BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
SEPTEMBER 12, 2013

[In these minutes: Wellness Update, Mitigation Details, Open Enrollment Communication Plans, Retiree Medical Program Update, IRS Regulations for Same Sex Marriage, RFPs for Long-Term Care, Benefit Audits and Medical Evacuation]

[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, William Roberts, Karen Ross, Dale Swanson, Jody Ebert, Jennifer Schultz, Sandi Sherman, Sheldon Taylor, Nancy Fulton, Susann Jackson, Joseph Jameson, Karen Lovro, Roger Feldman, Judith Garrard, Richard McGehee, Fred Morrison, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Amos Deinard

ABSENT: Sara Parcells, Carl Anderson, Kathryn Brown, Aaron Friedman, Keith Dunder

OTHERS ATTENDING: Linda Blake, Karen Chapin, Kurt Errickson, Betty Gilchrist, Ryan Gourde, Cherrene Horazuk, Hattie Lindahl, Kathy Pouliot, Jackie Singer, Jody Thronson, Laurie Warner

I). Tina Falkner convened the meeting, welcomed those present and called for introductions.

II). Karen Chapin, health programs manager, announced that the Wellness Program for a premium reduction in 2015 will run from October 1, 2013 – August 31, 2014). Some new programs have been added as well as a few new reimbursement programs. She told members to watch for the brochure, which will be out soon.

III). Ms. Falkner introduced the next agenda item, mitigation details for the 2014 UPlan medical cost increases, and called on Ryan Gourde, health programs financial manager, to provide this information. Mr. Gourde distributed three handouts and summarized what the University intended to do to help mitigate the health care cost shifts to employees for the 2014 plan year:

1. Give UPlan participants a medical premium holiday, which means that UPlan members will not have a medical premium deduction on one of their paychecks in 2014. This premium holiday is only for medical coverage and does not include dental. Depending on what plan a person is enrolled in and their coverage tier will mean a savings of anywhere from $35 to $233. A final decision has not yet

been made about which pay period this will occur on, but it will likely be in March 2014.

2. Establish a Medical Cost Relief Program. The amounts that people qualify for will vary by coverage tier, with higher relief amounts going to employees with spouse/same sex domestic partner (SSDP) coverage. The amounts will range from \$100 - \$500 and, again, will be determined based on a person's coverage tier as well as their household income for 2012. Grant amounts will be prorated and payable over 26 pay periods as a medical cost credit. The deadline to apply for this program is December 17, 2013.
3. Phase-in the UPlan medical tier consolidation over a two-year period. To lessen the financial impact on employees with spouse/SSDP coverage, the tier consolidation of the employee + spouse/SSDP and family tiers with occur over two years rather than one year. If the tier consolidation was implemented in one year, employees with spouse/SSDP coverage would have had a 23.7% increase in their premiums. By phasing in the consolidation, employees with spouse/SSDP coverage will have a 14.5% premium increase in 2014 rather than the full 23.7% increase. Beginning in 2015, the UPlan will only have three coverage tiers – single, employee + child/ren, and family. The total savings from phasing in the tier consolidation for employees with spouse/SSDP coverage in 2014 will be \$205 - \$410.

To conclude, Mr. Gourde noted that total savings for employees resulting from this mitigation plan will range from \$35 - \$1,092.

Members' questions and comments included:

- Does the mitigation plan add up to \$1.8 million? Yes, stated Mr. Gourde. Professor Morrison, however, pointed out that the mitigation plan only applies to calendar year 2014, and is not reoccurring, which Mr. Gourde reaffirmed.
- What is the expected total payout amount for the Medical Cost Relief Program? Mr. Gourde stated that based on Employee Benefits' calculations the expected payout will be about \$106,000.
- What is the expected total payout for the medical premium holiday? Mr. Gourde stated that the total payout will be \$1.69 million.

Professor McGehee asked Professor Morrison about the status of his proposal to the administration that mitigation be conducted on a recurring basis rather than just for 2014. That proposal, stated Professor Morrison, was not approved by the administration. Mr. Chapman pointed out that the mitigation plan that was just shared with the committee was for 2014 but it does not necessarily mean that nothing will be considered for the following year or years.

Ms. Sherman stated that she would assume employees will not see a rollback in any cost shifts if it is discovered that they were unnecessary. Historically speaking, once employees give up a benefit, they never get it back. In her opinion, the cost shifts that will take place in 2014 are premature because there is still a lot of unsettled business related to the Affordable Care Act (ACA). For example, the excise tax is being challenged. Ms. Sherman stated that she does not believe the cost shifts should go into effect in 2014, but rather that the administration should step back and study alternative options, including a sliding fee scale for premiums, which there was interest in at the last BAC meeting. For some reason, a discussion about a sliding fee scale for premiums is being blocked by the administration. The discussion is off-limits at BAC meetings and during bargaining table negotiations. She then distributed a draft proposal by AFSCME for a sliding scale fee for premiums based on income.

