

## MINUTES

### HEALTH PLAN TASK FORCE (HPTF)

Thursday, July 1, 1999

10:00 a.m.-11:30 a.m.

300 Morrill Hall

**Present:** Richard McGehee (Chair), Linda Aaker, Keith Dunder, Robert Fahnhorst, Harlan Smith, Larry Thompson

**Absent:** Avner Ben-Ner, Roger Feldman, Priscilla Pope, Richard Purple

**Regrets:** Richard Butler, Amos Deinard, Bart Finzel, David Hamilton, Robert Sonkowsky, Gavin Watt

**Guests:** None

**Others:** None

[Meeting Topic: Position on which model the State should choose for 2000-01]

### Chair's Report

The full Joint Labor Management Committee provided the following information at its last meeting:

- The legislative report was good since the reserve fund has been allocated for covering a self-insurance approach and adjusting risk.
- Even though the health plans have not provided cost information and the estimates cannot be held accountable, the State has deduced that the true care system model is not an option for 2000-01.
- There are now only two options available for 2000-01 and the task force should decide if it should take a position for one or the other.
- The two options are a modified status quo model or a modified care system model.

### Modified Status Quo Model

- The modified status quo model would include the State Health Plan Select and Point of Service products, HealthPartners, and HealthPartners Classic.
- Employees would choose one of the plans during open enrollment.
- Medica will not offer any of its products, but access to their clinics is still uncertain.
- Many people will have to choose a new plan since Medica is withdrawing its only product.
- The price of the State Health Plan Point of Service product will definitely rise with the displaced employees going into new plans.

### Modified Care System Model

- The modified care system would include three tiers and three columns. The columns are divided into the different health plans (Blue Cross & Blue Shield, HealthPartners, Preferred One) and the tiers are divided by cost (one being the least expensive and three being the most).
- Employees would choose a column and tier.
- Throughout the year they would be able to move among tiers, but not between columns.
- A point of service option over the entire model will be available, but that may be lost during bargaining.

### Open Discussion about the position of the Task Force

- Under the modified care system model, every employee would have to fill out a new form during open enrollment.
- Confusion may arise when employees are deciding which column and tier to choose because their dependents may fall into different columns and tiers.
- Costs may change for employees if their current provider is in a tier where the price would be different than what they are currently paying.
- If the point of service option was available to everyone under the modified care system model those currently under the point of service plan would have lower premiums.
- The point of service option could be part of either modified model.
- The current cost of the point of service option for employees is a \$350 co-pay and 70/30 coverage.
- From the employer's perspective the modified care system model would be the least expensive option because, even though it is speculative, estimates indicate the cost of tier one would be less than the current low cost carrier (State Health Plan Select).
- There will be a twenty percent increase in cost no matter which model is chosen.
- There would be another two to three percent increase in cost if the point of service option was included in the model.
- That increase could be more if everyone chose tier one knowing they could have access to out of area coverage only when they need it.
- The State prefers the modified care system model for 2000-01 because it will help the transition into the true care system model and the status quo model is not feasible any longer.
- The State wants to put a modified care system model in place and work on eliminating the barriers at the administrative level which are created by the different plans, but it will take at least two years to reach the ultimate goal.
- There are approximately 5000 University employees and their dependents that have University physicians as their primary health care providers.
- University physicians will not be a low cost carrier under the modified care system model because they will not be part of tier one given their costs.
- The health plans, and not the State, decide in which tier a care system will be placed since the bids go to the health plans that are serving as the administrators of the care system model.

- Blue Cross & Blue Shield and HealthPartners would rather be part of a modified status quo model, but will become part of the modified care system model since they still want to be part of the process.
- The current BHCAG model should be investigated for any problems so it is known what may arise with the modified care system model.
- The modified care system model is a good concept given the similarities to a true care system model, but the health plans are still able to play off one another.
- Once the columns are eliminated under the care system model, employee confusion will be less since they only have to choose among tiers and not among columns and tiers.
- If the State does not go with the modified care system model, it will never be able to go into a true care system model because a transition period is necessary and the timing will be off with the bargaining process.
- As long as Kathy Burek is with the State, the task force should follow her judgement, which is to go with the modified care system model.
- The unions will only agree to a modified care system model if similar benefits could be offered to those that were provided by the Medica products.
- University employees are currently separated into the plans as follows: 1115-State Health Plan Point of Service, 6008-State Health Plan Select, 814-Medica Primary, 5656-HealthPartners Classic, 1222-HealthPartners, 213-First Plan Select (Duluth only).
- University employees perceive the only difference between the State Health Plan Point of Service and Select products to be the point of service aspect.
- The number of University employees in the point of service option is two to three percent higher than the industry standard.
- Those in the point of service option would probably be willing to the third, and most expensive, tier since they are already paying high premiums for health care coverage.
- The point of service option available to all within the modified care system model would handle the issue with retirees and those employees out of state.
- Clinics, and not hospitals, are tiered and they refer to hospitals.
- The health plans would list specialist and hospital information in their marketing strategies.
- As now, primary care physicians would make referrals for mental health care under either modified model.
- The State is considering making mental health care a carve out to whichever model it chooses, but it cannot be done for the upcoming year.
- Plans will place their clinics in the tier they feel will be most profitable, but it is not certain what criteria is provided by the clinics to determine that.
- Perception is influenced by cost, so employees will pay to be in higher tiers because they feel they will receive better care.
- BHCAG surveys have shown that those in tier one have had the highest satisfaction rates.
- The State is encouraging clinics to deal across columns, but their tier placement may vary among the columns.
- The State will cover the entire cost of the lowest tier that is available in out-state areas even if it is not the tier one.
- The State would like referrals to specialists eliminated, but it could become part of the third tier as part of a compromise.

- Each system under the BHCAG model decides whether or not a referral is needed to access specialists.
- It is inevitable the State will move to a care system model since the current model is failing and a single payer model is not an option so it should move now instead of wasting efforts on the current model.
- There are too many uncertainties with the modified care system model to get employees' perceptions on it.
- There is clearly more choice in the modified care system model.
- Clinics will have to be in more than one column in order to cover all geographic needs.
- Those health plans with leverage will try to demand clinics are exclusive to them, but that is not allowable under the State.
- University physicians will bid to all plans and keep prices constant among the different plans.
- HealthPartners could be the administrator of the modified care system model since it is already set up for BHCAG, but the other plans will need time to develop a system.
- Even if the State eventually gets to a true care system model, it will still have more than one administrator.
- Only fourteen out of twenty-five care systems provided proposals for the modified care system due to the uncertainty of the model's implementation and the amount of work involved in a proposal.
- The University should not be the one to bring down the model decision, but it will go after what it feels is the best for its employees.
- There is a possibility that the point of service option will not be available in the status quo model.
- The health plans still have not provided the requested data so the Wyatt-Watson project has not progressed.
- There has been constant follow-up as to when information will be provided and that will continue until it is received.
- The plans will oppose the care system model, but it is the only option.
- When each plan was presenting their perspective of the care system model, Blue Cross & Blue Shield did not see the difference between the current and care system model, HealthPartners wants to be the only administrator, and Preferred One understood what its role would be.
- The task force decided that its position would be to see what is decided upon and adapt to that model as smoothly as possible.

## **Adjournment**

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