

September 14, 2015

Dr. John Dunn
President, Western Michigan University
1903 W. Michigan Avenue
Kalamazoo MI 49008

Dear President Dunn,

Thank you for scheduling a meeting with us, officers of Western's Association of Retired Faculty (WARF). We hope that the accompanying materials will help our conversation be productive.

WARF advocates for and provides information to retired WMU faculty and spouses, with particular focus on health care and other benefits and services provided in WMU-AAUP agreements.

WARF exists because a number of WMU retired faculty felt the absence of an advocate and of on-going information on retirement issues. Retirees depend on information from WMU as well as other sources. WARF seeks support from the Office of the President in helping us in our mission.

WHAT TRIGGERS THIS MEETING?

After the 2014 WMU-AAUP contract negotiations, WARF learned that 2015 health insurance rates for one category of retirees would rise substantially. The affected group had little notice prior to the open enrollment period, nor could WARF receive adequate explanation in following months. Warren Hills and Robert Kakuk met with the WARF Steering Committee in December 2014, but offered little help in understanding the process and factors shaping policy, or who made the decisions. They simply told WARF that the subsidy that had been provided in the past was now withdrawn. End of discussion.

To help our members in the future, we request your support for the following actions:

1. Designate a Human Resources staff person to be the official liaison for retirees regarding benefits and services.
2. Provide retirees with detailed information on health insurance rates well in advance of the open enrollment period. Make the enrollment period at least four weeks.

Advanced notice and extended time will give retirees time to explore alternative insurance, such as Medigap policies. Since WMU retirees and dependents can "opt out of" and "opt in to" WMU plans during annual open enrollment, specific information allows them to make more informed decisions about health insurance.

3. Direct Human Resources to provide the kind of thorough information on WMU health insurance that WARF received in November 2009 (attached). Such information is a window to the process and factors shaping policy and identifies the people and offices making decisions. This again supports informed decision-making.

WHAT IS WARF?

WARF is a voluntary association of WMU retirees with faculty status, and their spouses. Our members, currently about 350, support WARF with annual dues and elect a steering committee to conduct business.

To support and inform our members, WARF has used lectures, forums, email, and web sites. WARF has also contacted WMU officers on behalf of faculty retirees for information and redress if possible.

WARF is distinct from the Emeriti Council, which has received funding from the Office of the President, starting with the presidency of John Bernhard. The Emeriti Council presents programs and activities on a wide range of social and cultural events. It supports scholarships, day trips, an annual breakfast, and lectures. The Emeriti Council elects officers to plan its programs and communicate with WMU emeriti.

WARF and the Emeriti Council inform each other regarding their programs and activities. Hundreds of retired faculty are members of both groups. An example of co-operation is the letter you received in June 2012 from Mary Cain and Arnie Johnston regarding surviving spouses' use of West Hills.

Various WMU offices have helped WARF since its founding in 2005.

The Office of University Relations provides current contact information for faculty retirees.

The College of Health and Human Services allows WARF to schedule our information sessions in unused classrooms.

The Faculty Senate provides contact information for each year's faculty retirees.

The Department of Human Resources staff make presentations at our request on topics important to retirees and facilitate contacts with important outside organizations

The WMU-AAUP provides WARF with meeting space, a link on their web page for the WARF site, as well as clerical, duplicating, and accounting support.

WMU Benefits by Supporting Retirees

Given WARF's interest in retiree health care, we are understandably distressed by the outcome of WMU-AAUP negotiations last fall. The 2014-2017 WMU-AAUP contract deprives future faculty of the kind of health insurance in retirement that had been customary and highly valued by previous generations at WMU. This will result in a loss of hundreds of thousands of dollars in retirement benefits. WARF is dismayed with a policy that imposes substantial costs on future faculty and their families, and will likely have negative effects on faculty recruitment and retention in the future.

Even in retirement, the association between faculty and WMU continues and provides mutual benefits. Library access, West Hills, Sindecuse, Unified Clinic, parking, email, sports, fine arts: all link retirees to WMU.

