

**BENEFITS ADVISORY COMMITTEE (BAC)**  
**MINUTES OF MEETING**  
May 14, 2015

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

**PRESENT:** Tina Falkner (chair), Jean Abraham, Sophia Benrud, Karen Connaker, Amos Deinard, Jody Ebert, Ken Horstman, Susann Jackson, Theodor Litman, Rodney Loper, Amy Monahan, William Roberts, Jennifer Schultz, Terri Wallace

**GUESTS:** Andrea Allred, manager of account management, & Dr. Sheila Strock, vice president, Dental Services, Delta Dental; Fairview Specialty Pharmacy team

**OTHERS ATTENDING:** Karen Chapin, Kurt Errickson, Betty Gilchrist, Kara Peterson, Kathy Pouliot, Ryan Reisdorfer, Curt Swenson

**REGRETS:** Pam Enrici, Joe Jameson, Karen Ross, Dale Swanson (vice chair)

**ABSENT:** Carl Anderson, Roger Feldman, Fred Morrison

[In these minutes: Employee Benefits Update; Delta Dental Plan Review; Comments for BAC from Employees; Fairview Specialty Pharmacy Program Review; 2016 Medical and Dental Rates]

**1. WELCOME & EMPLOYEE BENEFITS UPDATE**

Dr. Falkner, chair, convened the meeting and asked for introductions. She then announced that Dale Swanson would be serving as the vice chair for the 2015-2016 academic year.

Ms. Chapin informed members that the farmers market would be relocated due to construction on Church St, and will be located this year on the Gateway Plaza which is next to McNamara Alumni Center and close to the new Recreation & Wellness Center.

**2. DELTA DENTAL PLAN REVIEW**

Andrea Allred, manager of account management, and Dr. Sheila Strock, vice president, Dental Services, Delta Dental, presented the 2014 Delta Dental Plan review and they used a PowerPoint to highlight the following:

- There was a slight increase in Explanation of Benefits (EOB) per employee from the previous year.
- Overall Plan Utilization

<u>UPlan</u>	<u>2014</u>	<u>Change</u>
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Average Enrolled:	16,655	1.2%
Total Paid Claims:	\$12,889,892	2.3%
Cost per Claim:	\$192	-1.8%
EOB's per EE:	4.02	2.9%
Claim Cost per EE:	\$774	1.0%

**Delta 2014 National Plan Book of Business Data**

Cost per Claim:	\$178.25
EOB's per EE:	3.81
Claim Cost per EE:	\$680

- Membership Demographics

<b>Coverage Type</b>	<b>Avg# of Employees</b>	<b>% of Total Enrolled</b>
Employee	8,073	49%
Employee+Spouse	3,166	19%
Employee+Child(ren)	1,548	9%
Family	3,869	23%

**Top 3 Age Bands by Paid Claim Totals**

55-64 years  
65+ years  
45-54 years

- In 2015 the University has moved to a 3-tier plan that will include Employee, Employee + Children, Employee + Spouse with/without Children.
- In response to a question regarding over-treatment, Dr. Strock explained that they monitor care by looking for outlying trends. They expect certain types of treatments, and have benchmarks. They follow up with doctors and conduct audits when necessary.
- Network Savings – What does that mean?
  - Network Discount – Reduces cost to UPlan and Employees
  - 93% of Minnesota doctors are in the MN Delta network
  - This includes specialists including periodontists

