

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
OCTOBER 6, 2011

[In these minutes: RFP Update, Mid-Year UPlan Performance Update, Over Age 65 2012 Retiree Medical Rates and Plan Changes, Medical Premium Relief Program Application,

[These minutes reflect discussion and debate at a meeting of an Office of Human Resources committee; none of the comments, conclusions, or actions reported in these minutes represent the view of, nor are they binding on the Office of Human Resources, the Administration, or the Board of Regents.]

PRESENT: Richard McGehee (chair pro tem), Pam Enrici, William Roberts, Tatyana Shamliyan, Dale Swanson, Patricia Miller, Jennifer Schultz, Sandi Sherman, Nancy Fulton, Joseph Jameson, Karen Lovro, Michael Marotteck, Roger Feldman, Judith Garrard, Fred Morrison, Theodor Litman, Rodney Loper

REGRETS: Gavin Watt, Jody Ebert, Carl Anderson, Amos Deinard, Dann Chapman

ABSENT: Sara Parcels, Kathryn Brown, Aaron Friedman, Keith Dunder

OTHERS ATTENDING: Linda Blake, Karen Chapin, Ryan Gourde, Shirley Kuehn, Kathy Pouliot, Kelly Schrotberger, Curt Swanson

I). Professor McGehee called the meeting to order and welcomed all those present.

II). Ms. Chapin reported that Employee Benefits is in the process of issuing a Request for Proposal (RFP) for human resources consulting and data warehousing services. Employee Benefits issues a RFP for these services at regular intervals. Professor Morrison and Mr. Watt will be assisting Employee Benefits with this process. In addition, Employee Benefits is giving serious consideration to outsourcing its Flexible Spending Account (FSA) services, and has issued an RFP for this service as well. Outsourcing this service would give the University the ability to offer a debit card as well as other features that it is currently unable to offer by providing the service internally.

As part of the RFP process, will the University be looking to identify a single vendor to manage both the FSA and HSA debit cards, asked Dale Swanson? Ms. Chapin stated that this could be considered if the HSA pool were larger. Currently, there are only about two hundred HSA participants, which would not make it feasible to do at this time. She stated that during the RFP process, the University will ask vendors who respond if they have this capability so at some point in the future (assuming the HSA pool is sufficiently large enough to make it worthwhile) the University could use a single vendor for both the FSA and HSA debit cards.

Bill Roberts commented that he thought it was unusual that the recent *U & Your Benefits* newsletter did not explicitly highlight the substantial medical and dental rate increases for 2012, particularly for employees who want to continue with HealthPartners coverage. He then shared an example to highlight his point. Ms. Chapin thanked him for his feedback and noted that on page five of the newsletter there was an entire article about the cost shift. While it was made clear that the percentage employees will be paying for their premiums will be increasing, Mr. Roberts felt that the impact in terms of provider choices and availability of HealthPartners' providers may not have been communicated as clearly as it could have been.

Sandi Sherman stated that she finds it curious and unacceptable that University of Minnesota Physicians (UMP) is available through the base plan (Medica Elect & Essential), but that it is a tier three provider in Insights by Medica.

III). Next, Professor McGehee called on Ryan Gourde, Health Programs Financial Manager, to share the mid-year UPlan performance information. A handout to supplement his presentation was distributed. Highlights from his presentation included, but were not limited to the following:

- Three sets of metrics are used to report on the UPlan's performance: 1). Overall financial metrics; 2). Medical utilization metrics; and 3). Pharmacy program metrics.
- Comparing second quarter year-to-date 2010 with 2011, medical claims rose 4.2%, pharmacy claims rose 5%, and other expenses increased by 5.8%. While the total increase is unfavorable when compared to overall inflation, compared to medical inflation the increase is reasonable.
- The UPlan cost per employee per year rose 5.6% from second quarter 2010 to second quarter 2011, but the per member per year cost rose only by 3.5%. This difference is attributable to the fact that the University's employee population is decreasing ever so slightly, while more UPlan dependents are being covered by the plan.
- For UPlan dental, comparing second quarter 2010 with second quarter 2011, the cost per employee increased by 0.8%, but on a per member per year basis the cost went down by 0.9%.
- Budgeted versus actual expenses from UPlan inception (2002) to date illustrate that UPlan expenses are being accurately projected from year to year.
- The UPlan is realizing a significant discount from Medica and HealthPartners.
- Outpatient office visits generally spike in the fourth quarter.
- The UPlan is averaging approximately four emergency room visits per 100 lives per quarter.
- With regard to pharmacy metrics, specialty drug expenditures continue to increase.
- Approximately seventy-five percent of all filled prescriptions are generic. Brand drugs are significantly more expensive for both the UPlan and plan participants to use. Generic drug use will continue to be encouraged.