In addition, retired faculty are assets that WMU has developed and that "give back" in many ways. In retirement, faculty continue to enhance the reputation of Western Michigan University. Some teach, some donate money to the university and time to academic projects, some further their careers and professional contributions, some aid in recruiting students and faculty. Retired faculty engage in community service that enriches the Kalamazoo area for everyone.

TODAY'S VISITORS

Richard Cooper, Professor Emeritus and Chair, Department of Occupational Therapy. Earned B.S., M.S., M.O.T. and Ed.D. degrees from WMU. Recipient of the Alumni Association Teaching Excellence Award. Coordinates WARF programs.

Barbara Speas Havira, Associate Professor Emeritus, current WARF chair. She joined WMU in 1969 in the Social Science Area of the College of General Studies and was a founding member and later director

of Western's Women's Studies program. When the College of General Studies closed in 1989, Havira, who has a Ph. D. in history, joined the history department, where she taught women's history, Michigan history, and historical methods until she retired in 2013.

Philip Micklin, WARF Vice-Chair, is a Professor of Geography, Emeritus. He taught as a board appointed faculty member in 1966-67 and from January 1970 until May 1999. He received the Distinguished Faculty Scholar Award in 1992.

Pamela Schuck Rooney, Professor Emerita, current WARF secretary, joined WMU in 1980 in the BEAS Department, now BIS, of the Haworth College of Business. Rooney, who has a Ph.D. in English literature, taught the two writing intensive courses in the college, served as assistant dean responsible for assembling the college's materials for an accreditation visit, and briefly as chair of BIS. She retired in 2010.

Thank you for your time and consideration,

Barbara Speas Havira, Chair WARF

Enclosures

WARF Navigating Retirement Presentations

WMU Health Care Benefit Rates, 2015 and 2014 - WMU Retirees and Surviving Spouses

WARF ALERT: 24 November 2009

WARF ALERT

WESTERN'S ASSOCIATION OF RETIRED FACULTY
in affiliation with the WMU-AAUP Chapter

November 24, 2009

BLUE CROSS SUPPLEMENTAL INSURANCE Newly Released Information

On November 12, the WARF Steering Committee met with Lowell Rinker, Vice President for Business and Finance, to share with us some background information and facts & figures about the Blue Cross Supplemental Insurance Plan in terms of WMU faculty retirees. In addition to Lowell Rinker the University's delegation included Rob Kakuk, Director of Total Compensation and Information Systems, as well as Ms. Chris Warren and Mr. Joe Ekstrom of the Campbell Insurance Group who consults for WMU on insurance matters.

As you know our retiree Blue Cross plan supplements standard Medicare coverage and provides over-65 Medicare-eligible faculty retirees with dental, drug, vision, mental health, and other coverage (e.g. protection while traveling overseas). It also covers pre-65 non-Medicare retirees and their dependents. The premiums for this supplemental coverage have been rising at a rapid rate especially in the past few years. WARF had a number of questions about what WMU faculty retirees are costing the University and how yearly rates are determined for us. We were provided with more information than in the past.

Dr. Joe Ellin, acting Chair for WARF, began the session by reminding those present that WMU faculty had been promised healthcare as a retirement benefit. Rinker agreed that this was indeed university policy, and it was his intent to make this policy sustainable. He added that the administration will not target retirees to realize savings. Achieving sustainability has been made even more difficult by the drop in state appropriations from \$126M to \$109M over six years.

Rinker's reassuring yet cautious statements were followed by a PowerPoint presentation by the Campbell Insurance Group showing average costs per faculty retiree based on yearly claim information provided by Blue Cross. These claims are then paid through various subsidies and premiums including a Medicare Part D subsidy for prescription drugs, insurance premiums charged to WMU faculty retirees and their dependents and finally by an on-going subsidy by the university. While these three sources cover the bulk of the claim costs, faculty retirees and their dependents must still cover additional costs themselves for "Individual" or "family" out-of-pocket co-pays and also meet certain deductible out-of-pocket costs each year before some medical benefits are allowed. Our retiree insurance benefits and out-of-pocket costs are kept equivalent to those in the current WMU-AAUP and Western Contract.

