BUSINESS AFFAIRS SUB-COUNCIL

July 17, 2012

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Mr. Steve Campbell (NeSCC); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Mr. John Cothern (MTSU); Ms. Mary Cross (NaSCC); Mr. Danny Gibbs (RSCC); Mr. Mike Gower (MTSU); Mr. Lowell Hoffman (DSCC); Mr. Ken Horner (CoSCC); Mr. Bob Hughes (TSU); Mr. Tim Hurst (APSU); Dr. Rosemary Jackson (WSCC); Ms. Renee Moore (PSCC); Mr. Ron Parr (STCC); Mr. Mitch Robinson (APSU); Ms. Jeannie Smith (UOM); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (ChSCC); Ms. Hilda Tunstill (MSCC); Mr. Greg Wilgocki (ETSU); Mr. Jeff Young (TTU); Mr. David Zettergren (UOM); Chancellor John Morgan, Mr. William Arnold, Ms. Tammy Gourley Birchett, Mr. Tom Danford, Ms. Angela Gregory Flynn, Ms. Alicia Gillespie, Mr. David Gregory, Ms. Deanna Hall, Ms. Pat Massey, Ms. Mary Moody, Ms. Lisa Reed, Ms. Brooke Shelton, Mr. Dale Sims, Ms. Renee Stewart, Ms. Wendy Thompson, and Mr. Bob Wallace (TBR).

1. **Chancellor's Remarks**

   Chancellor Morgan updated the committee on a meeting held by the governor to discuss interests of the Gates Foundation, which included representatives from TBR, UT, TSAC, and THEC. The purpose of the meeting was to discuss the challenges facing higher education in Tennessee. The current trend we are on, with the continual loss of federal and state funding, is unsustainable.

   Governor Haslam has been reaching out to others across the country to discuss higher education. The governor has also embarked on a listening tour, with seven stops across the state. He wants to find out the gaps between the skills our graduates have and what employers need.

2. **Use of Fitness Facilities by State Employees**

   Mr. Gregory updated the committee on an initiative by former state senator Rosalind Kurita. She is now with the State Department of Health, and has focused on fighting obesity in Tennessee. She has inquired as to whether it would be possible for Department of Health employees to have access to the fitness facilities at TBR universities. Mr. Gregory will be seeking information from the universities as to their fitness facility fee structures and other pertinent information before making a decision.

3. **State Benefits Administration**

   Laurie Lee, Executive Director of Benefits Administration, spoke to the committee about the Edison Self-Service implementation. Employees will now be responsible for entering their own information during the open-enrollment period. Employees will be allowed to make changes to their plan elections through the end of open-enrollment.

Webinars, videos and power point tools have been prepared for agency benefit coordinators to aid in the implementation. Benefits Administration will also offer extended hours for support through their service center. Benefits Administration has agreed to provide a list of usernames and passwords, as well as include social security numbers instead of Edison ID numbers on query reports, in order to aid the agency benefit coordinators on the campuses.

All institutions should e-mail Lisa Reed by July 20, 2012 and let her know if you are willing to move forward with this for the open-enrollment period this fall.

Information was also provided on changes to the plans for 2013. (Attachment A)

4. Report of the Committees

A. Finance Committee

Dr. Collins highlighted the following issues from the July 10, 2012 Finance Committee meeting.

- OPEB Issue

  After discussions with Jan Sylvis at Finance and Administration, Mr. Sims and Ms. Stewart updated the committee on the OPEB liability and whether the institutions will be required to fund this liability.

  The committee discussed the accounting treatment of the pension liability and how the state reports this liability. The pension liability is different from OPEB because funds are not set aside for the OPEB liability like the pension liability. It was discussed that the accounting treatment for pensions and OPEB are expected to become the same at some point in the future.

- Personal Aircraft

  The committee discussed whether to develop guidelines for when personal aircraft is used for state business. The Board of Claims recently recommended that if TBR decides to allow an employee to use a personal aircraft for business and to be reimbursed for such use, there should be a written policy that includes all of the requirements set forth in the attachment. (Attachment B)

  The committee discussed whether there had been issues with using personal aircraft for state business. It was decided not to add this language to our travel policy at this time. A letter to Steve Curry, Board of Claims, will be drafted by Mr. Sims outlining the decision not to add the language to our travel policy.

- ODS/EDW

  The committee was given an update on the ODS/EDW project by Mr. Danford. He reported that 17 of 19 institutions were a licensed data warehouse. He explained that all institutions have Argos and that the data will feed to a common repository system. The common repository system will allow the sharing of reports. He stated that all schools would be implemented by April 2013.

- Library Holdings

The committee discussed whether electronic books and online periodicals should be capitalized. State Audit recommends that books (whether in paper or electronic form) should be capitalized. FARM seems to support this. When it comes to periodicals and journals (whether in paper or electronic form), it appears that they should not be capitalized. The FARM Manual indicates that "periodicals and subscriptions should be expensed as incurred (or allocated over the subscription periods if the effect is material)."

The committee indicated that it could be difficult to separate the value of e-books and periodicals in databases. After discussion, the committee decided to correct the problem for periodicals in 2012, and wait until 2013 to correct the e-books.

There was also a question as to whether new account codes needed to be set up to expense library periodicals. Subsequent to the meeting, Ms. Stewart determined that library periodicals should be expensed in the existing account code range for Dues and Subscriptions (74480 to 74489).

- Bond Premium/Discount

The committee discussed the materiality limit of $100,000 to record bond premiums and discounts. This materiality limit was set at the April meeting, but no discussions were held on whether this applied going forward only or whether schools should apply this to all prior issues.

The committee determined that institutions should review all outstanding bonds and premiums/discounts and make a determination whether the aggregate amount is material to the institution.

- Out-of-State Waivers

The committee discussed Guideline B-041, section IV, with reference to "tuition waivers." Instead of "tuition waivers", the language should be "scholarships". The intent was to allow 25 out-of-state scholarships, not 25 tuition waivers. One institution had misinterpreted these scholarships as tuition waivers and had not recorded them as scholarships. (Attachment C)

- E-Rate

The committee discussed revisions to Guideline B-060 for assessing the e-rate for enrollment greater than 12 hours for undergraduate or 10 hours for graduate. An exception was made in 2010 not to discount the e-rate for these students. The proposed revisions will make the exception permanent. (Attachment D)

The Finance Committee minutes, with the guideline changes, were approved.

B. Council of Buyers

Ms. Flynn highlighted the following issues from the July 5, 2012 Council of Buyers meeting.

- Heartland Payment Solutions

  Heartland Payment Solutions is the successful proposer for the Financial Aid Disbursement RFP/Contract awarded by the Central Office. The service allows students a choice of having their financial aid disbursement placed on a debit card, paid in the form of a check, or transferred to a student's existing account. The initial process was set up for a student to make their disbursement election through the Heartland website.

  Ms. Flynn informed the committee that the Department of Education has received a student complaint regarding the process. The Department of Education stated that, based upon Title IV regulations, a student's initial disbursement election must be made at the institution level, not through the servicer's (Heartland) website.

  Ms. Flynn and Ms. Moody will conduct a conference call in the near future to discuss how this process will be handled going forward. In looking into the processes that institutions were using, it did not appear that the institutions were utilizing the marketing material templates provided to them by Heartland. The institutions will need to notify each eligible student of the change in the current process and explain the relationship between the institution and Heartland. There are additional questions for the Department of Education that need confirmation in order for us to give the appropriate guidance to our institutions.

- Janitorial Supplies

  The RFP process has been completed and the Intent to Award has been issued, with American Paper and Twine named as the successful proposer. A bid protest has been received and is being addressed at this time. Ms. Flynn will update the committee once the process has been finalized. A question was raised as to whether the Janitorial Supplies contract would be all exclusive, and Ms. Flynn answered that it would be, and that it would be similar to the office supply process.

- Clinical Requirements RFP

  Based upon complaints about the difficulty of negotiating clinical agreements with affiliates, the Central Office will be issuing an RFP with a vendor to conduct background checks, drug screenings and certifications for students. An RFI was issued and responses were received from four vendors. This information is being taken into consideration in the development of the RFP. The release of the Clinical Requirements RFP should be within the next few weeks. Once this process is complete, the Central Office will be looking at the clinical affiliation template for possible revisions to make negotiation and processing easier.

The Council of Buyers minutes were approved.

C. Human Resources

Ms. Reed highlighted the following issue from the June 26, 2012 Human Resource Officers Committee meeting.

- Proposed TBR Guideline – Return to Work

  The proposed Return to Work Guideline was originally presented as a policy at the January 2012 HR Officers meeting. The Benefits Advisory Committee began composing a Return to Work program at the recommendation of the State of Tennessee Risk Management Office. The HR Officers did not reach the consensus necessary to approve the policy and it was returned to the Benefits Advisory Committee for revisions. The result of those efforts came before the HR Officers in the form of a guideline. The General Counsel reviewed the guideline, additional revisions were made, and the final version was presented for a vote. (Attachment E)

  Several officers expressed an interest in additional training on determining the best course of action for those returning to work with permanent restrictions, how to conduct interviews and clarify physician statements, and helping supervisors determine a transitional assignment within the department or other areas at the institution. Ms. Preston addressed these concerns with a discussion regarding the training already provided and received for several topics, including ADA, ADAAA, and FMLA. Additional information was provided detailing the current efforts to provide a template for communications with the attending physician and a flow chart to assist the HR Officers and their staff for guidance. These tools will be very similar to the physician correspondence forms and flow chart currently utilized for the ADA Interactive Process.