**Networks**

Delta Dental PPO	\$3,080,025
Delta Dental Premier	\$1,529,109

**Total Network Discounts:**  
**\$4,609,134**

- Dental Health Professional Shortage Areas

- Morris, Crookston, and Duluth do not fall in shortage areas. Delta has launched a loan repayment program. A sum of money was set aside, there were 39 participants that placed a request. The requests are from individual dentists that are recent graduates, if they are willing to relocate to an area for at least 5 years, Delta will reimburse a portion of their loans that they incurred during dental school.
- There will be a press release when the candidates are announced in June.
- Employee Survey feedback
  - Duluth network access continues to be an issue and they are holding events to recruit providers.
- Currently the network utilization reports show the following:
  - 98.19% of Delta members are using a DD Provider
  - Only 1.81% of claims paid are being paid at the Out of Network benefit
  - 64.78% PPO and 33.41% Premier
  - They continue to add to their MN PPO provider network:
    - May 2014- PPO Provider count 1698
    - March 2015- PPO Provider count 1764
  - Request to increase annual maximum
  - The current annual maximum for all plans is \$1800. 4.2% of members (1,569) incurring services in 2014 had benefits paid that exceeded \$1500.

Dr. Strock then presented information related to oral health:

Beyond the smile: How a healthy mouth matters

- Mission: Delta Dental (DD) mission is to improve overall health through oral hygiene.
  - Poor Oral Health Costs Time & Money
    - U.S. children miss more than 51 million hours of school each year due to dental-related illnesses.
  - Cost of Dental Disease
    - “A study conducted by the Data and Analysis Center found that the average cost to maintain a restored cavity in the molar of a 10-year old reaches \$2,187 by the time he or she is age 79. If a patient has several cavities, that cost increases accordingly.”
- Source: <http://www.deltadentalins.com/about/community/cavity-cost.html>
- What happens in your mouth doesn't stay in your mouth
    - More than 120 Medical conditions can be detected in your mouth
    - Heart Disease and Stroke

Pregnancy and Oral Disease

- Additional cleanings are provided after a periodontist has been visited. This extra service is not needed by a majority of pregnant women.
- Collaboration: Pregnancy Study
  - Dental support device and reduction in 2<sup>nd</sup> stage of labor

- Collaborative research with the UofM
- DD has been asked to assist in funding the project
- What does the future look like?
  - Cost of dental care continues to increase
  - More women dentists
  - Large group practices
  - Emerging science and technology
  - Population health management
  - Technology
  - Population Health Management through Data Analytics
    - Using industry-standard guidelines, Healthentic can pair all health care data inputs (inclusive of dental, medical, pharmacy, wellness and more) with a clinician's know-how to provide a full view of a population's health, costs and areas of action.

Dr. Falkner thanked Ms. Allred and Dr. Strock and introduced the next topic.

### **3. BAC SURVEY COMMENTS FROM EMPLOYEES**

Ms. Fulton's analysis was provided via handout. Dr. Falkner reviewed Ms. Fulton's general observations with the group:

- People have fewer negative comments with upgrade plans
- Negative comments about dentists not in program or difficulty using website
- Most negative comments are related to running out of benefits (one major procedure can use up \$1800 benefit)
  - Dr. Falkner commented that the amount available is higher than most plans offered by employers.
- Negative comments about amalgam fillings, lack of adult orthodontics, number of fluoride treatments
- Positive comments usually do not have specific reasons, but are satisfied with their coverage

Members then discussed:

- Ms. Chapin explained that a married couple could have coverage as a couple or as two individuals. It is actually less expensive to have coverage as two individuals.

### **4. FAIRVIEW SPECIALTY PHARMACY PROGRAM REVIEW**

Specialty Drug Trend Overview

- 8.3% increase in 2013 in Specialty Drug Spend
- 2013 Drivers
  - #1 Total Spend Category: Inflammatory Conditions +21% vs. 2012
  - #2 Total Spend Category: Multiple Sclerosis -7% vs. 2012

- 2014 Drivers
  - #1 Total Spend Category: Inflammatory Conditions +23% vs. 2013
  - #2 Total Spend Category: Multiple Sclerosis +4% vs. 2013

#### Specialty Drug Spend Overview

- Top 2 Drug total spend from Inflammatory Conditions
  - Top 7 drugs account for 65% of total spend for 2014
  - Enbrel and Humira: 32%
  - Harvoni, for treatment of Hepatitis C, is included in the last quarter of 2014, but they will see how it will impact 2015.