Members' comments/questions:

- Consider age adjusting the top 20 drug products used by UPlan members.
- Monitor hospital readmissions statistics. Mr. Gourde stated that the University's wellness vendor is encouraging the University to ask providers for this information. Ms. Chapin stated that she believes Professor John Nyman who is looking at the return on investment (RIO) data for the wellness program may be looking at this data.

Professor McGehee thanked Mr. Gourde for his presentation.

IV). Professor McGehee introduced the next agenda item, over age 65 retiree medical rates and plan changes. To supplement her presentation, Kelly Schrotberger, assistant health programs manager, distributed a chart with the 2011 – 2012 premium and benefit change information. Highlights from her presentation included:

- Office visit co-pays will increase from \$10 to \$15 and brand prescription co-pays will increase from \$25 to \$30 for the over 65 retiree medical plans with co-pays (Medica Group Prime Solution, HealthPartners Freedom Plan, HealthPartners National Plan and U Care for Seniors). In addition, the catastrophic benefit level for these plans will change to the lesser of the drug cost or \$10 for generic drugs and \$30 for brand copays.
- 2012 rate decreases for all the plans except U Care for Seniors ranged from 2.9% to 5.1%. U Care of Seniors increased by \$1/month (0.4%) from 2011 to \$244/month per retiree.
- The catastrophic pharmacy benefit level for all plans will increase to \$4,700 from \$4,550.
- For Blue Cross Blue Shield (BCBS), the catastrophic benefit level copay for generic drugs will change to the greater of \$2.60 or 5% coinsurance, and the copay for brand drugs will change to the greater of \$6.50 or 5% coinsurance.
- Medica Group Prime Solution plan changes will include:
 - The “gap wrap” concept will be implemented beginning in 2012. Under this scenario, members continue paying their prescription copays through the donut hole rather than receiving the drug manufacturer's discount.
 - The hearing aid allowance will increase to \$500/year from \$450.
 - Medical and pharmacy out-of-pocket accumulations will be separated (medical = \$1,000 and pharmacy = \$2,000).
 - A pilot will be conducted, which will allow retirees to view their post-enrollment materials online (this will be an opt-in program).
- HealthPartners National Plan has been renamed “HealthPartners Retiree National Choice Plan.”

In closing, Ms. Schrotberger distributed copies of the retiree newsletter for informational purposes.

Member question:

- Under the “gap wrap” scenario, does the plan get the manufacturer's discount in the donut hole? Yes, stated Ms. Chapin, the plan gets the manufacturer's discount in the donut hole. This plan change provides a significant rate reduction for the

plans that are able to implement it. Members continue to request that Employee Benefits do whatever it can to reduce plan rates even if it means some adjustment to the benefits.

Hearing no other questions, Professor McGehee thanked Ms. Schrotberger for her presentation.

V). The next agenda item is a review by the committee of the draft application for the Medical Premium Relief Program, noted Professor McGehee. He then called on Mr. Gourde to walk members through the draft application. Mr. Gourde highlighted the following:

- Eligibility requirements for the Medical Premium Relief Program include:
 - Must be enrolled in UPlan medical on January 1, 2012.
 - Must have an active appointment as of January 1, 2012. Qualified applicants must also be receiving a paycheck in order to receive a biweekly payment.
 - Must have a 2010 household income at or below the dollar amounts listed on Attachment A.
- In addition to completing the application for the Medical Premium Relief Program, applicants must provide a copy of their 2010 federal tax form. Due to the highly confidential nature of the materials needed to process the application, once 2010 income has been verified, the tax return will be destroyed. Only the application will be retained in Employee Benefits.
- Although there is not a due date for submitting the application, the full relief payout will be received only if applications are submitted by December 15, 2011. People who apply after this date will receive their payouts as soon as it is administratively possible, but the payouts will not be retroactive to the first pay period in 2012.