- Paying Out Leave

  A committee member raised a question as to whether an institution was responsible for paying out leave when a faculty member on unpaid leave passes away. Ms. Reed indicated that she would research the matter with General Counsel.

The HR Officers minutes, with the proposed guideline, were approved.

5. Student Bankruptcy

Ms. Moody discussed the responsibility of an institution when a student files for bankruptcy while still owing money to the institution. When a bankruptcy is issued, an automatic stay is issued, which prevents all debt collection efforts while an individual is in an active bankruptcy. While the individual is in an active bankruptcy, the institution must refrain from all collection activities, including withholding a transcript. This is true regardless of whether a claim has been sent to the Attorney General's Office for filing with the Court. This is also true even if the debt at issue is non-dischargeable or incurred after the bankruptcy has been filed.

If a bankruptcy case has been dismissed, no debts have been discharged, and the institution may proceed with all collection efforts, including withholding a transcript. If the individual has received a discharge, the institution may pursue collection, but only of non-dischargeable debts.

Ms. Moody reminded the committee that they should forward all bankruptcy notifications to Theresa Whitton in the Office of General Counsel. She will then forward them to the Office of the Attorney General, Bankruptcy Division, which will represent the institution's interests in the bankruptcy. The Attorney General's Office will monitor the bankruptcy for you and notify the institution if the student's bankruptcy is discharged.

Mr. Sims requested that Ms. Gillespie and Ms. Shelton review Guideline B-010 Collection of Accounts Receivable and present proposed revisions that address bankruptcy procedures at the October Finance Committee meeting.

Subsequent to the meeting, Ms. Moody notified the business officers that the information that had been provided on the process for submitting bankruptcy notifications had been incorrect. Institutions should continue to send all bankruptcy notifications directly to the bankruptcy division of the Attorney General's Office, and an electronic process will begin from that point. Bankruptcy notices should not be sent to the General Counsel's Office.

6. E-Procurement Proposal

The committee discussed the proposal of a system-wide adoption of an e-Procurement platform. Webinars have been coordinated with members of our procurement staff to familiarize them with the proposed product. The President's Council has been briefed on the proposal, and costs of implementation have been further researched. General reaction to this proposal has been favorable, with the major recurring question being related to the cost of implementing a solution of this type.

Mr. Sims presented information on the SciQuest proposal, including more information on what is being proposed, how it benefits institutions and the system as a whole, a cost/benefit analysis, the contract costs for each institution (including Banner integrations), and a proposed course of action. (Attachment F)

7. Delegation of Authority

Mr. Sims presented a revised draft of the proposed Delegation of Authority/Signature Authorization policy. The only revision recommended by the committee was to change the language in Section I.e, to read, "Delegations requiring the Chancellor's approval must be properly obtained", instead of "secured". (Attachment G)

8. Proposed Guideline G-130 Limited English Proficiency

Mr. Arnold presented a proposed guideline on Limited English Proficiency. The Guideline is a response to a Title VI finding that we received because we did not have a guideline in place. The guideline advises TBR and its' institutions of the obligation under Title VI of the Civil Rights Act of 1964 to provide reasonable services to persons with limited English proficiency. (Attachment H)

The committee was instructed to contact Mr. Arnold and Ms. Gillespie if there were any comments/concerns regarding the policy.

9. SFSF Monitoring

Mr. Sims informed the committee that we will soon be under federal review of SFSF spending. The Central Office may continue to request information from the institutions as we need it. The committee was also reminded that State Audit may be visiting individual institutions to review SFSF records.

The committee was also reminded that TBR received a finding last year on SFSF spending at selected institutions. All institutions should obtain a copy of the finding and review for similar problems at their institution.

10. Debt Management Policy

Even though our debt is issued through the School Bond Authority, we are still required to have a debt management policy. Any entity that issues debt must have a debt management policy. Mr. Sims will send out UT's policy, and TBR's proposal, to the institutions for review. If there are no concerns, Mr. Sims would like to forward TBR's proposal to the Presidents for approval this quarter.

11. Election of BASC Chair

The committee elected Dr. Tommy Wright as the BASC Chair.

11. Election of IT Sub-Council Representative

Mr. Sims asked that anyone interested in volunteering to serve on the IT Sub-Council contact him or Ms. Stewart. If no one volunteers, we will accept nominations for the position at the October BASC meeting.

The meeting was adjourned at 11:30 a.m.

PARTNERS FOR HEALTH

TBR Employee Self Service (ESS) Communications Plan

All employees who want to enroll in or make changes to their health benefits or add or disenroll dependents for the 2013 plan year will need to do so online using Employee Self Service (ESS). This is a new process for most higher education members and the Benefits Administration (BA) team will do everything we can to give staff and plan members the training and tools they need to accomplish this.

During July and August:
BA has created a **How to Enroll in Benefits Using ESS** webinar and will continue to conduct telephonic training sessions for TBR staff and plan members on a scheduled basis. There are 75 Higher Ed ABCs and back-ups and 81 Higher Ed (TBR and UT) Agency Benefits Coordinators (ABCs) and other staff have already completed this training.

The webinars are "Super User" trainings and we encourage anyone in the TBR system, including agency benefits coordinators, departmental administrative assistants and other HR professionals, to participate in the sessions.

Benefits Administration will:

- Create and post on the ABC website a new registration link for Higher Ed 'Super User' trainings. TBR will need to send this direct link out to individuals who want to participate.
- Super User trainings can be scheduled by university or school. For example: Austin Peay or UTC @ 10 am and 2 pm on July 23rd.
- Record and provide the 'Super User' webinar for anyone who cannot attend.
- Provide the PowerPoint presentation to all ABCs for use at employee meetings.
- Create and post a written ESS Benefits Enrollment tip sheet for distribution to members
- Create and post an ESS login "How To" video for members
- Create any other specialty short videos which might be helpful at the request of the TBR.
- Provide scheduled webinars from mid-September throughout AETP/Open enrollment for all plan members. ABCs will need to provide registration links to members

Decision Guides can be customized for the TBR by:

Printing on the first two pages a letter from TBR in Decision Guides that go to TBR members.

Decision Guides, will be mailed to members' homes by September 15th. They will include the ESS Benefits Enrollment tip sheet and information about how to log into Edison as well as links to the ESS login "How To" video for members and the **How to Enroll in Benefits Using ESS** webinars.

Letters will be mailed by Benefits Administration to the homes of all TBR plan members giving them their **Edison User ID and password or temporary password** to arrive two weeks before AETP/Open Enrollment.

Following is a tentative timeline for Higher Ed **How to Enroll in Benefits Using ESS** webinars:

July and August:
Webinar for ABCs & Super Users:
Thursday, July 12th at 10 am Central Time (done)
Tuesday, July 17th at 2 pm Central Time
Thursday, July 19th at 10 am Central Time

Webinars for Specific Colleges and Universities:
September dates and times are flexible to meet the needs of the individual institution. TBR will need tell BA the schedule that best suits them and will publicize them.

In addition, based on early feedback from Higher Ed, tentative dates for non-institution specific Higher Education webinars are:
Wednesday, September 5th at 2 pm Central Time
Thursday, September 13th at 10 am Central Time
Thursday, September 20th at 10 am Central Time
Wednesday, September 26th at 2 pm Central Time

Early October dates will be scheduled as well.

October:
BA will conduct **How to Enroll in Benefits Using ESS** webinars for members. These will be tailored for the individual plans with customized screens and benefits specific to those members.

The ParTNers for Health Website:
The Website will contain all of the *How To Use ESS* information and links accessible to members 24/7. It will be regularly updated with Frequently Asked Questions.

This teaching webinar and tipsheet will be posted on the Website so that it may be viewed 24/7 by any ABC or plan member.

BA Help Desk:
The hours of the Password Reset Help Desk will be extended to open earlier in the morning and stay open later each night during AETP.

State of Tennessee Group Insurance Program
Summary of Benefit Changes for 2013

Effective January 1, 2013

The premiums and benefit design changes for 2013 are intended to ensure that we have adequate funding to pay current and future claims expenses plus maintain a reserve fund to cover unanticipated or catastrophic member claims.

Creating the right mix of increases in member costs is a balancing act each year, particularly when our medical trend (the cost of providing care for members) continues to increase by between 7 and 8 percent annually.

The benefit design and premium increases for State, Higher Education and Local Government have generated sufficient funds to allow for an average premium increase for 2013. Local Education has a higher than average premium increase for 2013 due to previous efforts to spend down a budget surplus (2.9 percent **decrease** for 2011 and **no** premium increase in 2012) and some under-reporting of claims.

The Insurance Committees voted to make the following changes to ensure that our Plan remains sustainable for our members and to prevent larger increases in the future.

