

# The Informed Employee

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### Inside this Issue:

Funding of Benefit Program Expenses	2
Group Life Insurance Update	2
IU Fee Courtesy Plan	2
Health Plan Privacy Practices	3
2003 Open Enrollment Results	3
Women's Health and Cancer Rights Act (WHCRA)	4
Investment Fund Performance	4
Personal Accident Insurance Update	4
2003 Holidays for Appointed Staff	4

**The Informed Employee** is published 2-3 times a year by University Human Resource Services for approximately 16,000 full-time appointed staff and academic employees across the eight Indiana University campuses.

University Human Resource Services  
Indiana University  
Poplars E165  
400 East Seventh Street  
Bloomington, IN 47505-3085

### Military Leave and Reemployment Rights

Many of Indiana University's employees who are in the reserves or National Guard are faced with being called up for active service. It is important that these employees and their department administrators understand the policies covering military service and the employment rights of these employees.

For Staff employees, the university's personnel policies can be found on the Web:

- Leaves for Military Duty  
[www.indiana.edu/~uhrs/policies/appointed/military.html](http://www.indiana.edu/~uhrs/policies/appointed/military.html)
- Reemployment Provisions  
[www.indiana.edu/~uhrs/policies/appointed/reappointment.html](http://www.indiana.edu/~uhrs/policies/appointed/reappointment.html)

In addition, the Uniformed Services Employment and Reemployment Rights Act of 1994 provides certain rights and benefits to a person who leaves a job to serve in the military, and these have been incorporated into the university policies. The key provisions of the policies are described below.

- Military orders: When an employee receives orders to report for duty, the supervisor should be informed and given a copy of the orders as soon as they are available.
- 15-day paid leave benefit: If the employee has not yet used any or all of the 15-workday annual allotment of paid military leave in the current federal year (October 1 through September 30), this time would be used first.
- Accumulated vacation or PTO: The employee may elect to then use accumulated vacation or PTO if he or she wishes.
- Unpaid leave: The balance of the leave not covered by the annual 15-day military leave benefit or accumulated paid time off is without pay. If, at the outset, the unpaid period is expected to exceed 30 calendar days, or when it is clear that it will exceed 30 days, the employee is to be placed on a formal leave of absence and the appropriate HRMS electronic documents are to be processed indicating that it is a military leave.

(continued on page 2)

### Trustee Resolution

#### Trustees Limit Growth of IU Funding for Health Care Program Contributions

During the current fiscal year, Indiana University will spend approximately \$74.2 million on employee health care program contributions. Over the last four years, Indiana University expenses for this program have risen from \$34.7 million to \$74.2 million—a 114 percent increase.

In order to pay for this increase in health care program funding, departments have had to reallocate funds from other expenditures. The continuation of these reallocations would likely result in unacceptable increases in student tuition or reductions in departments' ability to meet core missions. As a result, **The Trustees of Indiana University have passed a resolution requesting that stronger measures be taken to limit the growth in university funding for health care program contributions to no more than 14 to 18 percent per year.**

The university will be exploring a variety of strategies between now and September 2003, when final decisions will be made regarding 2004 health care plans. General information will be provided to all eligible employees during the summer, and details will be provided in early fall 2003.

### Tobacco Use and Health

Cigarette smoking is the leading cause of preventable death in the United States!

The U.S. Centers for Disease Control (CDC) has indicated that cigarette smoking is the leading cause of preventable deaths; also indicating that 400,000 people in the U.S. die prematurely each year due to smoking. That figure includes 35,000 deaths attributed to second hand smoke.

The CDC also estimates that cigarette smoking costs the country \$157 billion annually in health-related economic losses.

### Retirement Investment Opportunities

The university's new information management system for HR, Benefits and Payroll (HRMS) provides IU's retirement program participants with greater flexibility in directing contributions to multiple investment companies at the same time.

Participants in the IU Retirement Plan or IUSERP may now split IU contributions between TIAA-CREF and Fidelity. For example: IU contributions can be split so that 50 percent would go to TIAA-CREF and 50 percent to Fidelity.

(continued on page 2)

**Military Leave**  
(from page 1)

- Length of the leave: If the military orders contain an expected end date, provide it in the HRMS documentation. The one-year limit on leaves of absence does not apply to military leaves.
- Separation from employment: The employee may elect to separate his or her employment from Indiana University. This is often the case when the employee has enlisted for a full tour of duty of two or more years, although it can happen for any length of service. Whether it is a leave of absence or separation, the full reemployment rights that are available apply to both situations.
- Benefit plan enrollments: When documentation for the unpaid leave of absence or separation is processed, University Human Resource Services will notify the employee at his or her home address of the options to continue in the university's health care and certain other benefit plans. If the employee selects to maintain coverage, a payment plan will be established. The employee

should also check into the military health care plan to compare options for family coverage if such coverage is relevant.

