



The University of Oklahoma

OFFICE OF THE PRESIDENT

April 18, 2007

I am writing to you today to make you aware of a critical challenge facing the University: offering employees access to quality and competitive healthcare benefits as we continue to face ongoing, significant increases in the cost to do so.

I have heard from a range of faculty and staff constituencies regarding the magnitude of this problem. Employees with families feel they have borne a disproportionate share of health insurance premium increases over the past six years. At the same time, many employees with single coverage feel strongly that OU is responsible for paying their health insurance premiums in full, regardless of the level of premium increase the University must bear on their behalf. Some employees believe that those paid at higher salary levels should pay more for healthcare benefits; others feel that healthier employees should pay less.

It's clear that the OU family has differing viewpoints on this issue. However, I'm certain that on one point we can all agree: healthcare costs are taking up an ever-increasing share of our budget dollars—on a personal level and at the institutional level, as well. At the same time, we all expect the University to provide us with access to benefits that meet our personal healthcare needs.

Over the past few years, I've openly discussed with you the many challenges facing the University. I've explained the issues we face, and I've asked for your help in addressing them. Now, over the next few months, we will work to build a consensus and call to action on the healthcare front. ***Finding the correct balance for our priorities is critical.*** Healthcare benefits are a key component of our employees' total compensation package. These benefits are an important driver of faculty and staff satisfaction and morale; in addition, they drive the University's ability to recruit and retain the best available faculty and staff. Thus, our challenge is to ensure we have a health benefits program that provides *all* employees with access to quality healthcare, is competitive with our peer institutions and in the Oklahoma employment marketplace, and at the same time, is fiscally responsible.

What Actions Are We Taking to Address This Situation?

It is imperative for the University to explore our alternatives and identify ways to stabilize our healthcare costs and at the same time, to continue to provide competitive and quality healthcare benefits. At the recommendation of the University's Employee Benefits Committee (EBC), we are undertaking a high-level review of our healthcare strategy. I have appointed a panel of university experts that will manage the review process. They have engaged additional university faculty and staff and outside experts to ensure we build the broadest possible perspective into the recommendations and decisions that affect all of us. Faculty and staff on the "Contribution Strategy and Health Insurance Options Committee" are listed below.

The Committee's charge is to review and analyze our current healthcare plan designs, our funding strategies, our competitive position, and the possible effects that employee wellness programs and incentives might have on our current healthcare trends.

The Committee has begun its work and we can expect initial recommendations in early September. Watch for more information from the Committee soon regarding the scope of our review and the questions we intend to explore and answer.

Forging a Partnership with the OU Family

I encourage you to take an active interest in the University's healthcare review. We all must be open to the Committee's recommendations, be willing to understand why change is necessary, and be accepting of the sacrifices that may be required to stabilize our situation. Indeed, I believe we are all part of the solution, and forging a sense of partnership will be crucial to successfully addressing our healthcare challenges as we move forward.

You can start now by becoming a more active consumer of your healthcare benefits. Take advantage of the resources offered to you through OU Human Resources and your medical plan provider to understand how to use your benefits appropriately. You can take action by using generic versus brand-name prescription drugs when appropriate; by visiting your doctor instead of an urgent care facility or the emergency room; by asking your doctor about treatment alternatives; by working with your doctor and medical plan carrier to coordinate a hospital visit or help you manage a chronic health condition. And if you have questions or experience problems in working with your medical plan carrier, contact Human Resources immediately.

What To Expect Next

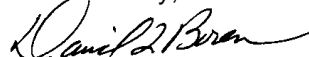
We face a challenging task—and I know you may feel uncertain about the future cost of our healthcare programs and how potential program changes may affect you. However, you should continue to expect that the University will offer you access to the best possible healthcare at the best possible cost. I have every confidence that our Committee, with input and guidance from key faculty and staff across the University, will work to design a compelling and responsible framework for delivery of the University's healthcare benefits going forward.

The Committee members and I are committed to communicating with you throughout all phases of the University's healthcare review. We welcome your ideas and input to this process. If you have questions or wish to express your views with the Committee, feel free to e-mail HealthcareOptions@ou.edu. We will provide you with answers to the most frequently raised questions on an ongoing basis. I look forward to talking with you about this critical work over the next few months.

Contribution Strategy and Health Insurance Options Committee

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| <p>Dr. Dewayne Andrews – Committee Chair Vice President for Health Affairs and Executive Dean College of Medicine. Health Sciences Center</p> <p>Dr. Peter Budetti Professor & Chair, Health Administration & Policy Health Sciences Center</p> <p>Dr. Tom Coury Retiree & Former Chair Employment Benefits Committee</p> <p>Dr. Robert Dauffenbach Associate Dean, Ctr. For Economic & Mgt. Research Norman Campus</p> <p>Theta Dempsey Director Parking Administration Norman & Health Sciences Center Campuses</p> <p>Alisa Dougless Managerial Associate I Arts & Sciences, OU-Tulsa</p> <p>Brenda Freese Senior Administrative Manager Department of Pediatrics – Health Sciences Center Employee Benefits Committee</p> <p>Dr. Don Harrison College of Pharmacy Health Sciences Center</p> | <p>Nick Hathaway Vice President for Administrative & Executive Affairs Norman Campus</p> <p>Julius Hilburn OU Director of Human Resources</p> <p>Joan Koos Financial Associate II, Housing and Food Services Norman Campus</p> <p>Dr. William Matthews Chair, Zoology Norman Campus</p> <p>Dr. Darryl McCullough Chair, Employee Benefits Committee; Professor, Mathematics Norman Campus</p> <p>Dr. Julie Miller-Cribbs Associate Professor, Social Work OU –Tulsa</p> <p>Dr. Gary Raskob Dean, College of Public Health Health Sciences Center</p> <p>Ken Rowe Vice President for Administrative Affairs Health Sciences Center</p> |
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Sincerely,



David L. Boren
President