What's Changing for 2013:

- New optional vision plan available to eligible employees
- Open Enrollment - no increase in the late applicant fee
- Increase in health and dental premiums
- Increase in deductibles, out-of-pocket co-insurance maximums and network differential
- Increase in specialist office visit co-pays by $5
- Increase in emergency room co-pays by $45 (waived if admitted)
- No-cost contraceptives for women
- Increase in pharmacy co-pays by $5 for preferred and non-preferred brand medications (except drugs in the maintenance tier)
- New pharmacy dispense-as-written policy and preferred specialty drug plan
- Closing enrollment in optional universal life insurance (State Plan only)
- Members who want to make changes to their benefits or enroll in optional vision insurance during the annual enrollment transfer period (AETP), must do so using Employee Self Service (ESS) in Edison

Vision Insurance

Beginning in January 2013, optional vision coverage will be available to all eligible employees and dependents. Local Education and Local Government agencies must choose to participate in the vision plan for their employees to be eligible for coverage.

You will be able to choose from two plans: a basic plan and an expanded plan. Pending finalizing the vision contract, both vision plans will be administered by EyeMed Vision Care, LLC. Plan members will have access to EyeMed Vision Care's Select network. To check a listing of participating providers, visit www.eyemedvisioncare.com.

Both plans offer the same services, including:

- Annual routine eye exam
- Frames
- Eyeglass lenses
- Contact lenses
- Discount on Lasik/Refractive surgery

What you pay for services depends on the plan you choose. With the basic plan, you pay a discounted rate or the plan pays a fixed-dollar allowance for services and materials. The expanded plan provides services with a combination of co-payments, allowances and discounted rates.

The table below is a comparison of discounts, co-pays and allowed amounts under the vision options. Co-pays represent what the member pays. Allowances and percentage discounts represent the cost the carrier will cover.

2013 Vision Benefits

	Basic Plan	**Expanded Plan**
Routine Eye Exam	$0 co-pay	$10 co-pay
Frames	$50 allowance per frame; plus 20% discount off any amount above the allowance	$130 allowance per frame after $15 co-pay; plus 20% discount off any amount above the allowance
Eyeglass Lenses	$50 allowance	$15 co-pay (includes glass or plastic, single vision, lined bifocals, lined trifocals and lenticular lenses)
Eyeglass Lens Options (upgrades) • Progressive/No-line • Anti-reflective • Polycarbonate • Photochromics • Scratch resistant coating • UV coating • Tints • All other eyeglass lens options	20% discount off all options	maximum co-pays: $55 co-pay $45 co-pay $30 co-pay; $0 for children 18 and under $70 co-pay $15 co-pay $10 co-pay $25 co-pay 20% discount
Exam for Contact Lenses (fitting and evaluation)	minimum 15% discount	co-pay not to exceed $60
Contact Lenses* • Elective (conventional or disposable) • Medically Necessary**	$50 allowance $150 allowance	$130 allowance covered at 100%

	Basic Plan	Expanded Plan
Lasik/Refractive Surgery Discount (for select providers)	15% discount off usual and customary fees	15% discount off usual and customary fees
Out of Network Benefits		
• All Eye Exams	$30 allowance	$45 allowance
• Frames/Eyeglass Lenses	$50 allowance	$70 allowance
• Single Vision		$30 allowance
• Lined Bifocal		$50 allowance
• Lined Trifocal		$65 allowance
• Elective Contacts (conventional or disposable)	$25 allowance	$50 allowance
• Medically Necessary Contacts	$75 allowance	$100 allowance
Frequency		
• Eye Exam	Once every 12 months	Once every 12 months
• Eyeglass Lenses and Contacts	Once every 12 months	Once every 12 months
• Frames	Once every 24 months	Once every 24 months

* In lieu of eyeglass lenses and/or frames

** If medically necessary as first contact lenses following cataract surgery or multiple pairs of rigid contact lenses for treatment of keratoconus

The following services are not covered under the vision plan:

- Treatment of injury or illness covered by workers' compensation or employer's liability laws
- Cosmetic surgery or procedures for purely cosmetic reasons
- Services received without cost from any federal, state or local agency (this exclusion will not apply if prohibited by law)
- Charges by any hospital or other surgical or treatment facility and any additional fees charged for treatment in any such facility
- Services by a vision provider beyond the scope of his or her license
- Vision services for which the patient incurs no charge
- Vision services where charges exceed the amount that would be collected if no vision coverage existed

Note: If you receive vision services and materials that exceed the covered benefit, you will be responsible for paying the difference for the actual services and materials you receive.

As with other optional products, the state's vision insurance is an employee pay-all option. This means the state does not provide premium support, and members are responsible for the full premium.

Monthly Vision Premiums

	Basic	Expanded
Employee Only	$3.27	$5.73
Employee + Child(ren)	$6.21	$10.89
Employee + Spouse	$6.54	$11.46
Employee + Spouse + Child(ren)	$9.61	$16.84

Health and Dental Premiums

Health Insurance Premiums

Please see the attached 2013 premium tables, which reflect the following increases:

State Plan	2%
Local Education Plan	9.2%
Local Government Plan	2.5%

Dental Insurance Premiums

Premiums will increase by 3% in 2013 for the Assurant Prepaid Plan and the Delta Dental PDO (Preferred Dental Organization).

Monthly Dental Premiums for Active Members

	Prepaid Plan	PDO Plan
Employee Only	$9.63	$20.46
Employee + Child(ren)	$20.00	$47.03
Employee + Spouse	$17.07	$38.69
Employee + Spouse + Child(ren)	$23.47	$75.71

Deductibles, Out-of-Pocket Maximums and Premium Differentials

Deductibles

The deductibles for each PPO will increase in 2013. The amount of the increase depends on your premium tier.

Employee Only	$100 increase
Employee + Child(ren)	$150 increase
Employee + Spouse	$200 increase
Employee + Spouse + Child(ren)	$250 increase

Out-of-Pocket Maximums

The out-of-pocket coinsurance maximums will also increase in 2013. The amount of the increase depends on your premium tier.

Employee Only	$200 increase
Employee + Child(ren)	$300 increase
Employee + Spouse	$400 increase
Employee + Spouse + Child(ren)	$500 increase

Network Differential
Depending on where you live, BlueCross BlueShield of Tennessee and Cigna premiums vary because the networks have different costs in each region. If the State pays less, you will pay less too. If you select the more expensive carrier in your region, the difference you pay will be more in 2013. Those with employee-only coverage will pay $20 more and those with family coverage will pay $40 more for the more expensive carrier.

Specialist Office Visit and Emergency Room Co-pays

The co-pays for specialist office visits will increase by $5 in 2013. Co-pays for primary care, mental health and substance abuse treatment, allergy injections with an office visit and chiropractic visits (visits 1-20) will not change.

Co-pays for emergency room visits will also increase by $45 in 2013. It is important to note that the emergency room co-pay will still be waived if the member is admitted to the hospital.

Members will also continue to have access to urgent care clinics as an alternative to the emergency room. In 2012, co-pays for urgent care clinics were reduced to $30 for Partnership PPO members and $35 for Standard PPO members. These rates will not change in 2013.

New co-pays for 2013 are listed below.

	Partnership PPO		Standard PPO	
	In-Network	**Out-of-Network**	**In-Network**	**Out-of-Network**
Specialist Office Visit *Including surgery in office setting*	$45	$70	$50	$75
Emergency Room Visit *Waived if admitted*	$125		$145	

Pharmacy

Women's Contraceptives
In 2013, generic contraceptives and brand name contraceptives that do not have a generic equivalent will be covered at $0 co-pay. Brand contraceptives with generics available will continue to cost the brand co-pay.

This includes the following drug classes:

- Oral contraceptives
- Emergency contraceptives
- Injectable contraceptives
- Implantable devices/vaginal ring
- Contraceptive transdermal patches
- Barrier methods

Once a brand drug in these categories has a generic equivalent on the market, only the generic will be covered at $0 co-pay and the brand drug will require the brand co-pay.

Co-pay Changes
Prescription drug co-pays will increase by $5 for tier two (preferred brands) and tier three (non-preferred brands) medications in 2013. This increase **will not apply** to tier one (generic) medications or drugs in the 90-day maintenance tier. Maintenance drugs include statins for high cholesterol, antihypertensives for high blood pressure and oral diabetic drugs, insulins and diabetic needles/test strips/lancets.

Pharmacy Co-pays for 2013

	Partnership PPO	Standard PPO	Limited PPO*
30-Day Supply *Retail or Specialty Pharmacy*	$5 generic $35 preferred brand $85 non-preferred	$10 generic $45 preferred brand $95 non-preferred	$10 generic $45 preferred brand $95 non-preferred
90-Day Supply *Retail-90 or Mail Order Pharmacy*	$10 generic $65 preferred brand $165 non-preferred	$20 generic $85 preferred brand $185 non-preferred	$20 generic $85 preferred brand $185 non-preferred
90-Day Supply *Maintenance Tier***	$5 generic $30 preferred brand $160 non-preferred	$10 generic $40 preferred brand $180 non-preferred	$10 generic $40 preferred brand $180 non-preferred

* The Limited PPO has a separate $100 deductible for pharmacy benefits.
**Must be filled through a Caremark mail order or Retail-90 network pharmacy.

Dispense-as-Written Policy
When a generic is available and your doctor indicates "may substitute" but you request the brand name drug from the pharmacy, you will pay the difference between the brand name drug and the generic drug plus the brand co-pay. When you are prescribed a brand drug and a generic is available but your doctor indicates "dispense as written," you will pay the brand co-pay.

Preferred Specialty Drug Plan
New users of the drug classes listed below must use a preferred specialty drug before the Plan will cover other non-preferred specialty drugs within the same drug class. This requirement is referred to as "step therapy." Current users of Multiple Sclerosis drugs and tumor necrosis factor (TNF) inhibitors, which are used to treat inflammatory and autoimmune diseases such as rheumatoid arthritis, will be grandfathered, and this policy will not apply.

