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RALEIGH — The next president of the University of North Carolina likely will earn $350,000 to $450,000, although that figure could go higher, a panel of the presidential search committee recommended Monday.

The proposed range is less than the $500,000 compensation recommended by Washington-based consultant Bill Weary, president of Fieldstone Consulting. That's almost $200,000 more than the salary of the current system president, Molly Broad, who also receives a car and a house as compensation.

"We are not automatically going to (pay what) the consultants are saying that we need to, we are thinking about it very carefully," Wilson said in an interview before the subcommittee's teleconference meeting. "We can't change what the reality is. We're not making this up, we're being told what is being paid in universities of comparable size, and some significantly smaller."

For example, Maryland's university system is smaller than UNC, but the president's annual salary is more than $477,000, Wilson said.

"I was surprised that the higher education market now is in that place," Wilson said. "We have now had the opinion of four consultants, all of whom say that to attract the type of candidate we (desire) to North Carolina, we shouldn't be surprised that it costs $475,000 to $500,000."

The panel's salary recommendation will go to the full search committee, which will forward its recommendation to the UNC Board of Governors in August.

UNC can keep the cost of hiring a president down by hiring someone within the state, said John Hood, president of the John Locke Foundation, a conservative think tank.

"This is not a Fortune 500 company for which the hiring pool is national or international, that is the completely wrong model to apply here," he said.

The UNC system is crafting a leadership statement to help clarify what it's looking for in a presidential candidate. The wish list included strong leadership abilities, an understanding and appreciation of North Carolina, a grasp of the issues facing higher education, and a solid political judgment.

Hood said he opposes the dramatic pay increase because it's difficult to measure whether a university system president is a success.

"It is a common practice to look at comparable salaries when pegging a proposed salary, the problem is that public university systems are not like other jobs," he said. "When we evaluate the rate of the return for a CEO of a new company, we have something to go on, it's going to be profitable or it won't. With a UNC president, the available outcome measures are at best intermediate."
N.C. government works on prescription drug balancing act

State workers say efforts to cut drug costs cause pain.

By Gary D. Robertson
The Associated Press

RALEIGH — Elizabeth Linney took the same expensive drug for her rheumatoid arthritis for two years, until the new company that manages prescriptions for state employees told her no.

Linney is among hundreds of state workers who say an effort by the state employee health insurance plan to cut prescription drug costs is hurting their quality of life or their wallets.

The 48-year-old worker at Elizabeth City State University stopped taking her medication, Humira, temporarily until the North Carolina State Health Plan last week overruled prescription manager Medco and allowed her to keep getting the weekly injections.

The drug usually costs $2,500 a month, Linney said, but the health plan decided the benefits she received still made it worthwhile for her to keep getting it, for just a $40 copay.

“If we can’t save money that way, it’s only going to come out of the members’ pockets. And that’s an unfortunate reality.”

First, thousands of worried plan members believed they would now have to buy their drugs through the mail. That wasn’t true. An optional mail-order application that went out in a letter announcing Medco’s hire apparently prompted the confusion.

Then employees got a surprise when they couldn’t get their prescriptions filled for popular or expensive drugs.

As with Caremark, many of these drugs required prior authorization by Medco before the prescriptions could be issued.

The patient’s physician must first fill out paperwork explaining why the drug is necessary. Medco approves or denies the prescription, or might recommend a cheaper alternative.

There was no instance that a member did not have immediate access to a necessary medication,’ Leone said. Otherwise, she added, this “was actually a very smooth installation.”

Others disagree.

“T can’t recall as many complaints and these guys have had this contract a short period of time,” said Rep. Thomas Wright, D-New Hanover, co-chairman of the joint legislative committee that sets premiums and policy for the health plan. “The complaints are coming like an avalanche.”

Julia Wooten, a Department of Health and Human Services employee in Raleigh, was surprised when she was told that her husband should try the over-the-counter version of the stomach acid reducer Prilosec, instead of the more expensive prescription of Pravacid recommended by his doctor.

For now, Jerry Wooten is trying a generic form of Prilosec.

“T here should be no question that it’s between the patient and the doctor,” she said. “There should be no denial of prescriptions.”

The Division of Medical Assistance, which runs the state’s $7.3 billion Medicaid program, also requires prior authorization before giving any of 16 types of Medications.

But a performance audit released July 1 by State Auditor Les Merritt suggested that the $12.3 million in cost savings generated by the current prior approval procedure may not be worth the expense of operating it.
When appeals are taken into account, 88 percent of approval requests are approved. And each of the prior authorization calls to its pharmacy benefit manager cost the program on average $18.