Here are a few highlights from Campbell Insurance Group's presentation:

- WMU is one of five state-supported Colleges and Universities to currently provide health care benefits to its retirees. The others are the University of Michigan, Oakland University, Grand Valley State, and Michigan State University. A number of other state schools allow retirees to buy into a supplemental plan at cost or provide faculty retirees with a stipend. The rest have NO ACCESS to any supplemental health care plan for their faculty retirees.
- After collapsing and combining categories, it appears that there are approximately 860 over-65 retired WMU faculty and 194 of their dependents along with an additional 84 pre-65 retired faculty and their 23 dependents participating in WMU's Blue Cross Supplemental Policy at this time. That totals about 1206 WMU faculty retirees and their dependents in the plan.
- The average yearly claims per faculty retiree or covered dependent submitted under the BCBS Supplemental Policy at WMU for the 2008-2009 fiscal year was reported to be \$6048. Your own personal claims against the plan in the past year may have been higher or lower depending on your situation. In recent years, this amount has been subsidized by payments from Medicare Part D (senior drug benefit) estimated to be about \$533 per each faculty retiree and/or dependent over-65 and Medicare-eligible. The yearly premium paid by the over-65 faculty retiree was \$494 this year and \$3491 for a WMU faculty retiree's spouse/dependent, if covered. The pre-65 non-Medicare eligible retirees and their dependents have a somewhat different premium scale. A few WMU retired faculty fall into very special premium groupings.

WMU subsidizes any shortfall which for last fiscal year (08-09) cost the university about \$5000 (\$6048 less \$533 and \$494) a year for an

over-65 Medicare-eligible WMU faculty retiree and about \$2000 (\$6048 less \$533 and \$3491) for an over-65 WMU faculty spouse/dependent who is medicare-eligible. Depending on individual situations, the university's subsidies for pre-65 non-eligible Medicare WMU faculty retirees & dependents can run higher. Because almost three-quarters of the retiree participant pool are WMU faculty retirees (not dependents), the *average* overall WMU subsidy for everyone in the over-65 pool is currently about \$4000 per year per participant.

At this point in the presentation, Lowell Rinker indicated that the university would like to find a way to catch up and reduce this disparity between premiums paid by retired faculty and their dependents and the university's level of subsidy and probably never will. When there was an attempt in 2006 to remove the university subsidy for spouses (dependents) and have them pay their full cost, President Haenicke put a stop to it. He believed that these sudden increases in premiums of several thousand dollars a year for each dependent enrolled in the plan would have been too great.

- Below is a table comparing *average claims* for over-65 Medicare-eligible group with the In-service faculty group. It reports the *average* claim amount for participants in each group.

YEARLY CLAIM AVERAGES BY CATEGORY COMPARING THE OVER-65 MEDICARE-ELIGIBLE AND DEPENDENTS GROUP WITH THE IN-SERVICE FACULTY AND DEPENDENTS GROUP
(07/01/08 to 06/30/09)

	Vision Claims Avg.	Drug Claims Avg.	Dental Claims Avg.	Medical Claims Avg.
Over 65 Medicare-eligible WMU Retirees & Dependents (N=1064)	\$ 38	\$3212*	\$518	\$1848
In-Service Faculty & Dependents	\$107	\$2079	\$919	\$6732

* *is estimated that \$533 of the amount shown here is paid by Medicare Part D (senior drug subsidy) and therefore is not charged to the university nor is from faculty premiums. It reduces this amount to around \$2680.*

- Blue Cross charges the university a standard fee to administer their Blue Cross plan for processing claims, calculating premiums, etc. which is the same for retirees and in-service groups. For the 08 to 09 fiscal year, it was \$468 per participant.
- The process of setting our Blue Cross Supplemental yearly premiums as outlined by Chris Warren from the Campbell Insurance Group was interesting. As insurance consultants to the university, the Campbell group monitors on an on-going basis our Blue Cross claims and other cost factors. The *experience* of the prior period then goes to BCBS, who sets a rate from it. The Campbell Group then *tweaks* (her word) the rates in accord with the contract. Such tweaking may raise OR LOWER our premiums. Our premiums change yearly beginning on January 1st.
- Predicted Drug & Medical Cost Trends for early 2010.