IV). Next, Betty Gilchrist, communications project manager, distributed copies of the 2014 open enrollment communication plan and walked members through it. Salient highlights from her report included:

- Open Enrollment has been extended through Monday, December 2, 2013.
- Employee Benefits has put ACA information on line at http://www1.umn.edu/ohr/benefits/medical/aca/.
- The September Employee Benefits' newsletter has been sent out so employees should have already either received it or will be receiving it soon.
- A number of Accountable Care Organization (ACO) mini fairs will be held given the ACO option is new for 2014. These mini fairs will be an opportunity for employees to learn more about the ACO option.
- A campus conversation with Vice President Kathy Brown, and Dann Chapman, director, Employee Benefits, will be held on October 21, 2013. The purpose of the conversation is to give employees an overview of the initiatives underway in the Office of Human Resources. This venue will be another avenue for employees to learn about the health care changes that will go into effect on January 1, 2014.
- The October *U & Your Benefits* newsletter will go out the last week of October and will include information from the September newsletter as well as dental rates, life insurance changes, etc.
- Employee Health and Benefits Fairs have been scheduled for all the campuses.
- After open enrollment is complete, ACO enrollees will be invited to learn more about the plan they selected. Hopefully, these individuals will have already attended one of the October sessions. It is important to remember that when an employee signs up for the ACO option they are doing so for the entire year. In addition, the ACO has a restrictive network that members are required to use.
- The Medical Summary of Benefits will be updated and put online before the end of the year. Then, in January, a letter is sent out offering UPlan members the opportunity to receive a hard copy of the Medical Summary of Benefits if they are interested.

At the conclusion of her report, Ms. Gilchrist handed out copies of the September newsletter. Ms. Falkner thanked Ms. Gilchrist for her report.

V). Moving on, Ms. Falkner called on Ms. Chapin to provide information about the Retiree Medical Program for retirees over age 65. To supplement her report, Ms. Chapin distributed a couple handouts. Highlights from her presentation included:

- There are currently four retiree medical plans, Blue Cross Blue Shield (BCBS), Medica, HealthPartners and UCare.
- Retirees enrolled in the current plans pay Medicare Part B out of their Social Security checks and Medicare Part D (pharmacy) is currently included in their premiums as is Medicare Part A (hospitalization).
- The current plans are "top level" or premium plans and only require plan participants to pay a copay in the donut hole versus having to pay the whole cost while in the donut hole.
- Based on anecdotal information, a number of retirees have decided against participating in the Retiree Medical Program, due, in large part, to the cost. They can purchase less expensive plans in the marketplace.
- An RFP was issued this spring for retiree medical, life and dental insurance. As part of the RFP, the University requested the medical plans to provide a premium option in addition to a lower priced option.
- After review of the proposals, the RFP committee decided to go with the current vendors who would each offer their premium plan plus a lower priced option. The lower priced option will have more out of pocket expenses. Retirees will now have a choice of carrier, and coverage level.

Ms. Chapin turned members' attention to a chart, which described how each plan works, Medicare assignment information, cost, etc. and walked members through it.

Ms. Enrici asked whether retirees who live outside of Minnesota are able to participate in these plans. Ms. Chapin stated that in the current, higher level plans, only BCBS and HealthPartners offer national plans for participants who live outside Minnesota. The other two plans (Medica and UCare), require members to live in Minnesota, but offer extensive travel privileges. With respect to the lower priced options, the only one that is available nationally is HealthPartners. Ms. Chapin added that all the plans offer a number of wellness benefits.

In closing, Ms. Chapin extended a big thank you to all those who participated on the RFP Committee, and especially to retirees Professor Litman and Professor Loper.

Ms. Fulton asked how many people are eligible for the Retiree Medical Program and how many are enrolled. Ms. Chapin stated that Employee Benefits does not know how many people are eligible, but there are currently about 2,000 (includes spouses) retirees enrolled in the program now. With the new lower priced options, it is likely more retirees will participate in the University's Retiree Medical Program.

Professor McGehee asked if the retiree plan costs are based on the University's experience rating. No, stated Ms. Chapin, most of the plans are community rated. The one exception is the BCBS Plan 1 (BCBS U of M Retiree Plan), which is experience rated.

Ms. Sherman asked if the new lower priced plan options are competitive with plans in the open marketplace. Ms. Chapin stated that they are pretty competitive, but retirees may still be able to find a cheaper plan in the marketplace. She reminded members that the new, lower priced options that the University will offer will have higher out of pocket costs associated with them. There is a trade-off between lower premiums and higher out of pocket expenses.

