BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
SEPTEMBER 20, 2012

[In these minutes: Announcements, 2013 Tier Changes for Insights by Medica, 2013 Medical Premium Relief Grant Program Update, 2012 UPlan Performance Report (period: January – June 2012), Wellness Program Update, Dependent Eligibility Verification Update, Consult A Doctor 24/7, UPlan Changes Resulting From Affordable Care Act, TRUEresult Meters]

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

PRESENT: Tina Falkner (chair), Pam Enrici, Tatyana Shamliyan, Dale Swanson, Jody Ebert, Sara Parcells, Jacqlyn Price, Jennifer Schultz, Sandi Sherman, Nancy Fulton, Susann Jackson, Joseph Jameson, Carl Anderson, Roger Feldman, Judith Garrard, Richard McGehee, Fred Morrison, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Karen Lovro, Amos Deinard, Aaron Friedman

ABSENT: William Roberts, Kathryn Brown

OTHERS ATTENDING: Karen Chapin, Kurt Errickson, Betty Gilchrist, Ryan Gourde, Kelly Schrotberger, Jill Thielen, Jody Thronson

I). Tina Falkner called the meeting to order and welcomed all those present.

II). Ms. Falkner noted that the State of Minnesota recently completed its dependent eligibility verification project. The outcome of this project will reportedly save the state a fair amount of money and also demonstrates that the state is being a responsible steward of its financial resources.

Ms. Ebert commented that AFSCME has filed a fair number of grievances protesting the State's decision to drop health insurance coverage on some dependents. The final savings have yet to be determined pending the outcome of the grievances that have been filed.

In response, Ms. Chapin stated that as part of the University's Dependent Eligibility Verification (DEV) project, employees will have the opportunity to appeal if they believe their dependent(s) were wrongly dropped from the plan. Mr. Chapman added that Employee Benefits is going the extra mile and calling employees who have not responded to the Phase Two DEV inquiry.

Professor Garrard stated that it would be an interesting academic exercise to follow-up and see what happens to those who lost coverage. Mr. Chapman agreed that it would be a good academic exercise.

Moving on, Ms. Falkner also reported hearing an interesting piece on public radio on wellness programming. She noted that an increasing number of employers are establishing or looking into establishing wellness programs and having their employees take a vested interest in their health.

Ms. Enrici expressed frustration with the length of time it takes StayWell to record wellness points. While she understands it takes time to process paperwork, this should be made more clear on the various websites so people realize they have to get their points in early so they get their points recorded before the deadline. Ms. Chapin noted Ms. Enrici's concern and stated that for next year this will be made clear. Ms. Falkner added that it should be better next year because employees will have more time to earn points than they did this year.

III). Ms. Falkner reported that the University was informed that University of Minnesota Physicians (UMP) will be moving from a tier 3 provider in Insights by Medica to a tier 2 provider. This change will go into effect January 1, 2013.

Ms. Chapin distributed a handout that outlined the 2013 tier changes for Insights by Medica. She noted that the St. Luke's Care System will be moving from tier 2 to tier 3. While this is disappointing news, it should not be too big of an issue for Duluth employees because St. Luke's Care System is available through Elect/Essential.

IV). Next, Ms. Falkner called on Ryan Gourde, health programs financial manager, to provide information on the 2013 Medical Premium Relief grant program. He distributed a handout to supplement his presentation. Mr. Gourde reported that the University has extended the 2012 Medical Premium Relief (MPR) grant program through June 30, 2013. Other salient highlights noted by Mr. Gourde included:

- 2012 MPR program participants do not need to reapply for 2013; participants will be automatically rolled into the program for 2013, assuming their medical coverage tier has not changed from 2012 to 2013.
- This grant extension will be prorated and payable over 13 pay periods as a medical premium credit. Grant amounts will range from $100 to $225.
- If an employee is enrolled in the 2012 MPR program and his/her income fell from 2010 to 2011, these individuals should consider applying for the 2013 program given they may qualify for a higher relief amount.
- Employees who qualified for the 2012 program, but did not apply, can still apply for the 2012 program and start receiving premium relief pending approval of their application.
- Employees who did not participate in the 2012 program must apply and be approved to get the 2013 premium credit amount.
- To apply for the 2013 premium credit, employees must complete an application and submit their 2011 federal tax form.

Ms. Enrici stated that she is glad that the University extended the program. Mr. Chapman stated that it was President Kaler's decision to do so.