The Campbell Insurance Group, as well as several recent news reports, say that drug companies have raised or will likely raise prices on prescription drugs used frequently by seniors in part because of Medicare Part D coverage for all seniors. General medical costs may rise too ahead of the enactment and subsequent implementation of any new national health care legislation. Here's the Campbell's Insurance Group's prediction for increases by February, 2010

Drug Costs -- predicted to rise 13%

Medical Costs -- predicted to rise 10.78%

understand that the university has helped its retired faculty meet steadily increasing health care costs as promised. We hope this practice will be sustained.

over-65 Medicare-eligible WMU faculty retiree and about \$2000 (\$6048 less \$533 and \$3491) for an over-65 WMU faculty spouse/dependent who is medicare-eligible. Depending on individual situations, the university's subsidies for pre-65 non-eligible Medicare WMU faculty retirees & dependents can run higher. Because almost three-quarters of the retiree participant pool are WMU faculty retirees (not dependents), the *average* overall WMU subsidy for everyone in the over-65 pool is currently about \$4000 per year per participant.

At this point in the presentation, Lowell Rinker indicated that the university would like to find a way to catch up and reduce this disparity between premiums paid by retired faculty and their dependents and the university's level of subsidy and probably never will. When there was an attempt in 2006 to remove the university subsidy for spouses (dependents) and have them pay their full cost, President Haenicke put a stop to it. He believed that these sudden increases in premiums of several thousand dollars a year for each dependent enrolled in the plan would have been too great.

- Below is a table comparing *average claims* for over-65 Medicare-eligible group with the In-service faculty group. It reports the *average* claim amount for participants in each group.

YEARLY CLAIM AVERAGES BY CATEGORY COMPARING THE OVER-65 MEDICARE-ELIGIBLE AND DEPENDENTS GROUP WITH THE IN-SERVICE FACULTY AND DEPENDENTS GROUP
(07/01/08 to 06/30/09)

	Vision Claims Avg.	Drug Claims Avg.	Dental Claims Avg.	Medical Claims Avg.
Over 65 Medicare-eligible WMU Retirees & Dependents (N=1064)	\$ 38	\$3212*	\$518	\$1848
In-Service Faculty & Dependents	\$107	\$2079	\$919	\$6732

* *is estimated that \$533 of the amount shown here is paid by Medicare Part D (senior drug subsidy) and therefore is not charged to the university nor is from faculty premiums. It reduces this amount to around \$2680.*

- Blue Cross charges the university a standard fee to administer their Blue Cross plan for processing claims, calculating premiums, etc. which is the same for retirees and in-service groups. For the 08 to 09 fiscal year, it was \$468 per participant.
- The process of setting our Blue Cross Supplemental yearly premiums as outlined by Chris Warren from the Campbell Insurance Group was interesting. As insurance consultants to the university, the Campbell group monitors on an on-going basis our Blue Cross claims and other cost factors. The *experience* of the prior period then goes to BCBS, who sets a rate from it. The Campbell Group then *tweaks* (her word) the rates in accord with the contract. Such tweaking may raise OR LOWER our premiums. Our premiums change yearly beginning on January 1st.
- Predicted Drug & Medical Cost Trends for early 2010.