Members' questions/comments:

- Do UPlan members need to turn in their entire 2010 tax return along with all the schedules or are the first two pages sufficient? Submitting schedules is not necessary. State tax forms do NOT need to be submitted with the application.
- All bargaining unit employees should be eligible to get a refund regardless of their household income.
- What happens, for example, if a UPlan members' spouse gets laid off in the middle of the year, and, as a result, joins the UPlan and qualifies for the Medical Premium Relief Program? UPlan members can apply for the program at any point throughout the year, noted Kathy Pouliot.
- How will this program be rolled out in terms of communication? Ms. Chapin stated that an announcement about the program will be sent out around open enrollment time.
- How much money does the University have budgeted for this program? Mr. Gourde stated that the University is still in the process of determining the exact funding source/stream for this program. Ms. Chapin added that the University is paying for the program and NOT the UPlan.

- Why does the University have a waiting period before they receive health benefits? Previously, the University had a six-week waiting period, but now coverage begins the first of the month after the date of employment, noted Ms. Chapin, which is very typical in the marketplace. Another member echoed the concern about the waiting period, which she felt was problematic when trying to recruit new faculty. Ms. Kuehn noted that new hires are eligible to purchase waiting period medical coverage, which covers employees and any dependents beginning on the first day of employment until regular coverage begins. Ms. Chapin stated that the current waiting period was instituted for a variety of reasons, including cost, time needed to get people enrolled, and alignment with marketplace offerings. With that said, Employee Benefits can take another look at whether the current waiting period should be modified and report back to the BAC; however, with current funding constraints, now is likely not the best time to propose such a change.
- Can the Medical Premium Relief Program payment be applied directly toward an employee's out-of-pocket premium so it could be tax-free? Professor Morrison stated that this is not possible due to the provision in the plan document requiring a uniform benefit plan for all participants.

In closing, Ms. Chapin requested that members contact Ryan Gourde if they have any suggested changes to the draft application form within one week so the form can be finalized.

VI). Professor McGehee introduced the next agenda item, the UMP health plan billing process changes. Ms. Chapin explained that there is a possibility that UMP may start billing differently for outpatient surgical services, however, because this has not yet been finalized, UMP has requested that the University hold off on talking with the BAC about this matter until a final decision has been made.

VII). Ms. Chapin announced that meetings have been set up for U Classic Plus by HealthPartners members to meet with Medica representatives to get their questions answered about how the University's decision to move to a single health plan administrator in 2012 will impact their open enrollment choices. Due to the strong interest in these meetings, additional meeting times have been added, and will continue to be added as needed. A handout with the meeting dates, times and locations was distributed to members.

In the past week, reported Ms. Chapin, Employee Benefits has received 686 calls and responded to 220 emails about the UPlan medical changes for 2012. Approximately, 80% of these inquiries were about the meetings with Medica, 20% of the inquiries had to do with benefit changes and the remaining 10% of the inquiries were miscellaneous open enrollment questions. She then asked members what they have been hearing from their constituents about the health benefit changes for 2012. Members' comments/suggestions included:

- U Classic Plus by HealthPartners members with children are concerned about the possibility of having to find a new pediatrician, assuming they cannot afford to

elect Insights by Medica, and having to elect the base plan. A number of parents feel strongly that continuity of care for their children is even more important than continuity of care for themselves.

- Information about the availability of HealthPartners providers through the HSA plan is very limited. Ms. Chapin stated that Employee Benefits will make sure that Medica has someone at each of the meetings who is knowledgeable about the HSA plan in terms of HealthPartners providers and their availability in the plan.
- Many UPlan members are not paying attention to the significant changes that will take place in 2012. The University needs to be more obvious in its communications about the cost and benefit changes for 2012.
- Design a simple spreadsheet that UPlan members can use to calculate what the 2012 changes mean in terms of dollars and sense for them.
- The BAC should communicate with the University community via a mass email telling them to pay attention to open enrollment for 2012 because this is NOT a normal open enrollment.

Members agreed that the BAC should communicate about the 2012 medical and dental benefit changes to the larger University community. Professor McGehee, chair pro tem, stated that he would talk with Mr. Watt about this request, and that something would be drafted.

VIII). Hearing no further business, Professor McGehee adjourned the meeting.

Renee Dempsey
University Senate