Ms. Jackson asked whether the University knows which employees are getting the cost of their health care reimbursed from MinnesotaCare. Mr. Gourde stated that this is a good question, but he did not know.

V). Ms. Falkner called on Mr. Gourde again and asked that he walk members through the 2012 UPlan performance report. A handout to supplement his presentation was distributed to members. Presentation highlights included:

- Year-to-date medical claims for the first two quarters of 2012 increased by 0.3% over the first two quarters of 2011. For this same period, pharmacy claims declined by 6.5% and other expenses increased by 4.0. Overall, comparing the first two quarters of 2011 with that of 2012, the total UPlan expenses declined by 0.4%.
- Claims are increasing slightly.
- Through second quarter 2011, each employee on the UPlan cost the plan $12,150, but this increased to $12,322 in the second quarter 2012, which represents a 1.4% increase.
- From 2009 through 2011, the member paid percentage of the medical plan was about 3.8%, and as of second quarter 2012 this number rose to 4.7%.
- Approximately 20% of UPlan members generate about 80% of the claims.
- Top 10 high cost diagnosis categories are: 1). Musculoskeletal and connective tissue, 2). Factors influencing health status, 3). Mental disorders, 4). Circulatory system, 5). Nervous system, 6). Endocrine, 7). Digestive system, 8). Skin, 9). Ear, mouth and throat, and 10). Respiratory system.
- Regarding the dental plan, comparing data through second quarter 2011 with data through second quarter 2012, there was a 3.9% cost increase per employee per year.
- The inception to date cash position of the UPlan is regularly monitored.
- From 2009 through 2011, the member paid cost per script ranged from 11.8% – 12.3%, and is currently at 14% through the first two quarters of 2012.
- While less than 1% of UPlan member scripts are for specialty drugs, the total paid for these drugs is just over 26% of all scripts. Specialty drugs are very expensive.
- In 2005, 50.4% of filled scripts were generic, and now in 2012 (year-to-date), 77.5% of filled scripts are generic.
- A list of the UPlan's top 20 drugs by total cost was highlighted. The top five drugs include: 1). Humira, 2). Copaxone, 3). Enbrel, 4). Adderall, and 5). Advair Diskus.

Members' questions/comments included:

- Who pays for the Medical Premium Relief (MPR) payments? Mr. Gourde stated that the department where the person works pays for the MPR payment.
- Please bring back more detailed information about what is included in the "other expenses" category.

- When will the $65 Wellness Rewards go away? Mr. Chapman stated that the $65 Wellness Rewards will end as of September 30, 2012 because the new premium reduction program for 2014 runs from October 1, 2012 through August 31, 2013.
- Can employees still earn points for a premium reduction in 2013? Ms. Thielen noted that the opportunity for people to earn points for a reduction in their 2013 premium wrapped up on August 31, 2012. Again, the new premium reduction program for 2014 will start on October 1, 2012 and run through August 31, 2013.
- Given that musculoskeletal and connective tissue problems are the top diagnosis category, the University should consider promoting the use of sit/stand work stations.

VI). Moving on, Ms. Thielen, Wellness Program administrator, provided a Wellness Program update. She began by noting that the Wellness Points Bank will be re-launched on October 1, 2012 and run through August 31, 2013 for UPlan members to earn a medical premium reduction in 2014. Highlights from Ms. Thielen's presentation included:

- The Wellness Assessment will be available again starting October 1. Employees must complete the assessment by January 31, 2013 in order to earn the 100 points.
- The point value for the medical condition management health coaching has been increased to reflect the effectiveness of this program. The conditions covered under this program include diabetes, asthma, COPD, heart failure and coronary artery disease.
- The point value for Fit Choices and the Bicycle Commuter Program were increased from 50 to 75 points. In addition, because the program year is longer than last year, the number of months people need to go to their fitness center has increased from five to six and the number of bicycle trips has been increased from 40 to 50.
- A new program, Wellness My Way, is being added, and will be worth 50 points. This program is designed to give credit to people who are already exercising outside of the programs offered through the Wellness Program, e.g., running a marathon. Documentation of activity will be self-reported.