#### Specialty Pipeline Trends

- Awareness of the need to watch for blockbuster medications
- Competition
  - Biosimilars
  - Generics
  - Inflammatory conditions, MS, and oral oncology
- Orphan Conditions
  - Orphan condition means there are less than 200,000 patients with the condition in the U.S.
  - 18 new orphan medications in 2014 and 61 new orphan medication in the last 5 years.
- Breakthrough Therapy
  - 13 specialty medications and 2 vaccines approved 2.5-8 months after submission
  - The drugs are being brought to patients that have life threatening conditions, which is why the studies are required to continue after the drugs are on the market.
  - “Right to try” legislation enables patients with life threatening illnesses to try treatments that are going through the approval process, but are not yet on the market.
- Potential impact of new agents for High Cholesterol (PCKS9 inhibitors)
  - Because of unmet need, FDA expected to approve for familial cholesterol issues and statin intolerant patients.
  - Estimated costs:
    - \$4,000-8,000 annually
    - Up to \$10,000 annually
  - Ms. Chapin added that because of the cost they would likely be run through the specialty prior authorization process.
- Cystic fibrosis – Orkambi (Ivacaftor/Lumacaftor, Vertex)
  - Kalydevo (Ivacaftor)
    - Currently indicated for use in patients several with different genetic mutations ~ Less than 2,000 patients
    - AWP greater than \$300,000 per year
  - Orkambi (Ivacaftor/Lumacaftor)
    - FDA review expected by 7/5/2015

- Current application is for a specific genetic mutation in patients over the age of 12 years
  - Vertex estimates
    - Patients with mutation: 14,000
    - Patients with mutation and over the age of 12: 8,500
- Waste Management Strategies
  - All conditions and medications
  - Patient outreach – Fairview does not ship medications – either new start or refill – until we have spoken to each patient to assess current supply, dosing, and shipping information.
  - Clinical assessment of drug, dose, and duration – Pharmacist reviews drug regimen for appropriate dose and duration for the appropriate patient candidate. Ensure shipments of specialty medications are clinically appropriate, intentional, and rational.
    - Problems can occur when a patient is hospitalized, their medications are changed during their stay, and then their primary care physician might not be aware of the changes once the patient is discharged.
  - Inflammatory conditions (rheumatoid arthritis, psoriasis, Crohn’s Disease)
    - Minimizing high-dose utilization of specialty medications
    - Doses above labeled indication, increase over time, or stay at higher doses after loading dose
    - Additional education of clinical staff
    - Develop high-dose inflammatory tool to describe loading and maintenance doses by drug and indication
  - Hepatitis C
    - Ensure patients are appropriate candidates
    - Minimizing discontinuation and enhancing compliance
    - Manage shipping time
  - Oral Oncology
    - Partial first fills
    - Dose optimization
  - Other Programs
    - Phenylketonuria
      - Clinical data demonstrates that less than half of patients will respond to a medication for phenylketonuria (Kuvan)
      - Prevents patients from taking potentially life-long ineffective medications
    - Transplant
    - Growth Deficiency
- Operational Update
  - There are approximately 8 specialty management programs available for UPlan members.

- Patient Feedback – 2015 UPlan Survey
  - FSP conducted a Specialty Pharmacy patient satisfaction survey in April, 2015
  - Survey Sample: 341 - the entire specialty population
  - Inclusion: Patients
  - Response: 99 returned (29.03% response rate)
- Survey Questions
  1. I am pleased with the helpfulness of the person who answered the phone.
  2. The pharmacist is easy to contact when I have a question or concern.
  3. The pharmacist met my needs when answering questions about my drug therapy.
  4. I am pleased with the friendliness of the pharmacy staff.
  5. My billing and cost questions were handled well.
  6. The specialty pharmacy makes filling my prescriptions easy and convenient.
  7. I am pleased with the timeliness of the delivery of my medication(s).
  8. The specialty pharmacy met my expectations in resolving specific issues and concerns.
  9. I would recommend Fairview Specialty Pharmacy to others.
- Opportunities for Fairview Specialty Pharmacy
  - Prefer to pick up at local pharmacy
  - Prefer not to give credit card over the phone
  - Too many phone calls regarding refills
  - Transition to specialty pharmacy wasn't smooth
  - Took too long to get prescription

Ms. Chapin commented that typically there are no negative comments. Members commented that it is understandable that there were negative responses, as this is a more complex process for specialty drugs.