---If the employee is on a leave of absence, IU coverage is maintained if the employee pays his or her share of the premiums.  
---If the employee is separated, IU coverage is maintained if the employee pays the full COBRA rate.

- Return to work: When the employee is released from military service, he or she will be reinstated into the same or similar position with equivalent status and pay, including the university seniority date. University service credit will continue to accrue during the military leave. In addition, the position is subject to the same adjustments in pay and benefits that the employee would have received had he or she remained in the position. Health care coverage will be restored if it was not maintained during the leave.

If an employee or department administrator has any questions about applying these provisions, contact University Human Resource Services or a campus Human Resources office.

**Group Life Insurance Update**

**Plan Administrator Change**

As previously reported, TIAA announced a strategic decision to sell their group insurance business to The Standard Insurance Company. Effective February 1, 2003, The Standard began administering Indiana University's Group Life Insurance Plans, including Basic Life Insurance and Supplemental Life Insurance.

The plan benefits and administration remain unchanged. Claims for life insurance benefits will continue to be initiated through University Human Resource Services. Employees may notice that The Standard Insurance Company name changed on forms and plan booklets.

**Benefit Enhancement**

Concurrent with the university's transition to the new HRMS benefit system, the Supplemental Life Insurance Plan has been enhanced effective January 1, 2003. Previously, Supplemental Life coverage was reduced by 35 percent at age 65 and 50 percent at the age of 70. The reduction at age 70 has been eliminated and Supplemental Life coverage will now reduce by 35 percent at age 65 only. This benefits employees by allowing them to keep more life insurance coverage at a later age.

**Beneficiary Reminder**

In order to stay current with changing life circumstances, it is important for employees to periodically check their designated beneficiaries on group insurance, as well as retirement plans.

Employees are now able to designate different beneficiaries for each of their Basic Life and Supplemental Life Plans. Please contact your campus Human Resources office for the appropriate form or visit [www.indiana.edu/~uhrs/benefits/forms.html](http://www.indiana.edu/~uhrs/benefits/forms.html).

**IU Fee Courtesy Plan**

The IU Employee Fee Courtesy Plan provides an opportunity for full-time appointed Academic and Staff employees, their spouses and dependent children to receive a tuition subsidy when enrolled in classes at Indiana University. Former employees with IU Retiree status, their dependents, and, in some cases, disabled former employees, are also eligible for this benefit. Registered domestic partners receive the same benefit as a spouse.

The value of the Fee Courtesy benefit varies for employees and dependents. For employees, the Fee Courtesy benefit value is 100 percent of the Indiana resident rate for the first three credit hours per semester or combined summer sessions, and 50 percent of the Indiana resident rate for the next three credit or audit hours per semester or combined summer sessions.

For spouses, the Fee Courtesy benefit is 50 percent of the Indiana resident undergraduate rate up to a maximum of three credit or audit hours per semester or combined summer sessions. The Fee Courtesy benefit value for dependent children is 50 percent of the Indiana resident undergraduate rate up to 140 credit hours or a baccalaureate degree. A dependent child must be unmarried and under age 24 and not considered "independent" for financial aid purposes in order to be eligible.

Fee Courtesy for graduate level courses is treated as taxable income in accordance with IRS regulations.

Details about the IU Employee Fee Courtesy Plan can be found at [www.indiana.edu/~uhrs/benefits/fee\\_courtesy.html](http://www.indiana.edu/~uhrs/benefits/fee_courtesy.html).

**Retirement Investment Opportunities**  
(from page 1)

Participants in the IU TDA Plan may now split employee contributions between the five approved investment companies: TIAA-CREF, Fidelity, Sentinel Funds, AUL and VALIC.

Prior to the implementation of HRMS, retirement plan participants in IU SERP, IU Retirement Plan, or IU TDA Plan could only direct contributions to one company at a time.

Retirement plan participants who wish to change where contributions are sent after each payroll cycle should contact a campus HR office for the appropriate form. These changes will become effective with a future payroll cycle; they may not be retroactive.

**Funding of Benefit Program Expenses**

During the current fiscal year, Indiana University will spend over \$260 million on employee benefits. For example, between July 1, 2002, and June 30, 2003, over \$74 million of university funds will go toward health care benefit program expenses.

Where does the university get over \$260 million for benefit program expenses? The truth is there is no specific direct revenue source for these expenditures; there are no state funds or tuition receipts allocated for employee benefits. All funds for employee benefits come from departmental resources.

Departments are charged an assessment, sometimes referred to as the "benefits payroll tax," to generate funds for these expenses. In general, this assessment is a percentage of each employee's pay, which results in department funds being transferred to university accounts for the payment of benefit program expenses. (This is not a deduction from the employee's salary; actual employee salary is used as the basis for calculating the department's benefits payroll tax.)