"Thus, this cost containment measure no longer be beneficial," Merritt's office wrote in a 57-page report that was largely positive about other cost-containment measures, which have saved $250 million overall since 2002.

Legislators, meanwhile, have appeared to reach a compromise in the upcoming state budget on another method to attempt to curb prescription drug costs, which account for 20 percent of Medicaid.

Current law limits most patients to receiving no more than six prescriptions per month, with exceptions. But Merritt's report said some believe it's outdated because even a single ailment can be treated with multiple drugs.

The compromise asks HHS to create a limit of four brand-name prescriptions and no less than eight drugs overall in a month, with no exceptions.

"Our goal is not just to contain costs but actually to improve a patient's health," said Rep. Verla Insko, D-Orange, co-chair of the House human resources subcommittee.
Hospital official added to EMS study

By Ginger Livingston
The Daily Reflector

A hospital official was added Monday to a committee that will study the operation of the county EMS system.

Thomas J. Czapilski, Pitt County Memorial Hospital vice president of patient care services, was named the sixth member of the committee approved by the Pitt County Board of Commissioners during its Monday meeting.

The commissioners have created the committee — which also will include three commissioners, a member of the county Emergency Medical Services Advisory commission and a representative of the business community — to examine how EMS is delivered to all areas outside of Greenville and if there is a way to improve services.

Commissioner Beth Ward recommended adding Czapilski, saying the hospital should be represented during the discussion and Czapilski has experience because he serves on the county EMS advisory commission. The commissioners unanimously voted to form the committee after discussing the need to change EMS delivery during budget discussions in May.

Commissioner John Minges also volunteered to be one of three commissioners who will serve on the body. The board will finalize the committee’s makeup during its Aug. 1 meeting.

In May, staff recommended consolidating the Fountain and Farmville EMS units and raising the EMS tax by 1 cent to meet the system’s proposed operating budget. The board did not opt to transfer additional money out of the county’s general fund into the EMS budget.

At the time, several commissioners said they thought turning EMS operations over to a private provider would be more cost-effective than maintaining the current system, which uses a combination of county funded employees and non-profit squads working together.

County Manager Scott Elliott said the commissioners’ committee has six areas of study, including:

- Maintaining the existing system, two county-operated units with eight units managed by nonprofits, which will need subsidies from the county general fund;
- Realigning and/or consolidate squads;
- Privatizing EMS service;
- Having the county operate an emergency-only service;
- Having the county operate a service that responds to emergencies and profitable transport calls, a scenario that would require revoking franchises the county already has with several for-profit companies; and
- Asking the hospital to operate the EMS system.

Dave McRae, chief executive officer of University Health Systems of Eastern Carolina, which owns Pitt hospital, would not speculate on his organization’s interest in running the county’s emergency transport system.

“We have a long history of being at the table on issues that involve helping the county deal with emergency medical transportation,” McRae said. “We continue to support the county in these efforts. We have not been formally asked to consider any modifications to the county’s current plan for emergency transportation.”

Also during Monday’s meeting:

- The board unanimously approved changing the zoning of 1.13 acres near the intersection of U.S. 13 and Speight Seed Farm Road to general commercial use. The land, owned by former state senator Tony Moore, was previously zoned for rural agriculture.
- The commissioners decided to implement the county’s new animal nuisance ordinance on Aug. 1.

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College trains laid-off workers

Many hired after learning new skills

THE ASSOCIATED PRESS

JAMESTOWN—With textile and furniture jobs continuing to dwindle, community colleges have focused on training people for work in new industries.

In 18 months, Greensboro Technical Community College has enrolled more than 1,000 people in one of 22 courses offered through their Quick Jobs With a Future program. About 600 have been hired in new fields.

The college started the program to help laid-off workers get computer, administrative and clerical skills in a hurry. The courses also train for specific production and warehouse jobs in the Triad, which includes Greensboro, Winston-Salem and High Point.

The region lost 2,500 furniture manufacturing jobs in 2003 and 2004 and about 2,100 in textiles and hosiery over that time, according to the state Employment Security Commission.

Quick Jobs aims to complete the training in 90 days or less to get the participants back into the work force quickly. Most classes meet a few hours a day for up to three months.

The school wants to expand the program to training for 60 occupations by 2007, enroll about 3,000 students over three years, and have an 80 percent job-placement rate of Quick Jobs graduates.