Ms. Sherman raised a concern about the accuracy of the biometric screenings that are done through Boynton Health Service. Mr. Chapman reported that he too has heard a number of concerns. He noted that the goal is to move in the direction of outcome-based measures. However, before putting such a program in place, it will be extremely important to make sure the screenings are accurate. Mr. Anderson, Boynton Health Service (BHS) chief operating officer, stated that BHS shares some of these same concerns. BHS is comfortable with the fact that they calibrate, verify against lab equipment, and do point of care testing to know there will be a range of variation. There will always be a certain percentage of false negatives and false positives. The value now in terms of false positives, is that BHS is encouraging people to see their physician for follow-up. The screenings are serving an important function by raising awareness and getting people to see their doctor if a test result is outside the normal/acceptable range. BHS will make sure that people are aware of the possible variability of the screening tests. The biometric screening activity has a large education value. Mr. Chapman

thanked Mr. Anderson for his comments, and noted that there will always be people (because of their physiology) that will never be in the normal/acceptable screening ranges, but the important thing is that they are making progress and getting closer to the normal/acceptable ranges. When the University gets to the point of rewarding for outcomes, it will need to take these factors into account.

Ms. Ebert asked about the number of people who actually earned the necessary points for a premium reduction in 2013. Ms. Thielen stated that she does not have the final numbers yet, but this information will be shared with the committee once it is available.

Professor Schultz asked about the cost of conducting the biometric screenings and raised the issue of duplicity if people get false negative readings and have to follow-up with their own doctor. Mr. Chapman stated that there are costs associated with offering the biometric screenings, but, in his opinion, this is a positive investment because it encourages peoples' involvement in their health and wellness. If the screenings result in some duplication this seems like a small cost to pay to promote health and wellness awareness. Professor Schultz suggested that the biometric screenings results be compared against results of people who had a full lipid panel from their doctor's office to test for accuracy and variability.

Ms. Sherman suggested Employee Benefits attempt to recruit "poster people" or people who are willing to share their wellness/healthy living success stories in an effort to promote the Wellness Program. Ms. Thielen stated that Employee Benefits has been working on collecting testimonials over the past year. While a lot of people are willing to share their story, they are less willing to have their picture used. Employee Benefits is planning on putting these stories on the sidebar of some of its web pages.

Another idea for promoting health and wellness, suggested Ms. Shamliyan, is to have successful participants serve as mentors/peer helpers and work with people who are trying to make a lifestyle change in order to improve their health. Mr. Chapman thanked Ms. Shamliyan for this suggetion and noted that Employee Benefits will explore this idea further.

VII). Ms. Falkner called on Mr. Chapman to provide a Dependent Eligibility Verification update. Mr. Chapman reported 198 dependents were voluntarily dropped their UPlan coverage during Phase One. Phase Two concludes today so it is too premature to share numbers at this point. Once the numbers have been finalized, they will be shared with the committee.

In Phase Two, there were approximately 200 employees who did not follow up at all. Employee Benefits has been trying to connect with these people via the phone. This project needs to be wrapped up by the start of open enrollment because it impacts this process. Employee Benefits is doing everything it can to make sure this exercise is only about removing ineligible dependents. The project goal is to not deny coverage for eligible dependents. If Employee Benefits does not get dependent eligibility verification

documentation from employees, it will their drop dependent coverage. Employees will, however, have an opportunity to reinstate coverage through an appeal process.

Moving ahead, Employee Benefits is in the process of formulating business processes for conducting on-going verifications for new dependents. It is unclear at this time whether this will be done internally or externally.

The project is at a point now where it is apparent that there were a number of ineligible dependents on the UPlan. The first 200 dependents who were voluntarily dropped from the UPlan will save the plan approximately $500,000 per year.

VIII). Ms. Falkner turned to Ms. Chapin to provide information about Consult A Doctor 24/7. A flier advertising the service was distributed to members and they were asked to post them in their departments. Consult A Doctor, noted Ms. Chapin, has been in place since September 1, 2012. Through this program, UPlan members are able to get medical care or advice for non-emergency medical concerns. There are multiple ways to connect with a doctor either by phone (1-855-993-7633) or online (https://medica.consultadr.com/Activate/Default.aspx?gID=1110). The co-pay for this service is $10.

Professor McGehee asked how Medica recruits the doctors working for Consult A Doctor. Ms. Chapin explained that all the doctors are U.S.-based physicians and are credentialed. The doctors are at various stages of their careers and are interested in doing this type of work.

Ms. Enrici asked whether Consult A Doctor will accept the new pre-loaded Flexible Spending Account (FSA) cards that will be issued by the University's new FSA vendor, ADP Benefits Solutions. Ms. Chapin stated that she did not know, but would look into it and report back.