One feature of this arrangement is the reallocation of department expenditures to cover benefit program expenses, especially when these expenses increase at a faster rate than the general resources of the departments. This means that departments have to reduce resources for positions and other expenditures to cover benefit program expenses.

**Department Funded Benefits for FY 2002/2003:<sup>1</sup>**

Basic Life Insurance	\$ 3.10 million
Fee Courtesy	\$ 3.84 million <sup>2</sup>
Retirement Income	\$118.46 million
Health Care	\$ 74.22 million
Unemployment Compensation	\$ .80 million
Worker's Compensation	\$ 2.64 million
FICA (Social Security and Medicare)	\$ 59.88 million
<b>Total</b>	<b>\$262.94 million</b>

<sup>1</sup> Paid time off benefits are additional expenses paid from salary expenditures.  
<sup>2</sup> A portion of this expense is funded by campus reallocations.

## IU-Sponsored Health Plan Privacy Practices

In order to administer benefits under employer-sponsored health care plans, personal health information is exchanged between plan members, their health care providers, the plan administrator, and, in some cases, the plan sponsor. Indiana University has a longstanding policy of maintaining the confidentiality of such health information related to its sponsored plans. Health plan information is used only as needed to pay claims, authorize coverage of treatment, carry out health plan operations, and for other legally permitted uses. Personal health information associated with an IU-sponsored health plan is never used in employment actions or decisions without written authorization of the employee.

**Beginning April 14, 2003, personal health information created or used by employee sponsored health plans also has special protection under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).** Under this law, the university, as the plan sponsor of the IU PPO-Plus, IU PPO \$900 Deductible, Blue Preferred Primary POS and IU Employee Assistance Plan, is required to provide employees with a Notice of Privacy Practices. This notice describes how the employee's health information is used for health plan administration and the employee's rights under HIPAA. This notice will be mailed to employees in April and also be available to plan participants at the University Human Resource Service's Web site, from campus Human Resource offices, and in the health plan booklets. Insured health plans, such as M-Plan HMO and Partners HMO, have similar responsibilities to maintain privacy with respect to personal health information. Members in these insured plans have or will receive a copy of the plan's privacy notice prior to April 14.

The university contracts with third parties, like Anthem and ScripSolutions, to administer benefits for its health plans. This means that most of the exchange of personal health

information takes place outside the university and in accordance with its business associate agreements with these entities. Within the university, only employees designated as having responsibility for benefit administration functions within Human Resources offices are given access to personal health information. These individuals may only obtain and use personal health information to carry out administrative functions needed to support the benefit plan. Some examples of how personal health information is used in the administration of health plans include:

- For treatment purposes, the plan administrator may obtain medical information from or give information to a hospital that asks the Plan for authorization of services on the member's behalf;
- For payment, a member's provider may give a medical diagnosis and procedure description on a request for payment made to the Plan's claim administrator; and the claim administrator may request clinical notes to determine if the service is covered. Medical information may also be shared with other covered entities for business purposes, such as determining the Plan's share of payment when a member is covered under more than one health plan. Explanations of payment are also mailed to the address of record for the employee, the primary insured; and
- For purposes of health plan operations, medical information may be reviewed for credentialing providers, quality management, underwriting, detection and investigation of fraud, and management of data and information systems.

The plan may use personal health information for other reasons such as when a spouse authorizes an employee, or a personal representative, to make medical decisions on his or her behalf; or in response to a subpoena, court or administrative order or governmental oversight.

Under HIPAA, a health plan member has rights with respect to personal health information, including certain rights to see and copy the information, receive an accounting of certain disclosures of the information and, under certain circumstances, amend the information. Members also have the right to file a complaint with the university or with the Secretary of the U.S. Department of Health and Human Services if there is a concern that rights have been violated.

Members also have the right to ask that communications concerning medical information be made in a confidential way. For example, Explanations of Payment (EOP) are currently mailed to the employee's home address for the employee, spouse, and children (minor or adult). A covered individual may request that the EOP be mailed to an alternative address instead of the home address. Every effort will be made by the plan administrator to accommodate reasonable requests.

Personal health information from sources other than the health plan is also used by the university. These uses include making workplace accommodations, providing benefits for job-related injuries, evaluating long-term disability, and administering other employment programs and benefits. While these uses are not covered under HIPAA, health information associated with these functions is handled in accordance with state and federal laws and the university policy on confidentiality.

Further information regarding health plan privacy practices will be distributed to employees later in April.