Billy Patterson, who enrolled in the Quick Jobs program after he lost his job at a South Carolina textile plant in 2003, said he was offered several jobs after completing his course.

"I never seemed to be able to find a job that was good for me," Patterson said of his experiences before enrolling in Quick Jobs. "But now I have choices."

In May, he started working at the new Thomas Built Bus plant. The Quick Jobs program also has attracted stay-at-home moms looking for a new career, older workers fearful of losing their jobs before retirement and those looking for a second career.

However, many workers find the new entry level jobs don't offer the same salaries and benefits as their old jobs, coordinator Bob Plain said.

The Quick Jobs program's success will ultimately depend on the health of the Triad's economy, Plain said. With slow retail growth, many employers are cautious about hiring.

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NIGHT METRO

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UNC leader could earn $450,000

Setting a pay range for the system's next president might help in realistic recruiting.

BY JANE STANCILL
STAFF WRITER

In a meeting that sounded at times like an auction-house bidding contest, a UNC panel recommended Monday that the system's next president make between $350,000 and $450,000. If Monday's subcommittee discussion is any indication, the presidential paycheck is likely to be at the high end of that range. Some members advocated $325,000 at the low end, while others wanted to go as high as $475,000.

No one suggested cracking the half-million-dollar mark — a figure that was floated to West Virginia on a June 27 letter by UNC Board of Governors Chairman Brad Wilson.

Wilson leads the UNC search committee in the hunt for a successor to retiring UNC President Molly Broad. In the letter, Wilson quoted one consultant who said the UNC system would need to offer $500,000 to secure a qualified candidate.

Broad's current salary is $312,504.

The recommended pay range could have a significant effect on the sensitive dance that is the recruitment of a high-level university president.

The maximum dollar figure will be interpreted as just that, said Jerry Baker of Baker-Parker, a consulting firm hired recently by UNC to help conduct the search.

The UNC president's salary "needs to reflect the prestige" of the university system, Baker said. But he added, "Let's be careful, and let's be realistic."

Some panel members suggested that making a pay range public could hamper all future negotiations. But Baker said he needed to know a salary range so he wouldn't aggressively recruit presidents who are paid $600,000 or $700,000 elsewhere.

A spreadsheet presented to subcommittee members showed pay packages for university presidents that looked more like those of corporate executives. In a UNC-compiled list of 28 public university system presidents and public flagship campus presidents, the median total compensation was $450,000, and the average total compensation was $488,000.

In that list, 10 public university presidents made more than $500,000.

In a report last year, the Chronicle of Higher Education documented the escalation of university presidential pay. Among 131 public university presidents, Broad's pay ranked 74th, according to the Chronicle. UNC-Chapel Hill Chancellor James Moeser's annual salary, $274,797, was 102nd in the list.

Broad, Moeser and each of the other UNC chancellor receive a car and house in addition to their paychecks.

Amanda Devore, the student representative on the UNC search committee, said Monday that she was uncomfortable with the notion that a public university leader would be motivated by the size of a paycheck. When $475,000 was urged for the top of the range, she bristled, "Could we make it 450?"

Ben Ruffin, former UNC board chairman, agreed with Devore. But he added that the search committee always has the option of seeking approval from the UNC board for more money if an offer to a particular candidate falls short.

"Whatever number we come up with is a negotiable number anyway," he said.

The subcommittee's recommendation could go to the full UNC search committee as soon as next week. The full UNC board could be asked to approve it next month.

Also Monday, the subcommittee reviewed other terms of the next president's employment. Here are some of the terms:

- The UNC board chairman would make the call on approving any external pay for corporate board memberships.
- UNC will provide a car and a house, including maintenance, housekeeping and groundskeeping.
- UNC will reimburse for moving expenses.
- UNC will provide a membership in the Carolina Club at UNC-Chapel Hill for business entertainment.
- If the president is fired without cause or resigns after five years' service, he or she could receive certain benefits, such as at least 90 days of severance pay or a one-year paid research leave before taking a faculty job at 60 percent of the presidential salary.

Presidential Pay

Among 28 institutions selected by UNC, the median total compensation in 2004-05 was $450,000, and the average was $488,000.

From that list, here are a few examples of total compensation for presidents. Some are system presidents; others are presidents of specific campuses:

- University of California system: $423,666
- University of Florida (Gainesville campus): $450,000
- University of Illinois system: $335,000
- University of Texas system: $651,400
- University of Washington: $762,000

Sources: University of North Carolina, Chronicle of Higher Education

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