The Campbell Insurance Group, as well as several recent news reports, say that drug companies have raised or will likely raise prices on prescription drugs used frequently by seniors in part because of Medicare Part D coverage for all seniors. General medical costs may rise too ahead of the enactment and subsequent implementation of any new national health care legislation. Here's the Campbell's Insurance Group's prediction for increases by February, 2010

Drug Costs -- predicted to rise 13%

Medical Costs -- predicted to rise 10.78%

understand that the university has helped its retired faculty meet steadily increasing health care costs as promised. We hope this practice will be sustained.

OVER-

- Folders**
- Inbox (25)
- Sent
- Drafts
- Junk
- Trash
- Cabinet
- Checklist
- Documents
- Searches**
- Tags**
- Follow-up (1)
- Urgent
- Zimlets**
- Tasks Reminder
- Attachment Alert

February 2011

S	M	T	W	T	F	S
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	1	2	3	4	5
6	7	8	9	10	11	12

Loading...

New Get Mail Delete Reply Reply to All Forward

February 10, 2011 4:54 PM

Close **11/29/09 ALERT -- WMU supplements & group cost comparisons**

From: "thomas pagel" <thomas.pagel@wmich.edu>

On Behalf Of: "Thomas Pagel" <thomas.pagel@wmich.edu>

To: "Michael E McCarville" <michael.e.mccarville@wmich.edu>; "James Bosco" <james.bosco@wmich.edu>; "Richard Brewer" <richard.brewer@wmich.edu>; "Pat Klein" <patricia.klein@wmich.edu>; "Bob Poel" <bob.poel@wmich.edu>

Cc: Gwen Raaberg; MCain123@aol.com; MCain123@aol.com

Reply To: "thomas pagel" <thomas.pagel@wmich.edu>

Tags: Follow-up

Several of you were interested in the "cost" of retiree claims on BCBS versus active employee groups. You will find some data discussed in this ALERT along with 2009 data on WMU contributions to retiree premiums. This data came from the Campbell Insurance Group presentation to WARF which is noted below and I tried to report the highlights here. I may have their powerpoint graphs somewhere, but didn't come up with it today. If anyone has powerpoint and wants to see the original materials let me know and I will look some more.

Keep in mind too that Medicare pays a substantial amount of health costs for those retirees over 65 -- so while we do "make claims" to BCBS a lot of our hospital, drug, and office visits are paid first by Medicare with only the leftovers and left outs going to BCBS supplemental. We are higher in drug costs but considerably lower in Medical benefits. We were told that WMU was higher in drug costs per person than those at comparable Michigan colleges and Universities.

Hope you find this helpful background info useful.

Tom

Dep

E-mail your questions to staff@wmuaaup.net. Your questions will be forwarded to us.

ALERT-- Prepared by Tom Pagel, WARF INFORMATION OFFICER.

Your WARF Steering Committee: *Jim Bosco, Richard Brewer, Arnie Johnston, Joe Ellin, Tom Houser, Pat Klein, Mike McCarville, Tom Pagel, and Shirley Woodworth*

OVER-

Folders

- Inbox (25)
- Sent
- Drafts
- Junk
- Trash
- Cabinet
- Checklist
- Documents

Searches

Tags

- Follow-up (1)
- Urgent

Zimlets

- Tasks Reminder
- Attachment Alert

Loading...

February 10, 2011 4:54 PM

New Get Mail Delete Reply Reply to All Forward

Close **11/29/09 ALERT -- WMU supplements & group cost comparisons**

From: "thomas pagel" <thomas.pagel@wmich.edu>

On Behalf Of: "Thomas Pagel" <thomas.pagel@wmich.edu>

To: "Michael E McCarville" <michael.e.mccarville@wmich.edu>; "James Bosco" <james.bosco@wmich.edu>; "Richard Brewer" <richard.brewer@wmich.edu>; "Pat Klein" <patricia.klein@wmich.edu>; "Bob Poel" <bob.poel@wmich.edu>

Cc: Gwen Raaberg; MCain123@aol.com; MCain123@aol.com

Reply To: "thomas pagel" <thomas.pagel@wmich.edu>

Tags: Follow-up

Several of you were interested in the "cost" of retiree claims on BCBS versus active employee groups. You will find some data discussed in this ALERT along with 2009 data on WMU contributions to retiree premiums. This data came from the Campbell Insurance Group presentation to WARF which is noted below and I tried to report the highlights here. I may have their powerpoint graphs somewhere, but didn't come up with it today. If anyone has powerpoint and wants to see the original materials let me know and I will look some more.