## 2003 Open Enrollment Results

Health Care Plans	2003 Employee Enrollments	Change from 2002	% of Change
IU PPO-Plus	3,689	1,859	101.6%
IU PPO \$900 Deductible	6,160	2,647	75.3%
M-Plan HMO	3,238	1,508	87.2%
Partners HMO	372	11	3.0%
Blue Preferred Primary POS	997	664	199.4%
<b>TOTAL</b>	<b>14,456*</b>	<b>419</b>	<b>3.0%</b>
<b>Tax Saver Benefit Plan</b>			
Medical Reimbursement Account (Part B)	5,292*	998	23.2%
Dependent Care Reimbursement Account (Part C)	591*	-68	-10.0%

\* Total eligible population equals 16,005 full-time employees.

## Investment Fund Performance

The following *sample* of retirement investment opportunities reflects average annual total return after all administrative expenses. These figures are based on historical results, and they do not necessarily represent future performance.

Inception	Average Annual % Return				Fund Inception	Average Annual % Return			
	5 yrs.	10 yrs.	Life	Fund Inception		5 yrs.	10 yrs.	Life	Fund
<b>Money Market Funds</b>					<b>Stock Funds</b>				
CREF Money Market	4.45	4.61	5.37	4/88	CREF Stock	-1.37	7.69	10.11	7/52
Fidelity FMMT	4.45	4.58	5.20	12/88	CREF Growth	-5.48	----	6.77	4/94
					Fidelity Blue Chip	-1.37	9.16	12.56	12/87
					Fidelity Contrafund	3.90	11.51	12.86	5/67
					Fidelity Magellan	0.28	9.15	19.16	5/63
<b>Fixed Annuity</b>					<b>International/World Funds</b>				
TIAA Annuity	6.76	6.93	----	----	CREF Global Equities	-3.16	6.77	6.58	5/92
					Fidelity Europe	-4.00	7.29	7.83	10/86
					Fidelity Overseas	-3.28	5.08	11.25	12/84
<b>Bond Funds</b>					<b>PERF Options</b>				
CREF Bond	7.35	7.33	8.19	3/90	6/30/99	6/30/00	6/30/01	6/30/02	
Fidelity Govt. Inc.	7.19	7.06	9.23	4/79	Money Market Fund	4.93	5.40	5.68	2.58
Fidelity Inv. Grade	7.05	7.20	8.27	8/71	Guaranteed Fund	8.25	8.25	8.25	8.25
					Bond Fund	4.73	4.44	11.23	8.60
					S&P 500 Stock Indexes*	-0.04	7.97	30.54	8.77
					US Small Co Stock*				-9.46
<b>Growth &amp; Income Funds</b>					<b>1 Year % Return</b>				
CREF Soc. Choice	2.67	8.67	9.82	3/90					
Fidelity Fund	0.00	9.82	10.27	4/30					
Fidelity Equity Income	0.59	10.01	12.82	5/66					
<b>Market Indexes</b>					<b>* S&amp;P 500 and Russell 2000 (small company) Index one-year returns.</b>				
Dow Jones Industrial	2.85	12.00	----						
S&P 500	-0.59	9.34	----						
NASDAQ	-2.88	7.67	----						
Russell 2000	-1.36	7.16	----						
EAFE	-2.69	4.14	----						

Figures for TIAA-CREF, Fidelity Investments and Market Indexes are as of 12/31/2002.

## Women's Health and Cancer Rights Act (WHCRA)

All of the university's employee health care plans comply with WHCRA. These plans cover the following services related to a mastectomy patient:

- Reconstruction of the breast on which the mastectomy has been performed
- Surgery and reconstruction of the other breast to provide a symmetrical appearance
- Prosthesis and physical complications related to all stages of mastectomy, including lymphedemas

Refer to respective health care plan documents for any preferred provider and utilization management requirements.

## Personal Accident Insurance Update

### Premium Holiday

Negotiations with AIG, the underwriter of the Personal Accident Insurance Plan, have resulted in a premium holiday for all Personal Accident Insurance participants.

For nonexempt Staff (biweekly paid) employees, this holiday occurred in the month of February 2003. This means that the March 14th paycheck did not include a deduction for Personal Accident Insurance.

For exempt Staff and Academic employees this holiday occurred in the month of December 2002. This was reflected on the January 2, 2003 paycheck, and no Personal Accident Insurance deduction was taken.

## 2003 Holidays for Appointed Staff

New Year's Day	Wednesday, January 1
Martin Luther King, Jr. Day	Monday, January 20
Memorial Day	Monday, May 26
Independence Day	Friday, July 4
Labor Day	Monday, September 1
Thanksgiving Day	Thursday, November 28
Friday after Thanksgiving	Friday, November 29
Christmas	Thursday, December 25
Campus Holiday	"Floating" holiday on most campuses*

\*IUPUI has designated Good Friday as the Campus Holiday.