Drug Class	Covered Medications
Preferred TNF inhibitors	Enbrel or Humira
Preferred Multiple Sclerosis drugs	Avonex, Copaxone and Betaseron

Open Enrollment – Late Applicant Fee

In 2013, the monthly late applicant fee for members who joined the plan during the 2011 and 2012 AETP **will not change.**

In addition, employees or their eligible dependents who did not join the health plan when they were initially eligible will be allowed to enroll in benefits during AETP if they agree to pay the monthly late applicant fee while they are enrolled through December 31, 2013.

Late Applicant Fee for 2013

	State	Local Education	Local Government
Employee Only	$65	$56	$68
Spouse Only	$72	$53	$78
Employee + Spouse	$137	$109	$145

Optional Universal Life Insurance *(State Plan Only)*

The State is closing enrollment in the optional universal life insurance coverage. No new enrollments will be allowed during the transfer period this fall. Members currently enrolled in this coverage will be grandfathered, meaning that you will still have your current level of benefits; however, you will not be eligible for future increases in the level of benefits.

New employees will be allowed to enroll in this coverage through the end of 2012, but it will not be an enrollment option during the Annual Enrollment Transfer Period.

Comparing the 2013 Partnership and Standard PPOs — Services that Require Copays

Services in this table ARE NOT subject to a deductible and costs DO NOT APPLY to the annual out-of-pocket coinsurance maximum.

	PARTNERSHIP PPO		STANDARD PPO	
COVERED SERVICES	**IN-NETWORK**	**OUT-OF-NETWORK [1]**	**IN-NETWORK**	**OUT-OF-NETWORK [1]**
Preventive Care				
Office Visits • Well-baby, well-child visits as recommended by the Centers for Disease Control and Prevention (CDC) • Adult annual physical exam • Annual well-woman exam • Immunizations as recommended by CDC • Annual hearing and non-refractive vision screening • Screenings including colonoscopy, prostate, mammogram and colorectal, Pap smears, labs, bone density scans, nutritional guidance, tobacco cessation counseling and other services as recommended by the US Preventive Services Task Force	No charge	$45 copay	No charge	$50 copay
Outpatient Services				
Primary Care Office Visit * • Family practice, general practice, internal medicine, OB/GYN and pediatrics • Nurse practitioners, physician assistants and nurse midwives (licensed healthcare facility only) working under the supervision of a primary care provider • Including surgery in office setting and initial maternity visit	$25 copay	$45 copay	$30 copay	$50 copay
Specialist Office Visit * • Including surgery in office setting	$45 copay	$70 copay	$50 copay	$75 copay
Mental Health and Substance Abuse * [2] [3]	$25 copay	$45 copay	$30 copay	$50 copay
X-Ray, Lab and Diagnostics • Including reading, interpretation and results (not including advanced x-rays, scans and imaging)	100% covered after office copay, if applicable	100% covered up to MAC after office copay, if applicable	100% covered after office copay, if applicable	100% covered up to MAC after office copay, if applicable
Allergy Injection	100% covered	100% covered up to MAC	100% covered	100% up to MAC
Allergy Injection with Office Visit *	$25 copay primary; $45 copay specialist	$45 copay primary; $70 copay specialist	$30 copay primary; $50 copay specialist	$50 copay primary; $75 copay specialist
Chiropractors	Visits 1-20: $25 copay Visits 21 and up: $45 copay	Visits 1-20: $45 copay Visits 21 and up: $70 copay	Visits 1-20: $30 copay Visits 21 and up: $50 copay	Visits 1-20: $50 copay Visits 21 and up: $75 copay
Pharmacy				
30-Day Supply	$5 copay generic; $35 copay preferred brand; $85 copay non-preferred brand	Copay plus amount exceeding MAC	$10 copay generic; $45 copay preferred brand; $95 copay non-preferred brand	Copay plus amount exceeding MAC
90-Day Supply (90-day network pharmacy or mail order)	$10 copay generic; $65 copay preferred brand; $165 copay non-preferred brand	Copay plus amount exceeding MAC	$20 copay generic; $85 copay preferred brand; $185 copay non-preferred brand	Copay plus amount exceeding MAC
90-Day Supply (certain maintenance medications from 90-day network pharmacy or mail order) [4]	$5 copay generic; $30 copay preferred brand; $160 copay non-preferred	Copay plus amount exceeding MAC	$10 copay generic; $40 copay preferred brand; $180 copay non-preferred	Copay plus amount exceeding MAC
Urgent Care				
Convenience Clinic or Urgent Care Facility	$30 copay		$35 copay	
Emergency Room				
Emergency Room Visit (waived if admitted)	$125 copay		$145 copay	

* **Out-of-Pocket Maximum — per individual** (applies to **in-network** office visits for primary care, specialist care and mental health and substance abuse treatment); **$900 Partnership PPO; $1,100 Standard PPO**

Services that Require Coinsurance — Deductibles and Out-of-Pocket Coinsurance Maximums

Services in this table ARE subject to a deductible and eligible expenses CAN BE APPLIED to the annual out-of-pocket coinsurance maximum.

	PARTNERSHIP PPO		STANDARD PPO	
COVERED SERVICES	**IN-NETWORK**	**OUT-OF-NETWORK [1]**	**IN-NETWORK**	**OUT-OF-NETWORK [1]**
Hospital/Facility Services • Inpatient care [3] • Outpatient surgery [3] • Inpatient mental health and substance abuse [2] [3]	10% coinsurance	40% coinsurance	20% coinsurance	40% coinsurance
Maternity • Global billing for labor and delivery and routine services beyond the initial office visit	10% coinsurance	40% coinsurance	20% coinsurance	40% coinsurance
Home Care [3] • Home health • Home infusion therapy	10% coinsurance	40% coinsurance	20% coinsurance	40% coinsurance
Rehabilitation and Therapy Services • Inpatient [3]; outpatient • Skilled nursing facility [3]	10% coinsurance	40% coinsurance	20% coinsurance	40% coinsurance
Ambulance • Air and ground	10% coinsurance		20% coinsurance	
Hospice Care [3] • Through an approved program	100% covered up to MAC (even if deductible has not been met)		100% covered up to MAC (even if deductible has not been met)	
Equipment and Supplies [3] • Durable medical equipment and external prosthetics • Other supplies (i.e., ostomy, bandages, dressings)	10% coinsurance	40% coinsurance	20% coinsurance	40% coinsurance
Dental • Certain limited benefits (extraction of impacted wisdom teeth, excision of solid-based oral tumors, accidental injury, orthodontic treatment for facial hemiatrophy or congenital birth defect)	10% coinsurance for oral surgeons	40% coinsurance for oral surgeons	20% coinsurance	40% coinsurance
	10% coinsurance non-contracted providers (i.e. dentists, orthodontists)		20% coinsurance non-contracted providers (i.e. dentists, orthodontists)	
Advanced X-Ray, Scans and Imaging • Including MRI, MRA, MRS, CT, CTA, PET and nuclear cardiac imaging studies [3]	10% coinsurance	40% coinsurance	20% coinsurance	40% coinsurance
• Reading and interpretation	100% covered	100% covered up to MAC	100% covered	100% covered up to MAC
Out-of-Country Charges • Non-emergency and non-urgent care	N/A - no network	40% coinsurance	N/A - no network	40% coinsurance
Deductible				
Employee Only	$450	$800	$800	$1,500
Employee + Child(ren)	$700	$1,250	$1,250	$2,350
Employee + Spouse	$900	$1,600	$1,600	$3,000
Employee + Spouse + Child(ren)	$1,150	$2,050	$2,050	$3,850
Out-of-Pocket Coinsurance Maximum				
Employee Only	$1,550	$2,900	$1,900	$3,600
Employee + Child(ren)	$2,450	$4,600	$3,100	$5,900
Employee + Spouse	$3,100	$5,800	$3,800	$7,200
Employee + Spouse + Child(ren)	$4,000	$7,500	$5,000	$9,500

No single family member will be subject to a deductible or out-of-pocket maximum greater than the "employee only" amount. Once two or more family members (depending on premium level) have met the total deductible and/or out-of-pocket maximum, it will be met by all covered family members. Only eligible expenses will apply toward the deductible and out-of-pocket maximum. Charges for non-covered services and amounts exceeding the maximum allowable charge will not be counted.

[1] Subject to maximum allowable charge (MAC). The MAC is the most a plan will pay for a service from an in-network provider. For non-emergent care from an out-of-network provider who charges more than the MAC, you will pay the copay or coinsurance PLUS difference between MAC and actual charge.

[2] The following behavioral health services are treated as "inpatient" for the purpose of determining member cost-sharing: residential treatment, partial hospitalization, and intensive outpatient therapy.

[3] Prior authorization required. When using out-of-network providers, benefits for medically necessary services will be reduced by half if prior authorization is required but not obtained, subject to the maximum allowable charge. If services are not medically necessary, no benefits will be provided. (For DME, PA only applies to more expensive items.)

[4] Applies to certain antihypertensives; oral diabetic medications, insulin and diabetic supplies; statins.

