

MINUTES

HEALTH PLAN TASK FORCE (HPTF)

Thursday, May 5, 1999

10:00 a.m. - 12:00 noon

300 Morrill Hall

Present: Richard McGehee (Chair), Linda Aaker, Avner Ben-Ner, Richard Butler, Amos Deinard, Keith Dunder, Robert Fahnhorst, Bart Finzel, Priscilla Pope, Robert Sonkowsky, Larry Thompson, Gavin Watt

Absent: Roger Feldman, Richard Purple, Harlan Smith

Regrets: David Hamilton

Guests: Carol Carrier (HR)

Others: None

[Meeting Topics: Future tasks of the Health Plan Task Force]

Chair's Report

Professor McGehee provided the task force with information relating to its history and future:

- The task force was appointed in the fall of 1999 by the Faculty Consultative Committee (FCC), Senate Faculty Affairs Committee (SCFA), and the American Association of University Professors (AAUP).
- The task force was developed at the same time the Joint Labor Management Committee (JLMC) launched its study of possible new health care models.
- Accomplishments include two University representatives being added to the JLMC and University providers being added the State Health Plan Select, which is the low-cost carrier.
- There has been slow but steady progress at the JLMC meetings and the outcome of those meetings has now gone to bargaining so the University no longer has representation.

Happenings with the Current Health Care Model:

- Medica has withdrawn its Primary product, affecting 1000 University employees.
- Given the withdrawal of Medica Primary, keeping the current health care system is no longer an option.
- It is not certain how much longer the State Health Plan Point of Service or Health Partners premium option will be available given their extreme costs.
- The State has determined that the complex solution to developing a new health care model would be to increase the five choices that are currently available to nine.

- The choices would be offered by the State, HealthPartners, and Preferred One and employees would choose one plan and then enter into a care system type model.
- The State hopes to implement a care system model by 2001 or 2002.

Actuarial Information Gathered Thus Far:

- Watson-Wyatt has not been able to obtain all of the experience data that is required to complete the current study so there is nothing new to report.
- The demographic study that already took place showed that the University is not as expensive as once perceived.
- The Deloitte & Touche representative for the State shared experience information for the State Health Plan Select and the Point of Service and Premier plans which showed that the Select plan costs \$130 per month per member and \$200 per month per member for the Point of Service and Premier options.
- The study Deloitte & Touche conducted for the University shows very different figures from those that have been provided by Watson-Wyatt. This could mean that they had the wrong information or the Point of Service option was developed to fail so more people would move to the Select option which would drive up its costs.
- If Watson-Wyatt has accurate information, the University could definitely save money or improve the benefit pool if it were to leave the State.

Future options for the Health Plan Task Force:

- The task force could maintain its current level of production, which is slow and not beneficial in determining what would be best for the University.
- The task force could limit the current level of production, which would mean to stop the functioning of the task force.
- The task force could increase the level of production to determine once and for all if the University should separate from the State or not.

Open Discussion about the Future of the Task Force

Carol Carrier provided the task force with information about the University's options for health care coverage:

- The University will remain with the State for 2000.
- In order for the University to determine whether or not it should separate from the State by 2001, a study of that possibility must begin immediately and it would be very intense.
- If the study were to take place the current task force would increase in membership and meet much more frequently.
- The University would begin the study immediately by implementing an RFP process that would first locate a firm that would assist in finding a firm to work with the University once it is on its own.

Comments on the Possible Study:

- The University must go through the entire consultative process when determining whether or not to separate from the State and not take any shortcuts.
- Even if the task force does not endorse the study the administration could still go forward with it.
- The University is large enough to have its own health plan so it should conduct the study instead of waiting to see what the State decides will be the coverage plan and not have a say about it.
- The University should stay with the State, the task force should move along at its current pace, and no more money should be spent on studies since they will not provide any new information.
- The task force should increase its level of progress in order to gather as much information as possible.
- It will cost between \$500,000 and \$750,000, and many man-hours, to get through the RFP round of the study.
- The current process of determining health care coverage is out of control at the State so a separation study is very necessary.
- The purpose of conducting the study would be to clarify the information already gathered since it is not readable in its current form.
- The administration will not agree to an additional study if the study currently underway with Watson-Wyatt shows that the University is in the best possible plan.
- The results of the additional study should be published throughout University publications with an emphasis on the fact that the University does not want to leave the State but that may be the best option.

Separating from the State:

- A decision on whether or not to separate from the State should be determined by this fall.
- Given the market, it would not be economically sound for the University to separate from the State at this time.
- If the University separates from the State and offers its own plan, benefits will be limited as expenses increase.
- The overhead will most certainly be more for the University if it was on its own, but it is not known if the overall cost would be more.
- The University should reprocess its lists of wants and needs and conduct a survey to see if that information is still accurate.
- The University must determine what it wants but is not receiving from the State and what will be lost if it were to separate.
- Any move that is made must include the willingness to accept whatever consequences may come.

Current Status with the State:

- Faculty members have indicated that they would be willing to trade first dollar coverage for wider access, but unions want first dollar coverage more, so a wider access network is never available through the State because it is lost during bargaining.

- Currently, those things not available to the University with the State is representation during the bargaining process, less expensive coverage, and the option to modify health plans.
- The State and unions will not decide to stay with the current model or develop a care system model until cost estimates are available.

Joining BHCAG:

- If the University were to separate from the State, it should consider joining BHCAG instead of developing a new health care plan.
- Those companies under the BHCAG model are similar, whereas the University is much different, so joining BHCAG may not be the best option for the University.
- The University could not possibly offer the same benefits as the State so it should try to get into the BHCAG model in order to offer similar products.
- At the very minimum, the University should find out if it is able to join BHCAG since laws do not allow the State to join so that may also be the case for the University.

ASCFME Position on the University Separating from the State:

- ASCFME has indicated that its University employees will not go under a separate University plan, which creates many new issues when considering separation.
- ASCFME employees at the University could bargain with the University if it provided its own health plan, but it will remain with the rest of ASCFME since it creates unification and the same desires are wanted among the entire group.

Political Aspects of Separating from the State:

- Ten years ago the State wanted the University to separate but now that is not necessarily the case.
- The State may have already conducted the study under consideration at the University and has not said anything since it would benefit the University to separate, but negatively impact the State.
- Separating from the State would most certainly affect relationships in other areas of the legislature, especially if DOER's plan becomes weaker once the University leaves.
- It may not be wise for the University to separate from the State at a time when companies are coming together to provide better health care coverage.
- The State would not perceive the University investigating its options more fully as a negative impact.
- If the study shows that the University is less expensive than the rest of the State, and the University separates, costs will go up for the State and could be indirectly redistributed to the University through the State's allocation to the University.
- Getting too involved in a separation study will indicate to the State that the University wants to separate and the same treatment will no longer occur.
- The task force has impacted the State because it still grants the University with its requests (for a cost) if they are cut during bargaining.

Information that should be included in the study:

- It must be determined if staying with the State is necessary or a burden.
- The product provided by the University would have to be developed before deciding to separate.
- Consideration must be given to coverage throughout the entire State in order to accommodate the needs of the coordinate campus employees.
- Coverage for pre and post 65 year-old retirees must be considered.
- It may be beneficial to include undergraduates and graduates in determining what a University operated health care plan would cost because it would create a larger pool that includes healthier people.

A motion to recommend that the administration approve an additional study to determine what the health care coverage alternatives are for the University should take place once the results of the current study are available was unanimously approved by the task force.

Adjournment

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