT Select and HMO), and although out-of-pocket premium rates have been kept as low as possible, EGI is working with component institutions on their ability to supplement the rates.

ADJOURNMENT.--Chairman Miller announced that the purpose for which this meeting was called had been completed and the meeting was duly adjourned at 10:08 a.m.

/s/ Arthur B. Martinez
Acting Secretary to the Board

July 16, 2003