PARTNERS FOR HEALTH

State and Higher Education

2013 Monthly Premiums for Active Employees

EAST AND MIDDLE TENNESSEE	BCBST		CIGNA	
	EMPLOYEE SHARE	EMPLOYER SHARE	EMPLOYEE SHARE	EMPLOYER SHARE
PARTNERSHIP PPO				
Employee Only	$108.52	$494.36	$128.52	$494.36
Employee + Child(ren)	$162.78	$741.55	$202.78	$741.55
Employee + Spouse	$227.89	$1,038.17	$267.89	$1,038.17
Employee + Spouse + Child(ren)	$282.15	$1,285.35	$322.15	$1,285.35
STANDARD PPO				
Employee Only	$133.52	$494.36	$153.52	$494.36
Employee + Child(ren)	$187.78	$741.55	$227.78	$741.55
Employee + Spouse	$277.89	$1,038.17	$317.89	$1,038.17
Employee + Spouse + Child(ren)	$332.15	$1,285.35	$372.15	$1,285.35

WEST TENNESSEE	BCBST		CIGNA	
	EMPLOYEE SHARE	EMPLOYER SHARE	EMPLOYEE SHARE	EMPLOYER SHARE
PARTNERSHIP PPO				
Employee Only	$128.52	$494.36	$108.52	$494.36
Employee + Child(ren)	$202.78	$741.55	$162.78	$741.55
Employee + Spouse	$267.89	$1,038.17	$227.89	$1,038.17
Employee + Spouse + Child(ren)	$322.15	$1,285.35	$282.15	$1,285.35
STANDARD PPO				
Employee Only	$153.52	$494.36	$133.52	$494.36
Employee + Child(ren)	$227.78	$741.55	$187.78	$741.55
Employee + Spouse	$317.89	$1,038.17	$277.89	$1,038.17
Employee + Spouse + Child(ren)	$372.15	$1,285.35	$332.15	$1,285.35

HEALTH PREMIUMS—ACTIVE

PARTNERS FOR HEALTH

State and Higher Education

2013 Monthly Premiums for COBRA Participants

EAST AND MIDDLE TENNESSEE	BCBST	CIGNA
PARTNERSHIP PPO		
Employee Only	$614.94	$635.34
Employee + Child(ren)	$922.42	$963.22
Employee + Spouse	$1,291.37	$1,332.17
Employee + Spouse + Child(ren)	$1,598.86	$1,639.66
STANDARD PPO		
Employee Only	$640.44	$660.84
Employee + Child(ren)	$947.92	$988.72
Employee + Spouse	$1,342.37	$1,383.17
Employee + Spouse + Child(ren)	$1,649.86	$1,690.66

WEST TENNESSEE	BCBST	CIGNA
PARTNERSHIP PPO		
Employee Only	$635.34	$614.94
Employee + Child(ren)	$963.22	$922.42
Employee + Spouse	$1,332.17	$1,291.37
Employee + Spouse + Child(ren)	$1,639.66	$1,598.86
STANDARD PPO		
Employee Only	$660.84	$640.44
Employee + Child(ren)	$988.72	$947.92
Employee + Spouse	$1,383.17	$1,342.37
Employee + Spouse + Child(ren)	$1,690.66	$1,649.86

HEALTH PREMIUMS—COBRA

STATE OF TENNESSEE TREASURY DEPARTMENT
DIVISION OF CLAIMS ADMINISTRATION
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0202
615-741-2734 (phone) / 615-532-4979 (fax)

DAVID H. LILLARD, JR.
STATE TREASURER

MEMORANDUM

TO: The Honorable Mark Emkes
Commissioner, Department of Finance and Administration

Dale Sims
Vice Chancellor for Business and Finance
Tennessee Board of Regents

Charles M. Peccolo
Vice President and Treasurer
The University of Tennessee

FROM: Steve Curry
First Deputy Treasurer

DATE: June 13, 2012

RE: Guidelines for Reimbursement for Use of Personal Aircraft for State Business

At the June 7, 2012 meeting of the Board of Claims, the Board recommended that agencies establish guidelines which address risk management and insurance liability issues associated with the use of personal aircraft in conducting State business. A copy of the staff's report is attached.

The Board of Claims voted unanimously to recommend the attached guidelines relative to reimbursement for the use of personal aircraft for State business. While the Board does not establish travel policy, it recommends that if the State, the University of Tennessee or the Board of Regents decides to allow an employee to use a personal aircraft for business and to be reimbursed for such use, there should be a written policy that includes all of the requirements set forth in the attached report.

If you have any questions or concerns, please do not hesitate to contact me.

STATE OF TENNESSEE TREASURY DEPARTMENT
DIVISION OF CLAIMS ADMINISTRATION
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0202
615-741-2734 (phone) / 615-532-4979 (fax)

DAVID H. LILLARD, JR.
STATE TREASURER

MEMORANDUM

TO: Board of Claims

FROM: Steve Curry, First Deputy Treasurer

RE: Proposed Guidelines for Reimbursement for use of Personal Aircraft for State Business

DATE: June 5, 2012

Introduction

The powers and duties of the Board of Claims are set out in T.C.A. 9-8-108. Subsection (a) (4) provides that the Board of Claims:

> "[s]hall review and approve insurance policies designed to pay claims against the state or its employees arising from contract or tort."

Furthermore, subsection (a) (5) provides that the Board of Claims has a general responsibility to establish policies governing the administration of the state's contract and tort insurance program.

Request Regarding Travel Policy

The Department of Finance and Administration (F&A) recently contacted the Board of Claims staff with questions relative to reimbursement to a state employee for the use of a personal aircraft utilized for state business. Specifically, the Director of Aviation for the Department of Transportation contacted F&A to request travel reimbursement if he used his own airplane to travel throughout the State. F&A asked for input from the Board in how F&A should respond to this request. F&A provided a copy of the University of Tennessee's (UT) current policy which allows UT to reimburse their employees who use a personal aircraft for approved university business. It should be noted that the UT policy has the following requirements:

- the aircraft must be a private, employee-owned aircraft;
- the employee must have a current FAA Certificate of Airworthiness on file with the Risk Management section of the Treasurer's Office;
- the employee must provide proof of aircraft liability insurance of at least $1,000,000; and,
- UT must be named as an additional insured while the aircraft is being used on approved UT business.

Board of Claims staff advised that while the Board of Claims does not make state travel reimbursement policies, it does have the responsibility to oversee the State's tort liability and insurance issues. This includes the review and approval of insurance policies designed to pay claims against the State or its employees arising from contract or tort. Staff advised F&A that it was not aware of the UT policy allowing reimbursement for use of personal aircraft for university business or that UT was named as an additional insured on any such policies.

Recommendation

Staff recommends that the Board approve guidelines for F&A, UT and the Tennessee Board of Regents (TBR) which address liability insurance aspects associated with a personal aircraft travel reimbursement policy. Staff recommends that if F&A, UT or TBR wants to allow an employee to use a personal aircraft for state business and to receive reimbursement for such use, then there must be a written policy and that policy must consider the following:

1. The aircraft must be a private, employee-owned aircraft.

2. The employee must have proof of a current pilot's license and supporting documents showing the employee has a certification appropriate to the aircraft and the weather conditions being flown.

3. The employee must have a current FAA Certificate of Airworthiness on file with the appropriate division of such agency.

4. The employee must provide proof of aircraft liability insurance of at least $1,000,000. Evidence of such insurance shall be in the form of an original endorsement from the insuring company.

5. The State must be named as an additional insured on the Certificate of Insurance while the aircraft is being used on approved state business.

6. The purchase of this insurance is not intended to waive the State's sovereign immunity or any State employee's immunity. State employees will not waive their Tenn. Code Ann. §9-8- 307(h) state employee immunity or their §9-8-307(b) waiver defense absent the express consent of the State.

7. The Attorney General's Office will assert the §9-8-307 defenses on behalf of the individual state employees and the sovereign immunity defense on behalf of the State if sued.

8. Purchase of this insurance is made pursuant to §9-8-307(e) and is intended to conform the monetary amount recoverable against the State in the Tennessee Claims Commission to the insurance policy limits. Purchase of this insurance is not intended to expand the subject matter jurisdiction of the Claims Commission.

9. The agency shall inform the employee that the State will not be responsible for any loss or damage to the aircraft itself. While T.C.A. §9-8-111 allows the State to compensate an employee for loss, damage or destruction of personal property which occurs in the course of employment and which is required by the State to be used in the course of employment, the statute applies to personal motor vehicles if the employee is receiving mileage reimbursement at the time of the damage or loss occurs. T.C.A. §9-8-111 is not applicable to personal aircraft.

Staff recommends that if a travel policy meets all of the above conditions, neither the agency nor the individual employee must request authorization from the Board of Claims before adding the State to an insurance policy as an additional insured.

This recommendation is subject to the approval of the Board of Claims.

Guideline B-041

IV. Out-of-State Tuition ~~Waivers for~~ Performance Based Scholarships

A maximum of 25 out-of-state tuition ~~waivers for~~ performance based scholarships may be excluded from the athletic cap at any given time. For example, if the institution awards fifteen scholarships in one academic year and all fifteen students return the next academic year, the institution is limited to only ten additional ~~out-of-state tuition waivers~~ **<u>scholarships</u>**. The costs of these scholarships are to be expended to a group account in the social/cultural development sub-category in the Student Services function but are not ~~to be reflected as part of total intercollegiate athletic expenditures~~ included in the **<u>general fund support calculation</u>**.