Keep in mind too that Medicare pays a substantial amount of health costs for those retirees over 65 -- so while we do "make claims" to BCBS a lot of our hospital, drug, and office visits are paid first by Medicare with only the leftovers and left outs going to BCBS supplemental. We are higher in drug costs but considerably lower in Medical benefits. We were told that WMU was higher in drug costs per person than those at comparable Michigan colleges and Universities.

Hope you find this helpful background info useful.

Tom

February 2011

S	M	T	W	T	F	S
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	1	2	3	4	5
6	7	8	9	10	11	12

Dep

E-mail your questions to staff@wmuaaup.net. Your questions will be forwarded to us.

ALERT-- Prepared by Tom Pagel, WARF INFORMATION OFFICER.

Your WARF Steering Committee: *Jim Bosco, Richard Brewer, Arnie Johnston, Joe Ellin, Tom Houser, Pat Klein, Mike McCarville, Tom Pagel, and Shirley Woodworth*

Loading...

OVER-

- Folders**
- Inbox (25)
- Sent
- Drafts
- Junk
- Trash
- Cabinet
- Checklist
- Documents
- Searches**
- Tags**
- Follow-up (1)
- Urgent
- Zimlets**
- Tasks Reminder
- Attachment Alert

New Get Mail Delete Reply Reply to All Forward

February 10, 2011 4:54 PM

Close **11/29/09 ALERT -- WMU supplements & group cost comparisons**

From: "thomas pagel" <thomas.pagel@wmich.edu>

On Behalf Of: "Thomas Pagel" <thomas.pagel@wmich.edu>

To: "Michael E McCarville" <michael.e.mccarville@wmich.edu>; "James Bosco" <james.bosco@wmich.edu>;
 "Richard Brewer" <richard.brewer@wmich.edu>; "Pat Klein" <patricia.klein@wmich.edu>; "Bob Poel" <bob.poel@wmich.edu>

Cc: Gwen Raaberg; MCain123@aol.com; MCain123@aol.com

Reply To: "thomas pagel" <thomas.pagel@wmich.edu>

Tags: Follow-up

Several of you were interested in the "cost" of retiree claims on BCBS versus active employee groups. You will find some data discussed in this ALERT along with 2009 data on WMU contributions to retiree premiums. This data came from the Campbell Insurance Group presentation to WARF which is noted below and I tried to report the highlights here. I may have their powerpoint graphs somewhere, but didn't come up with it today. If anyone has powerpoint and wants to see the original materials let me know and I will look some more.

Keep in mind too that Medicare pays a substantial amount of health costs for those retirees over 65 -- so while we do "make claims" to BCBS a lot of our hospital, drug, and office visits are paid first by Medicare with only the leftovers and left outs going to BCBS supplemental. We are higher in drug costs but considerably lower in Medical benefits. We were told that WMU was higher in drug costs per person than those at comparable Michigan colleges and Universities.

Hope you find this helpful background info useful.

Tom

February 2011

S	M	T	W	T	F	S
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	1	2	3	4	5
6	7	8	9	10	11	12

Dep

E-mail your questions to staff@wmuaaup.net. Your questions will be forwarded to us.

ALERT-- Prepared by Tom Pagel, WARF INFORMATION OFFICER.

Your WARF Steering Committee: *Jim Bosco, Richard Brewer, Arnie Johnston, Joe Ellin, Tom Houser, Pat Klein, Mike McCarville, Tom Pagel, and Shirley Woodworth*