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MEMORANDUM

DATE: May 2, 2012

TO: Cathy Cahill, President  
Faculty Senate

FROM: Pat Gamble, President *PKG*

RE: Faculty Senate Resolution 182

This memo is in response to the UAF Faculty Senate resolution passed at meeting #182, April 2, 2012.

Thank you for the Faculty Senate input into the proposal that the University of Alaska not hire tobacco users as a long-term cost reduction to overall UA healthcare. I accept your resolution in opposition to the proposal. (Although it has become clear to me that the direction national healthcare is taking will, in fact, in the future, routinely place a personal healthcare cost on individual lifestyle choices ...a cost that is currently absorbed by the entire baseline of employees.) I also accept your observation that other avenues for cost reduction have not been explored. To that end I have approved a formal suggestion by the Staff Alliance to form a small independent task force to examine the multitude of non-traditional concepts you referred to that could replace our current pay-as-you-go process. In the meantime, HR has been directed to go back and, with JHCC, review suggestions made by a consultant a couple of years ago that were either rejected or not fully implemented at that time, to see if they have application today under our present more acute circumstances.

To be clear, nothing has been decided yet and constructive, viable suggestions (of which there are several so far) will get a full and fair vetting by Governance. It's important to keep in mind as we all wrestle with this burden that the costs we share for healthcare are the accumulation of actual individual medical charges for treatment. The university pays the provider directly as the bill comes in. The only fundamental way to significantly reduce those costs is to require less medical care. If we can't find a way to acknowledge

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that and deal with it in our potential solution search, we will continue to lose ground to the increasing cost of growing medical bills.

I am committed to working this problem in a search for both near and long-term successful solutions with UAF Faculty Senate, JHCC, and all the Governance advising groups. Please thank your members for me for their contributions.

Warm regards,

PKG

cc: System Governance Office  
Donald Smith, Interim Chief Human Resources Officer