Guideline B-060

II. Maintenance Fees

A. Description of Fees
1. The Maintenance Fee is a charge to students enrolled in credit courses. It is an enrollment or registration fee and is calculated based on the number of Student Credit Hours (SCH's) for universities and two-year institutions or student contact hours for technology centers for which the student enrolls. Fees are established by the Tennessee Board of Regents.
2. The same fee is applicable to courses for which the student is enrolled on an audit basis.

B. Rates
1. Rates are established by the Board and incorporated in a fee schedule that groups specific fees; by type of institution (two-year institutions; APSU, ETSU, MTSU, TSU, and TTU; and UOM); and by student level (undergraduate and graduate). The hourly rate will be discounted when undergraduate students enroll in greater than 12 hours and graduate students in greater than 10 hours **unless stated otherwise elsewhere in this guideline.**

IV. eRate

A. Description of Fee
1. The eRate is available to students who enroll at TBR institutions, who are classified as non-residents of Tennessee, and who are enrolled exclusively in online courses.

2. The eRate is 150% of the institution's approved undergraduate or graduate maintenance fee.

3. **The hourly rate will not be discounted for students receiving the eRate and enrolling in greater than 12 undergraduate hours or 10 graduate hours.**

4. To qualify for an eRate, students must (a) meet all institution admission requirements and must (b) be verified as an online out-of-state student enrolled exclusively in courses delivered online by a procedure documented by the institution.

5. Students enrolled in any type courses other than online (on-ground, telecourse, distance education, etc.) will not be eligible for the eRate specified in this guideline and will instead incur traditional non-resident fees and charges. Students who enroll in both online courses and other type courses and subsquently drop the other type courses will not then become eligible for the eRate.

6. Institutions enrolling eRate students as defined in this guideline must provide a method to mitigate any negative impact on the opportunity for Tennessee student rerollment in online courses.

B. Accounting Treatment

1. The eRate is comprised of the maintenance fee and a 50% markup that represents the our-of-state tuition portion.

2. The maintenance fee and the out-of-state tuition should each be recorded as outlined in sections II and III above.

Guideline: Return-To-Work

Tennessee Board of Regents

I. PURPOSE:

The purpose of this guideline is to establish a program to expedite recovery of employees with work-related injuries by returning them to productive employment status as soon as possible while minimizing the risk of re-injury. The intent of the program is to be supportive of temporary assignments for employees placed on light or sedentary light duty restrictions by their Authorized Treating Physician during recovery. This guideline does not address the procedure for assessing requirements for reasonable accommodation under the Americans with Disabilities Act (ADA) or eligibility for leave under the Family Medical Leave Act (FMLA) or Tennessee Family Leave Act (TFLA).

II. DEFINITIONS:

Authorized Treating Physician – the doctor approved to treat the compensable injury. This physician is selected from the state's workers' compensation preferred provider network.

Full Duty – the employee's pre-injury duties and tasks.

Modified/Transitional Duty Assignment – a restricted or light duty short-term position, for a defined period, that recognizes an employee's temporary limitations during recovery and rehabilitation as set forth by the Authorized Treating Physician.

Occupational Injury – an accident arising out of and in the course of employment.

Occupational Illness – a disease arising out of and in the course of employment, but not an ordinary disease of life to which the general public is exposed outside of the employment.

III. APPLICABILITY

The guideline shall apply to employees who are on leave as a result of work related injuries or illnesses and who are receiving workers' compensation benefits and who are restricted in the performance of their duties due to compensable work-related injuries. The Tennessee Board of Regents does not guarantee placement and is under no obligation to offer, create, or encumber any specific position for purposes of offering placement. In the event an employee refuses a Modified/ Transitional Duty Assignment outside the employee's FMLA leave eligibility period, which is within the employee's medical restrictions, the institution is not obligated to provide alternatives. Failure to accept a Modified/Transitional Duty Assignment that has been approved by the Authorized Treating Physician may result in reduction of the workers' compensation wage replacement benefits and/or disciplinary action. A Modified/Transitional Duty Assignment must meet the institution's staffing needs.

IV. PROGRAM OBJECTIVES:

For any return-to-work program to be successful, the cooperation of the employee, the employee's department (or another department), Human Resources and the employee's Authorized Treating Physician is necessary. Objectives include, but are not limited to:

A. Assist the employee to return to work as soon as possible;
B. Maintain pre-injury income;
C. Minimize work delays/interruptions;
D. Maintain communication with employee;
E. Minimize isolation and assist the injured employee in maintaining a positive connection to the workplace;
F. Maintain pre-injury routine;
G. Confirm commitment to the employee;
H. Reduce workers' compensation claim costs.

V. MODIFIED/TRANSITIONAL WORK REQUIREMENTS:

For work to be considered suitable modified employment, the following conditions must be met:

A. The employee must meet the required qualifications for the Modified/Transition Duty Assignment which the employee will be required to perform;
B. The work must conform to the medical restrictions set by the Authorized Treating Physician;
C. The Modified/Transitional Duty Assignment and/or modified work schedule cannot exceed 90 calendar days unless approved by written recommendation, and;
D. The Modified/Transitional Duty Assignment ends when any of the following occur:
    - The Authorized Treating Physician releases the employee to return to full duty.
    - Circumstances require that the Modified/Transitional Duty Assignment be discontinued.
    - 90 calendar days have elapsed.

VI. PROCEDURES:

A. An employee must immediately notify his or her supervisor of any work-related injury.

B. The supervisor will complete, sign, and submit the First Report of Injury form along with any additional applicable forms to Human Resources.

C. Human Resources will submit the claim to the Claims Management Service with any available medical documentation.

D. Human Resources will consult with the injured employee, supervisor, department administrator, division administrator (if applicable) and the Authorized Treating Physician to determine if a proposed Modified/Transitional Duty Assignment is suitable.

E. If a suitable Modified/Transitional Duty Assignment is identified, Human Resources will contact the employee to discuss the assignment, length of assignment, restrictions and expectations regarding the assignment, medical evaluations, and other pertinent information.

F. Human Resources will communicate with the employee on a regular basis for updates and to support the employee through the transitional process.

G. All medical appointments and injury/work status reports for the injured employee will be tracked, to the extent possible, by Human Resources and communicated by Human Resources to the employee's supervisor regarding any updates or changes.

H. Human Resources will review the Modified/Transitional Duty Assignment every 30 calendar days to determine if the employee is still in transition based on the Authorized Treating Physician's recommendation.

I. If a supervisor encounters issues during the Modified/Transitional Duty Assignment, the supervisor shall report such issues to Human Resources. Human Resources will determine necessary changes or if continuation of the assignment is appropriate.

J. Upon completion of the Modified/Transitional Duty Assignment, Human Resources will coordinate the return to normal full duty assignment in the employing department and the return to work file will be closed.

VII. GUIDELINES FOR DEVELOPING A RETURN-TO-WORK ASSIGNMENT:

When determining if a proposed Modified/Transitional Duty Assignment is suitable, Human Resources will consult with the injured employee, the department, and the Authorized Treating Physician. Other individuals may participate in the discussion as needed (e.g. safety coordinator).

The employer will consider physical requirements, job descriptions, job analysis questionnaires, and medical opinions of the Authorized Treating Physician to determine if transitional duties are available. Every effort will be made to place the employee in his/her employing work unit; however, if this is not possible, Human Resources may recommend an alternative work assignment as long as the conditions for return to work outlined above have been met.

Policy 4:XX:XX:XX

Subject: Delegation of Authority/Signature Authorization

The purpose of this policy is to provide guidance to the institutions in developing a campus policy for delegation of authority and signature authorization.

Scope

This policy applies when exercising delegation of authority and signature authorization for any transaction that could create a financial liability for an institution. Examples include, but are not limited to, contracts, purchase orders, memorandums of agreement, and travel authorizations. Examples outside the scope of this policy include, but are not limited to, course overloads, student advising, and reductions in student course loads.

I. Delegation of Authority

Every institution must develop a policy for delegation of authority and signature authorization. At a minimum, the institution's policy must include the following items.

a. Delegations/authorizations must be in writing, with level of authority, any restrictions on authority and period of authority, if any, clearly noted.
b. Delegations should run from the official holding authority to act directly to the person exercising that authority. The principle is that the person holding authority should have direct knowledge of who within the institution is exercising that authority on their behalf.
c. Personnel with delegated authority should be qualified to do so by training and experience. Person making delegation is responsible for ensuring person to whom authority is delegated is qualified and understands the application of the authority delegated.
d. The ramifications of exceeding or misapplying one's delegated authority should be clearly understood and uniformly enforced.
e. Delegations requiring the Chancellor's approval must be properly obtained.
f. Authority assigned to the Chancellor, Presidents, or Vice Chancellors by policy, guideline or statute cannot be delegated unless specifically allowed in the policy, guideline, or statute.

II. Recommended Practice

Personnel with delegated authority should sign the name of the person of authority followed by their name.

For example: Chancellor John Doe by Jane Smith

Periodic training should be provided to ensure persons with delegated authority have a clear, current understanding of their authority and its limitations.