VI). Ms. Falkner stated that the next agenda item is an IRS regulation update related to same sex marriage, which was legalized in Minnesota as of August 1, 2013. Ms. Chapin stated that since Minnesota legalized same sex marriage in August, the federal government has decided to extend all married same sex couples with the same federal tax benefits as married couples, regardless of where they were married or where they live. In states where same sex marriage is not legal, however, these individuals will be faced with imputed income on their benefits. While the University does not have a lot of people living outside of Minnesota in states where same sex marriage is not legal, there are employees who live in Wisconsin, which has not legalized it.

Ms. Sherman asked if the University will continue to offer SSDP coverage as it currently does without requiring same sex couples to marry. Mr. Chapman stated that same sex benefits are being looked at due to the recent legalization of same sex marriage, but the University is not in a hurry to change its current policy without giving this matter full consideration. Vice President Brown and Vice President Alberts will be having discussions with the community to get their input/feedback. Based on these discussions, the administration will go from there and decide what makes the most sense. Everything is under consideration, but no decisions have been made at this point.

Mr. Jameson stated that if the University continues to offer SSDP benefits without requiring same sex couples to be married, then he could see this triggering discussions about why the University doesn't offer the same benefits to heterosexual couples who chose not to marry. Mr. Chapman stated that these discussions have already begun. He added that the reason the University is planning to take its time when looking into this issue is because if the University reaches the conclusion that same sex couples need to be married in order extend benefits to their partners, the University would need to give these couples time in order to make their arrangements and think through whether marriage is the right decision for them or not. People just don't decide to get married overnight because of a tax law change. Mr. Chapman stated that in his opinion, the University will need to keep the SSDP program open for same sex couples who live in states where they cannot get married, e.g., Wisconsin. The University would not want to disenfranchise these individuals, particularly after it made the big step a number of years ago to offer SSDP benefits. There are a lot of nuances related to this issue that need to be thought through and that is what will happen.

Mr. Jameson stated that in his opinion given that Minnesota has legalized same sex marriage that these people should have to get married in order to be able to cover their partner, and, in states where same sex marriage is not legal, the University could make an exception. Mr. Chapman stated the example Mr. Jameson cited is not analogous. Opposite sex couples have had the ability to get married at any point in time that they choose to do so but same sex couples have not. Rhetorically, he asked whether anyone would think it would be reasonable to say that because same sex marriage became legal as of August 1, 2013 that as of October 1, 2013 same sex couples would need to be married in order to cover their partner. This makes the point that a reasonable approach to dealing with this needs to be taken under consideration.

Hearing no further questions or comments about this issue, Ms. Falkner moved on to the next agenda item, upcoming RFPs.

VII). Ms. Chapin announced that three RFPs will be happening - long term care, benefit audits and medical evacuation. With regard to long-term care, currently the University has two dormant plans. The University is exploring a few different long-term care approaches:

1. Contract with agroup insurance carrier (only one is available because the other carriers have gotten out of the marketplace), Genworth.
2. Contract with a large, long-term care insurance agency that sells multiple carriers.
3. Decide to no longer offer long-term care.

With regard to the single benefits auditor RFP, currently the University is contracting with Mercer. This RFP will be handled completely by Employee Benefits staff.

Regarding the medical evacuation RFP, stated Ms. Chapin, the University's current vendor is FrontierMEDEX, which is now owned by OptumHealth (UnitedHealthcare). BAC members interested in serving on this RFP committee should let her know.

Professor Feldman asked about the number of people in the two dormant long-term care plans. Ms. Chapin stated that there are about 1,100 in the John Hancock plan and roughly 400 in the CNA plan.

Professor Feldman went on to ask if the University has learned anything from its previous experiences in selecting long-term care carriers. Ms. Chapin stated that the University learned it needs to be careful of group long-term care insurance carriers, especially because there is only one left in the marketplace. Mr. Chapman questioned whether the University should be learning whether offering long-term care is worth the effort. Professor Feldman stated that he hopes the University will continue to offer long-term care because it is valuable coverage if it is done right. Ms. Chapin added that individual coverage is still available. There are no issues with individual coverage other than people need to be underwritten.

Professor Garrard asked how the University will assess whether it should continue to offer long-term care insurance. Ms. Chapin stated that Employee Benefits primarily assesses whether it should offer long-term care based on the number of calls it receives from employees. Ms. Pouliot added that it has been her experience that new employees often ask about whether the University offers a long-term care benefit. Ms. Chapin noted that a lot of universities offer long-term care coverage.

VIII). Before adjourning, Ms. Falkner announced that the next meeting will be October 3 when the chair and vice chair election will be held. She encouraged members to nominate or self-nominate individuals for these seats and to send their nominations to Renee Dempsey, Senate staff. Ms. Chapin added that at the October 17 BAC meeting, guests from Medica and Fairview (and hopefully UMP and Boynton Health Service), have been invited to talk about ACOs from a provider perspective. In addition, Professor Schondelmeyer will attend a December BAC meeting. Hearing no other business, Ms. Falkner adjourned the meeting.

Renee Dempsey
University Senate