Dr. Falkner asked members if they had any further comments or questions. Members discussed that they would like to have a better understanding of the level of care that is given to patients receiving a specialty drug. Ms. Chapin commented that they could have a different focus on the presentation next year. She suggested that one of the nurses attend next year to discuss the process.

Members then discussed reasons that could have caused the increased negative comments regarding the specialty pharmacy. Ms. Pouliot commented that it is rare to hear issues regarding Fairview. Mr. Horstmen added that the transition to using a different pharmacy and encountering a new health condition could combine to create issues for the patients.

## **5. UPLAN 2016 MEDICAL & DENTAL RATE DEVELOPMENT**

Ms. Chapin presented information in regard to UPlan 2016 Medical and Dental rates. She explained that one of the largest components that determine the rates are the claim factors, which is the amount of money that goes towards claims. The UPlan has 94.4% of funds that go towards claims, which indicates that they have very low administrative expenses. She provided a handout that detailed the following:

- Rates include several factors:
  - Medical Claims (77.5% of total)
  - Pharmacy Claims (17.0% of total)
  - Medical & Pharmacy (94.5% of total)
  - External Administrative Fees (3.3% of total)
  - Fees paid to Medica, Prime Therapeutics, Eide Bailly (COBRA), UHC Global (emergency medical assistance), Wells Fargo (HSA), and a few others.
  - Affordable Care Act (ACA) fees
  - Reinsurance Fee -- \$1.7M
  - PCORI Fee -- \$68K
- No plan design changes for 2016 other than the Medical Cost relief program.
  - The medical cost relief program is being offered again; this will be communicated at the end of the summer. Members will receive two payments, one in October and April, rather than on every paycheck. They range from \$200 to \$450
  - The amount is taxable, so members could receive less overtime due to taxes, but it should not be a significant loss.
- 2016 UPlan Medical Rates
  - 5.5% forecast annual healthcare claims trend (2014 to 2016) from Towers Watson
  - Budget is then adjusted internally to account for other expenses (admin fees, wellness expenses, etc.)
  - 2016 UPlan Medical budget
    - UPlan budget change is lower than 5.5% claims trend due to being under budget in 2014
  - Total 2016 UPlan Medical budget at \$243.5M
- 2016 UPlan Medical Rates
  - Medical rates for 2016 will be the same as 2015 rates – All plans & all tiers
  - 2016 Rates earning their full Wellness points will be lower than 2015 since the new \$400 and \$600 incentives will be effective for premiums in 2016
  - Ms. Chapin commented that the work of the BAC contributes to effective pricing of plans. For example, those that participate in the RFPs to choose vendors.
  - Ms. Jackson added that administrative fees would not be included in premiums.
  - It was noted that rates are subject to negotiations with labor-represented employees.



- 2016 UPlan Dental Summary
  - 2015-2016 Key Dental Plan Statistics
    - Dental Trend – 5%
    - Dental Claim Factor Increases – 4.3%
    - Dental Rate Increases – 4.0% overall – All plans and all tiers
  - 2016 UPlan Dental budget of \$18.4 M
  - Dental trend and claim factor increases from actuaries at Towers Watson

Ms. Chapin distributed charts that showed the UPlan Medical – Total, University & Employee Biweekly Rates – Standard & Wellness and the 2016 Dental Rates.

Hearing no further business, Dr. Falkner adjourned the meeting.

Jeannine Rich  
University of Minnesota