TBR e-Procurement Proposal

July 5, 2012

PROCUREMENT CHALLENGES

- *Lack of contract & supplier visibility across system*
  - *Inefficient process for determining where to buy*
  - *Labor intensive for persons originating requisitions and for staff processing procurements*

- *Some level of automation, but uneven across the system*
  - *Practices vary, with some manual and paper intensive*

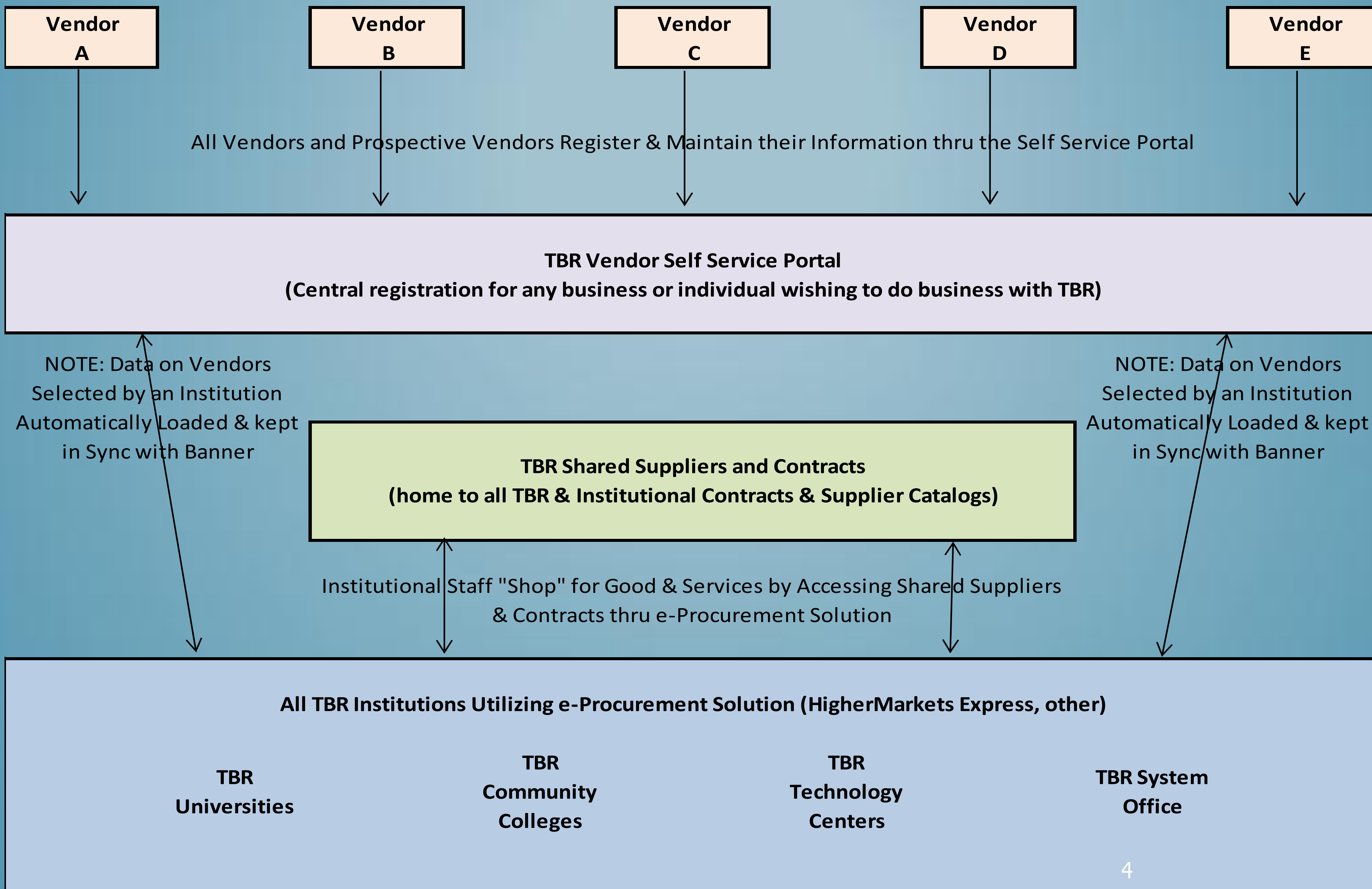
- *Lack of data on purchases system wide limits ability to:*
  - *Better target joint procurements*
  - *Negotiate better terms with vendors based on volumes*

- *Vendor registration & maintenance activity labor intensive for each institution and is done separately for each institution for each vendor*

e-PROCUREMENT SOLUTION PROPOSAL

- *On a System Wide Basis, Implement:*
  - *Total Supplier Manager Product*
    - *Vendor self registration & self maintenance*
    - *Permits screening and pre-qualification of potential vendors*
  - *HigherMarkets Express Product*
    - *e-Procurement solution integrated with Banner*
    - *Built-in workflows, budget checks, encumbrances*
  - *Consortium Community for Sharing of Contracts & Catalogs*
    - *Product catalogs (supported by SciQuest)*
    - *TBR contracts (supported by individual institutions)*

Overview of Proposal



BENEFITS: VENDOR SELF SERVICE PORTAL

- *Shift labor of registering & updating potential vendor information from institutions to the vendor (reduced staff effort)*
- *Shift responsibility of validating and coordinating vendor registration and documentation requirements from institutions to Central Office.*
- *Vendor is vetted as to being qualified and able to conduct business with a TBR institution before a bid is created. This will save time in every bid process.*
  - *Creates a made-to-order vendor contact list for future procurements (vendor identifies products / services offered)*
  - *Better risk management (verify EIN's; smart questionnaires screen out unqualified firms; license, insurance, & illegal worker attestation information collected & maintained) – reduced staff effort*
  - *Automated vendor notification management for required documents and expiration dates, thus ensuring that vendors have up to date (non-expired) documents loaded (insurance, licenses, diversity certifications, etc.).*
- *More diverse pools of potential vendors (one place to register for business with all TBR institutions)*
- *When a vendor is selected to do business with an institution, vendors information "loads" to individual institution's Banner instance & stays current based on vendor updates to the portal (lessens staff workload)*

BENEFITS: SHARED SUPPLIERS & CONTRACTORS

- *All contracts used by TBR institutions loaded to shared database – lessens effort of finding if some institution in system currently has contract in place for a given good or service*
- *Automated aggregation of spending across all of TBR to allow for better and more strategic sourcing of contracts.*
  - *Levels the playing field with our suppliers by providing TBR with the same level of spending data on itself that the suppliers have had about us for years – use information to gain better contracts.*
- *Allows standardized process data to flow to suppliers for services contracts thus allowing consistency when dealing with such a supplier.*
- *Catalogs of goods loaded to shared database and maintained once (either centrally or by an assigned institutions) – avoids duplication of effort in maintaining up-to-date catalogs (currently exists with the 4 universities using SciQuest)*
- *Institutions can select which catalogs they wish to activate for their campus. Cost of activating contracts through shared system dramatically less than currently (10 pack of catalogs is $5,500 versus $20,000 +).*

BENEFITS: E-PROCUREMENT SOLUTION

- *On-line, web based shopping experience (Amazon like) – no more searching for catalogs, searching product websites, etc. –*
- *Requisition generated on line – fewer (or no) manual requisitions to process; more accurate information eliminates an opportunity for errors.*
  - *This automation generally increases the invoice accuracy from the supplier since the supplier typically utilizes the electronic order data to generate their invoice.*
- *Integrates with Banner, permitting budget checking prior to ordering, encumbering order amounts, etc… - again, lessens re-work if no funds available to place order*
- *Workflows ensure proper processing & approvals*
  - *person creating requisition able to track where order is in process*
- *Better Risk Management. Security permits authorizing only designated individuals and/or roles of users to purchase, or even have knowledge of, certain types of products (i.e. hazardous materials, radioactive substances). Workflow can route to the on-campus EH&S department for either alerting them, or requiring them to approve the purchase.*
- *More efficient matching of requisition/purchase orders to receipts*
  - *Simple access via web browser for end-user to enter their receipt on-line without having to go to Banner. In most cases, the entry is just "flipping" the PO to a receipt, entering basic packing slip information and saving. The system does the rest.*
- *Ability to limit purchases to approved contracts, even for amounts below competitive bid limits – drives volumes to contracts permitting re-negotiation of contract terms (lower prices potentially)*

BENEFITS: OTHER

- *Improved Information & Process*
  - *Knowing what is spent across system for various products & services permits enhanced price negotiation with vendors – should result in lower cost across system*
  - *System provides automated capability to unobtrusively "influence" the end user on campus to guide them to suppliers they should purchase a given good and/or service from to utilize more advantageous contracts.*
  - *"Business" friendly, one stop shop for seeking TBR business (particularly for small and/or diverse businesses)*

- *Other Points*
  - *Community Colleges – Complete College Tennessee Act: directive to become unified, standardize processes, become more efficient – this becomes big step in that direction*

NOTES ON COST-BENEFIT ESTIMATE

- *For "Addressable Spend", it is assumed that -*
  - *50% of spend is currently managed thru existing system contracts*
  - *20% should be managed through existing contracts but is not ("maverick spend" averages 38% in industry) due to lack of contract awareness & visibility.*
  - *30% is not under any current contract (being bid as "one off" purchases, under $5,000 threshold, etc…)*

