

3. Policy Clarifications

- Situation:** This policy that references Senior Academic and Administrative Officers (SAAOs) needs to be updated to include current verbiage references and clarify points that have created regular confusion.
- Background:** Policy 300.1.1 was established to provide a framework for personnel decisions affecting Senior Academic and Administrative Officers. It has been amended several times through the years.
- Assessment:** These are minimal changes to add clarification in order to make the policy more easily understood and followed. There is no content impact that would change the overall purpose of the policy.
- The terms “Tier I” and “Tier II” are commonly used on campuses to distinguish the policies governing SAAOs; we are suggesting the terms be added into the policy for clarity.
- Action:** This item is for review this month. Per policy review process, this would be brought for a vote at the next Board meeting.

The University of North Carolina

Health Care Reform Compliance for Temporary Employees

- NC Assembly passed legislation in 2013 that requires UNC to put the 'part-time/temporary' workforce affected by the ACA into the State Health Plan (SHP) effective 1/1/2015
- The cost to UNC for each ACA impacted temporary employee electing SHP coverage is \$5,377 which translates into \$45M for 2015¹
- Alternatives to SHP would lower cost to UNC:
 - Temporary employees are on average 15 years younger than permanent employees which equates to 40-50% lower cost if covered by an alternative to the SHP
 - Applying ACA minimum design and maximum affordable cost share means even lower cost plus many will opt out

¹Assumes temporary employees working 30 hours or more per March 2014 census, 100% participation, 7% trend to 2015.

The UNC temporary employee population is inherently different than the permanent employee population

- Very low risk compared to permanent employees
 - Average age 15 years lower
 - Age/Gender risk score 35% lower
- Nearly a 10% turnover in the 6 month period measured

	GA or TA	Other	Post Doc	Student Employees	Temporary / Visiting Faculty	Total	All Permanent Employees ²
Count (over 30 hours)	1,832	2,286	1,313	2,087	260	7,778	44,985
6 month turnover ¹	4.7%	10.4%	4.3%	15.2%	6.1%	9.7%	
Average Age	30	39	35	24	47	32	47
Risk Score	0.716	0.982	0.776	0.569	1.235	0.785	1.215

Period August 2013 - January 2014

¹As of March are inactive or terminated

²Census from 3-6-14

Potential savings for implementing an alternative plan for temporary employees is significant

- Creating a separate plan for temporary employees would allow UNC to provide:
 - the same benefit at a much lower price point or,
 - provide a less rich plan at an even lower price point
- Requiring a contribution up to the safe harbor (9.5% of single federal poverty level), approximately \$92 per month, would further reduce UNC cost

	UNC Cost	Est. Savings
State Health Plan (SHP) (PPO 70/30 Plan)	\$5,377	
SHP Equivalent for Temporary Employees ¹ (PPO 70/30)	\$3,500	\$1,877
UNC Minimum Value for Temporary Employees ²	\$2,600	\$2,777
SHP Minimum Value Plan (with EE contribution ³)	\$2,400	\$2,977
UNC Minimum Value plan for Temps (with EE contribution ³)	\$1,500	\$3,877

¹Equivalent to the State plan adjusted only for the difference in risk score of UNC demographics

²Adjusted for difference in risk score and plan design difference between the state plan and a bronze plan (minimum essential value)

³Contribution for all temporary employees of \$92 per month based on 9.5% contribution of 100% of Federal Poverty Level (\$11,670 for 1 person household)

Illustration of financial impact to UNC of alternative temporary employee plan options over time

