

[In these minutes: 1. RFI Summary, 2. Models of Employee Benefits Committees, 3. Final Report]

HEALTH PLAN TASK FORCE (HPTF)

MINUTES

THURSDAY, SEPTEMBER 21, 2000

10:00 - 12:00

210 DONHOWE BUILDING

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

PRESENT: Dick McGehee (Chair), Linda Aaker, Mary Austin, Allan Baumgarten, Carol Carrier, Marjorie Cowmeadow, Amos Deinard, Robert Fahnhorst, Bart Finzel, George Green, Bev Hall, David Hamilton, Christopher Hulla, Kathryn Pouliot, Jason Reed, Gailon Roen, Harlan Smith, Anna Sommers.

REGRETS: Avner Ben-Ner, Susan Brorson, Keith Dunder, Priscilla Pope, Robert Sonkowsky, Larry Thompson, Gavin Watt.

ABSENT: Ron Kubik, Sue Mauren.

1. CHAIR'S REPORT

Dick McGehee reported that he attended a State Labor Management Committee meeting earlier in the week. The sentiment from the committee is that the state needs to find a way to 'weather the storm' since double digit insurance increases are projected to continue. There is also a lack of optimism that the high cost Health Partners will remain an option for much longer and that Preferred one will survive.

Options for 2002 include POS across all plans, which would create a 2% actuarial cost and eliminate the SHP POS, and a modified care system approach with three tiers per HMO. The second option is not highly viable since it is not union supported.

If the University decides to separate from the state, this change will have an impact on the rest of the state, especially since the University has cost less the past few years.

Q: Federal government health care increases are only 10%. Why is it more here?

A: There is nothing unique to Minnesota except that a few years ago all plans became more competitive and there are only 3 HMO's bidding for contracts.

2. RFI SUMMARY

Chris Hulla distributed a chart listing RFI responses for 2000 and 2001 for self-funded plans only.

For the 2000 costs, Chris pointed out that BHCAG provided estimates for the same plans that it currently has, but at a lower cost. BHCAG also stated that will not share the risk so these numbers are less reliable. For Health Partners, it shows lower costs than the same plans currently under SEGIP. He also noted that HP core clinics would not be available under a BHCAG or umbrella model. Medica indicated that they would like to return to the University, but only as the exclusive carrier. HealtheCare has a deductible funded mostly by the employer, insured catastrophic coverage, and employee-monitored spending, all at a cost that is lower than the current plans.

For 2001, not much changes except that for BHCAG choice plans, office visit costs increase and 5% would need to be added to the HP figures.

Q: From the HP RFI, it appears that HP thinks they have leverage power by all the University employees in their plan. How important is the University's business?

A: The University could call the bluff, but since there are some bad feelings between HP and BHCAG, HP might not compete in this option.

Q: What percentage of University employees are at HP classic clinics?

A: 27% of University employees have HP classic and 50% of them have dependents. Of the 80,000 HP enrollees, not including those on Medicare, the University enrolls almost 7000, which is almost 10% of HP enrollees.

Q: What is the definition of 'family'?

A: Family was not defined by the RFI. It is defined by the employer and is not an issue for the carriers.

Q: What about out-state networks?

A: HealtheCare is developing a PPO style network, gatekeeper networks are expanding, and Medica is entering the coordinate campus areas.

Q: Is HP willing to offer insured plans across the state?

A: HP quoted all insured plans but they would prefer self-funding in all areas.

Q: Did Blue Cross/Blue Shield respond?

A: Blue Cross/Blue Shield said they want to be considered but that it was too difficult to predict costs. They did note that they would not need to administer the system in a care system model. HP needed to solely administer or administer side-by-side to participate in a care system model.

Q: Could out-state administration be considered in an RFP?

A: It would be possible since BHCAG is out-state and other providers have nation-wide networks.

Members then made the following comments:

- What happens to these prices after the first biennium?
- Do any of the providers really think that the University would only offer one plan?
- Competition between plans is needed
- The University could purchase a PPO network or establish its own for broader coverage, to negotiate discounts, and for third party administration
- Would HP work with a smaller group, such as UCare, to provide administration?
- Retention rate of enrollees should be collected

The committee then discussed the public/private nature of this information. A balance needs to be reached between effecting a possible RFP and appearing overly secretive. It was decided that the information would be summarized in the final report, but that the actual figures would not be published or posted on the web.

3. MODELS OF EMPLOYEE BENEFITS COMMITTEES

Linda Aaker distributed a draft committee charge which she developed after viewing samples from Harvard and Texas A & M. One change from the samples is that this version has employee groups selecting their own representatives versus provostal appointments. Blanks were left regarding membership since that would need to be determined later.

Q: Are union representatives included?

A: No since these committees are only for employees not in bargaining units.

Q: Bargaining unit representatives should be included for information?

A: Last fall, Keith Dunder discussed the legal implications of bargaining unit representatives on committees. To be as inclusive as possible, bargaining unit representatives could serve in an ex officio capacity.

Q: What about graduate assistants and retirees?

A: This draft was only intended to be a starting point for a discussion, not a final version.

A member said that graduate assistants are not sure if they want to be included since they are afraid that their opinions will be lost in a more comprehensive group.

Q: Should the committee be limited to health insurance and retirement or include all benefits?

A: There is no way to deal with one benefit separate from the rest so it would make sense to have all benefits considered by the committee.

Q: Where do post-doctorate fellows fall in terms of plans?

A: They fall between plans. Since they are graduate assistants, they cannot be covered by the plans and therefore have to take the student health plan. This is a national problem. A table can be presented showing coverage for all populations at the University.

Q: Do ASAC, Civil Service, and SCFA deal with these issues?

A: They do, but health care is a time intensive issue that a big committee does not have the time to devote to it or enough expertise from members. This type of committee would also coordinate the efforts between groups.

4. FINAL REPORT

Dick McGehee said that the plan is to present any action to the Regents at their December meeting. Before that time, all other affected groups need to be consulted with to have agreement on any recommendations. At this point, the task force has all the information possible, except the relationship with the state in 2002. Talks with the state are accelerating but no one knows if the state will provide the University written proof before a recommendation is needed.

He then turned to the elevator message, what can be conveyed on the subject in a 20 second elevator ride.

Members made the following comments:

- Not much to agree with since the survey results are not reflected and the recommendation reads that the University needs to get its way or it will leave the state. Bargaining units can choose to leave or stay, and they want to stay with SEGIP
- Change word 'necessary' since it is possible that there are no better options outside SEGIP
- Domestic partner benefits need to be included; it was noted that this was addressed by determining own eligibility and would be expanded on in full document
- Separation entails unknown risks and costs so more time is needed to look at the options
- In the full report, it should be recommended that the graduate assistants could join in the future if they wanted to
- Add bullets on costs and the Employee Benefits Advisory Committee
- Stress important changes need to be made to remain with the state

Q: Do the unions feel that there is no hope of doing better outside SEGIP?

A: Unions are skeptical of a better price being available with a smaller employee group and all the administrative fees. They are also worried about what happens after the 'honeymoon' period. 80% are satisfied and want to stay, although there is interest in the separate risk pool option.

Dick McGehee said that he would rewrite the message in light of today's discussion. He then thanked everyone for attending and adjourned the meeting.<p

- > Rebecca Hippert
University Senate