- *Introduction of e-procurement --*
  - *Potentially reduces TBR maverick spend by 20% - more purchases made through existing contracts since easier for users to find and use existing contracts*
  - *Potentially increases the level of spend being actively managed by 10% - information on system spend levels permits targeting of future procurements to areas with greatest potential savings*
  - *Potentially increases discounts on existing contracts by 2% by knowing total spend across system - can be used to negotiate better terms with current vendors*

- *No "soft savings" arising from staff impact is included in analysis*
  - *More efficient requisition & purchase order process*
  - *Better matching of purchase orders and invoices*
  - *Shift maintenance of vendor information to vendors, automating portions of process*
  - *Automate budget checking process prior to issuance of requisition*

- *Benefits are based on system wide analysis, therefore results can and will vary from institution to institution*

COST-BENEFIT OF PROPOSAL

	Industry Expected	Conservative	Really Conservative	Worst Case
Assumptions				
Total System Budget (FY 2013)	$ 2,789,643,200	$ 2,789,643,200	$ 2,789,643,200	$ 2,789,643,200
Goods & Services Budget Share	27%	22%	14%	10%
Goods & Services Budget Est.	$ 753,203,664	$ 613,721,504	$ 376,601,832	$ 278,964,320
% of Goods/Services Addressable	50%	33%	25%	25%
Addressable Spend Amount	$ 376,601,832	$ 202,528,096	$ 94,150,458	$ 69,741,080
Current Share of Addressable Spend:				
Fully on Available Contracts	50%	50%	50%	50%
Off Contract (Maverick)	20%	20%	20%	20%
No Contract Exists	30%	30%	30%	30%
Increase Level of Spend from:				
Maverick to On Contract	20%	20%	20%	20%
No Contract To Available Contracts	10%	10%	10%	10%
Improve Existing Contract Pricing by	2%	2%	2%	2%
System Costs (includes Banner Integrations)				
Annual	$ 772,754	$ 772,754	$ 772,754	$ 772,754
Implementation	$ 2,011,000	$ 2,011,000	$ 2,011,000	$ 2,011,000
5 Year Cost	$ 5,874,770	$ 5,874,770	$ 5,874,770	$ 5,874,770
5 Year Savings				
Contract Compliance	$ 1,202,000	$ 646,000	$ 312,000	$ 223,000
Strategic Sourcing	$ 27,567,000	$ 14,825,000	$ 7,147,000	$ 5,105,000
Total Savings	$ 28,769,000	$ 15,471,000	$ 7,459,000	$ 5,328,000
Savings Per Dollar Invested	**$ 4.90**	**$ 2.63**	**$ 1.27**	**$ 0.91**

NOTES ON INSTITUTIONAL COSTS

- *Current SciQuest schools only charged for Total Supplier Manager and Consortium Community products*
- *Remainder of institutions charged for HigherMarkets Express, Total Supplier Manager and Contract Consortium products*
- *Office of Access & Diversity has agreed to fund SciQuest implementation cost for TSM product given its potential to facilitate a more diverse supplier network*
- *Ellucian integrations cost for implementation includes 175 consulting hours per institution ($31,500 cost) – this amount that may not be required for each installation*
- *<u>IMPORTANT</u>: Pricing from SciQuest is based on System-wide adoption of all three products*

COMBINED COST – SCIQUEST & ELLUCIAN

Institution	SciQuest Total Annual	SciQuest Total Implement	Ellucian (Banner) Integrations Annual	Ellucian (Banner) Integrations License / Implementation	Diversity Funding Annual	Diversity Funding TSM Implementation	Grand Total Annual	Grand Total Implement
Austin Peay State University	$ 55,958	$ 97,748	$2,700	$50,250	$ -	$ (10,748)	$58,658	$137,250
East Tennessee State University	$ 3,758	$ 12,748	$0	$0	$ -	$ (10,748)	$3,758	$2,000
Middle Tennessee State University	$ 3,758	$ 12,748	$0	$0	$ -	$ (10,748)	$3,758	$2,000
Tennessee State University	$ 3,758	$ 12,748	$0	$0	$ -	$ (10,748)	$3,758	$2,000
Tennessee Technological University	$ 55,958	$ 97,748	$2,700	$50,250	$ -	$ (10,748)	$58,658	$137,250
The University of Memphis	$ 3,758	$ 12,748	$0	$0	$ -	$ (10,748)	$3,758	$2,000
Subtotal	$ 126,948	$ 246,488	$5,400	$100,500	$0	$ (64,488)	$ 132,348	$ 282,500
Chattanooga State Community College	$ 46,058	$ 87,748	$3,240	$46,500	$ -	$ (10,748)	$49,298	$123,500
Cleveland State Community College	$ 46,058	$ 87,748	$1,728	$43,500	$ -	$ (10,748)	$47,786	$120,500
Columbia State Community College	$ 46,058	$ 87,748	$2,592	$43,500	$ -	$ (10,748)	$48,650	$120,500
Dyersburg State Community College	$ 46,058	$ 87,748	$1,728	$43,500	$ -	$ (10,748)	$47,786	$120,500
Jackson State Community College	$ 46,058	$ 87,748	$1,728	$43,500	$ -	$ (10,748)	$47,786	$120,500
Motlow State Community College	$ 46,058	$ 87,748	$1,728	$43,500	$ -	$ (10,748)	$47,786	$120,500
Nashville State Community College	$ 46,058	$ 87,748	$2,160	$46,500	$ -	$ (10,748)	$48,218	$123,500
Northeast State Community College	$ 46,058	$ 87,748	$3,240	$46,500	$ -	$ (10,748)	$49,298	$123,500
Pellissippi State Community College	$ 46,058	$ 87,748	$2,160	$46,500	$ -	$ (10,748)	$48,218	$123,500
Roane State Community College	$ 46,058	$ 87,748	$2,700	$50,250	$ -	$ (10,748)	$48,758	$127,250
Southwest Tennessee Community College	$ 55,958	$ 97,748	$2,700	$50,250	$ -	$ (10,748)	$58,658	$137,250
Volunteer State Community College	$ 46,058	$ 87,748	$2,160	$46,500	$ -	$ (10,748)	$48,218	$123,500
Walters State Community College	$ 46,058	$ 87,748	$2,160	$46,500	$ -	$ (10,748)	$48,218	$123,500
Subtotal	$ 608,654	$ 1,150,724	$30,024	$597,000	$0	$ (139,724)	$ 638,678	$ 1,608,000
Tennessee Board of Regents Parent Office	$ -	$ 77,000	$1,728	$43,500	$ -	$ -	$1,728	$120,500
TOTALS	**$ 735,602**	**$ 1,474,212**	**$ 37,152**	**$ 741,000**	**$ -**	**$ (204,212)**	**$ 772,754**	**$ 2,011,000**

CONCLUSIONS & RECOMMENDATIONS

Conclusions

- *Combination of SciQuest products offers a solution to several system wide procurement challenges*
- *Adoption is consistent with TBR Strategic Plan Goals –*

  The TBR System and its institutions will achieve greater efficiency through such means as developing and adopting best practices, pursuing collaboration among institutions to achieve savings through elimination of unnecessary duplication and removing obstacles to competitiveness.
- *5 year cost benefit reflects positive return under reasonable assumptions (ranging from $1.27 to $2.63 for each dollar invested in products)*
  - *Does not include "soft" benefits*

Recommendations

- *Finalize system agreement with SciQuest establishing terms, conditions, and method for implementation at each institution*
  - *Execute agreement in July, 2012*
- *Each institution execute participation agreement by August 31, 2012*
- *Begin implementation late summer/fall 2012*
  - *Establish implementation timetable*

Proposed Guideline G-130

Subject: Limited English Proficiency

This guideline advises the Tennessee Board of Regents (TBR) Central Office and its constituent institutions, as recipients of federal funds, of the obligation under Title VI of the Civil Rights Act of 1964 to provide reasonable services to persons with Limited English Proficiency (LEP). The Department of Justice defines persons with LEP as "those individuals who have a limited ability to read, write, speak or understand English." Because English is not the primary language of these individuals, they may have a limited ability to function within the higher education setting. TBR and its institutions may encounter LEP persons in the form of international students, faculty, staff and other individuals seeking services and access to programs.

TBR Central Office and campus staff will post services available to LEP persons in highly visible areas and also provide trained personnel to provide meaningful services and access to programs for these persons. TBR Central Office and campus staff will promptly identify the language and communication needs of the LEP person who makes himself or herself known to the institution. TBR staff will then have options to address the LEP person's needs.
These options may include but are not limited to:

- **a)** Using language identification cards (or "I speak cards") or posters to determine the language
- **b)** Maintaining an accurate and current list showing the name, language, phone number and hours of availability of a staff interpreter, if applicable
- **c)** Contacting the appropriate staff member to interpret, in the event that an interpreter is needed and/or if an employee who speaks the needed language is available and is qualified to interpret;
- **d)** If necessary, obtaining an outside interpreter if a staff interpreter is not available or does not speak the needed language.

When translation of vital documents is needed, the appropriate Title VI Coordinator will submit documents for translation into frequently-encountered languages to the responsible staff person or interpreter. Documents being submitted for translation must be in final, approved form.

TBR Title VI coordinators will regularly assess the efficacy of these procedures, including but not limited to mechanisms for securing interpreter services, equipment used for the delivery of language assistance, complaints filed by LEP persons, and feedback from the public and community organizations.

Individuals who believe they have not been provided reasonable access to LEP services may file a complaint with the appropriate Title VI Officer within 180 days after the last incident of denial.