

HEALTH PLAN TASK FORCE

Thursday, August 19, 1999
10AM-12NOON
300 Morrill Hall

In these minutes: Developments at the State and at the University, Review of the Request for Proposal (RFP) for Employee Benefit Consultants, and Y2K Health Benefits

Minutes

Present: Dick McGehee, Robert Fahnhorst, Priscilla Pope, Gavin Watt, Linda Aaker, Richard Butler, Amos Deinard, Bart Finzel, David Hamilton, Harlan Smith, Larry Thompson, Keith Dunder

Absent: Avner Ben-Ner, Robert Sonkowsky

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 reflect the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

The Health Plan Task Force met at 10AM on Thursday, August 19, 1999 in 300 Morrill Hall on the East Bank of the University of Minnesota.

Chair's Report

- Professor McGehee reported the disappointing news that the overall increase for the State Health Plan Select is 23% for the University and state, and that the increases for the other plans were even higher. He added that employee contributions are going up considerably as well.
- Despite the loss of Medica Primary, the Preferred One plan will now be available. University providers continue to stay in the network, and luckily some of the clinics lost with Medica Premier will added back into the network.
- Individuals who are on sabbatical and some of those who are out of state are getting a better deal. The definition of urgent or emergency care has changed and the interpretation is more favorable for those not in the network.
- The University is moving forward with requests for proposals with a draft copy for review by the Health Plan Task Force today.

Y2K Health Benefits

Robert Fahnhorst distributed a handout providing an open enrollment update listing the key changes for medical, dental, life insurance, short-term disability, and long-term disability plans:

Medical Plans

- Medica Primary and Prudential DMO will be withdrawn at the end of the 1999 contract year (medical/dental plan decision, not decision of the University).
- HealthPartners has decreased the size of its network in some locations for the 2000 contract year.
- PreferredOne State Care Team will be a new offering for the 2000 contract year.
- For the 2001 contract year, employer contribution based on low cost carrier in the employee's county of residence.
- Beginning with the 2000 contract year, for employees terminating or retiring, medical coverage will terminate at the end of the month in which the employee last worked, rather than ending on the last day of the pay period for which an employee works.
- A formal complaint and appeals tracking and reporting system will be established and results will be reported to the Joint labor Management Committee.
- Uniformity in benefit design between all health plans.
- All plans will have a \$10 formulary copay and \$21 non-formulary copay with \$200/participant (\$400 per family) out-of-pocket drug maximum.
- State Health Plan and HealthPartners will have a 90-day mail order prescription drug benefit available for two copays.
- 80% benefit for emergency and urgent care needed outside the network when individual's condition does not permit care within the network. Maximum annual out of pocket is \$400/year/person. This change occurred as a result of the debate over what conditions are considered an emergency. This also applies to retirees that reside outside of the state.
- 100% coverage for dependent children living with ex-spouses out-of-area. However, ex-spouses continue to have 70/30 coverage, only available in the point of service option.
- U Care will be a new senior's option for retirees over age 65.

Dental Plans

- Out of network annual deductible increasing from \$100 to \$125.
- Orthodontia will have a separate lifetime maximum of \$2,800. The change separates out orthodontia from dental so it is not included in the annual maximum, but rather offers a separate lifetime limit plus the \$1,000 annual maximum for other dental care. Employees should benefit with this new system (although it only applies to children).

Life Insurance

- An accelerated life insurance payout benefit will be provided. Life insurance can be paid out prior to death with an approximate 3% penalty.
- Addition life insurance maximum increasing from \$300,000 to \$500,000
- Limited open enrollment for those who have additional life.

Short-Term Optional Disability

- Maximum increasing from \$3,000 to \$5,000.
- Limited open enrollment for those who have short-term disability coverage.

Long-Term Optional Disability

- Maximum increasing from \$2,000 to \$5,000.
- Minimum benefit going from \$50 per month to \$300 or 15% of benefit amount.

In addition, Mr. Fahnhorst distributed the State Employees Group Insurance Program Rate Comparison for Health and Dental 1999 v. 2000 Proposed Rates from the Minnesota Department of Employee Relations.

The Office of Human Resources is in the process of communicating to University employees about the above changes and other information related to open enrollment. Open enrollment is scheduled to begin on October 16, 1999 with materials and packets being mailed in mid-October. Mr. Fahnhorst added that the HR homepage has links to the Health Plan Task Force, its website is being updated with more information about open enrollment, and the Benefits Fair will be held on October 26 and 27.

Professor McGehee stated that the biggest disappointment was the dramatic price increases for both the employees and the University. It was noted that the State of Minnesota gets a better deal with fully insured plans, but that all of the health plans this year at the state level are self-insured.

RFP for Employee Benefit Consultants.

Robert Fahnhorst distributed the Request for Proposal for Employee Benefit Consultants dated August, 1999 for review by the members of the Health Plan Task Force. He noted that the report will be public in September, and asked members to provide him with feedback on the report fairly quickly.

Professor McGehee identified two substantive points:

1. It was initially thought that money and effort could be saved in combining the graduate assistant and undergraduate student pools with the faculty and staff pool. Therefore, it is important to have representation from graduate assistants and undergraduate students on the Health Plan Task Force.
2. If the University moves forward and decides to separate from the state, it would be wise not to waste the time with an additional RFP for the second phase, but rather to combine all into one contract.

The following points were made during the discussion and review of the RFP report:

- Benefit changes would not be made until the year 2001 if the University decides to separate from the state.
- There is a need to state more specifically the criteria required for this proposal.
- It was recommended that the word "financial" be deleted before resources so it reads "adequate" resources instead.
- It was also recommended that the phrase "Acceptable Financial Standing" be substituted with "Adequate Resources."
- There is a need for the University to address the ownership of data and materials, and to negotiate this issue during the proposal process.
- The consultant will most likely report to VP Carol Carrier as the University representative.
- Concern was raised about the lack of clarity about the privacy and confidentiality of data disclosed to the consultant. It was noted that once hired, the consultant is an employee of the University and therefore should have access to information on a need-to-know basis.
- A recommendation was made to reorganize the overall objectives.
- A question was also raised about the bidding process. It was noted that consultants should provide a range, as well as a description of exactly what they will produce for such an amount.
- The task force will consider the involvement of the Health Plan Task Force in consultant interviews, as well as a discussion of the meeting of Health Plan Task Force members with the Regents on September 9.
- All other comments about the draft should go to Bob Fahnhorst by fax at 6-0808 with "hand deliver" written by the end of next week. He will send the next draft to Kate Stuckert to distribute to task force members with a request for comments by a certain date; if no comments are made by a certain date, it shall be considered approved.

The meeting adjourned at 12:00 noon.