IX). Ms. Falkner asked Ms. Chapin to provide information about the UPlan changes going into effect January 1, 2013 due in part to the fact that the UPlan is losing grandfathered status and the continued rollout of Affordable Care Act (ACA) provisions. A handout containing this information was distributed to members. Ms. Chapin highlighted the changes:

- Certain preventive services will be covered at 100%, e.g., preconception care, prenatal care including testing for gestational diabetes, counseling on sexually transmitted diseases, counseling/screening for HIV, all FDA approved contraceptive methods, breastfeeding support, screening and counseling for interpersonal and domestic violence, general preventive medications.

Regarding contraceptive coverage, the UPlan will only cover at 100% the Generic Plus contraceptive medications at a zero co-pay; Formulary and Non-Formulary Brands will remain at the current one co-pay for a 90-day supply. Employee Benefits is consulting with a few physicians and pharmacists to determine if they need to move any Non-

Formulary Brand medications into the Generic Plus category to be sure they have at least one contraceptive in each of the FDA categories. Mr. Chapman added that he is concerned that the federal language for contraceptive coverage under the ACA is misleading and could be misconstrued. Employee Benefit communications will be very clear about what is covered at a zero co-pay, and he urged members to be sure to correct employees who may misinterpret the language so they do not end up paying out of pocket for a contraceptive prescription that is not covered under the UPlan.

With respect to the general preventive medications, currently a majority of these medications are already covered by the UPlan as over-the-counter (OTC) medications. Prime Therapeutics will develop two OTC lists, one for preventive, no co-pay medications, and another for all other OTC medications.

Ms. Chapin continued highlighting upcoming UPlan changes:

- New internal and external claim and appeal requirements.
- Patient protections, e.g., out-of-network emergency services will be covered at in-network benefit levels; out-of-network urgent care coverage will be covered at in-network benefits levels.
- Quality of Care reporting (no federal guidance issued yet).
- Distribution of mandatory Summary of Benefits and Coverage being prepared by Medica.
- W-2 reporting of the aggregate value of employee health care coverage.
- Comparative effectiveness research tax on employers.
- $2,500 FSA limit becomes effective January 1, 2013.
- Additional Medicare tax on certain high-earners.
- Distribution of health insurance exchange information to employees.

X). The remainder of the meeting was spent on the TRUEresult diabetes testing meters. In October, noted Ms. Chapin, Employee Benefits will send a letter to all UPlan members with diabetes giving them an opportunity to replace their current meter with a new TRUEresult Meter System. Members who switch to using TRUEresult meters from other brands will have their test strip co-pays reduced from $60 (Non-Formulary co-pay) to $10 (Generic Plus co-pay). She added that there is a provision in the UPlan pharmacy program allowing members with diabetes to get a new meter every 18 months. As of 2010, the TRUEresult blood glucose meter is the only low-cost meter covered under the UPlan.

Regarding meter availability, TRUEresult meters and TRUEtest strips are readily available in the Twin Cites marketplace, including Boynton Health Service, Cub (24 hour turnaround), Target (24-hour turnaround), WalMart (store brand), Walgreens (store brand), and some independent pharmacies. Where the meter is not on the shelf, the pharmacy should be able to order it from a distributor within 24 hours.

Currently, approximately 250 UPlan members are using TRUEresult meters. After the initial TRUEresult meter rollout, which was problematic, Employee Benefits has received

very few complaints about the meters. Ms. Chapin then provided product safety and reliability information and highlighted the following:

- TRUEresult meters and TRUEtest test strips have never been recalled.
- HealthPartners now only covers two meters, TRUEresult and Accu-Chek. (The UPlan covers a broad grouping of blood glucose meters at a tier 3 $60 co-pay).
- Two Consumer Reports articles are available concerning the TRUEresult meters (contact Karen Chapin for the articles). The first article dated November 2011, rates the Walgreen's house brand TRUEresult meter in second place with an excellent accuracy rating and very good repeatability and consistency ratings. The second article ranks the TRUEresult meter in last place among the recommended meters.
- The International Diabetes Center Accuracy Study and NIPRO ISO Quality Study both indicate the TRUEresult meter is compliant with accuracy and quality standards. The American Journal for Nurse Practitioners reviewed the International Diabetes Center study and made positive comments.

At the conclusion of her update, Ms. Chapin distributed copies of the September *U & Your Benefits* newsletter that will be sent out soon.

XI). Ms. Falkner announced that Professor Morrison will provide information about the next two challenges of the ACA at the next meeting on October 4. Ms. Chapin added that the retiree medical rates will also be shared at this meeting. Hearing no further business, Ms. Falkner adjourned the meeting.

Renee Dempsey
University Senate