

[Meeting topics: update on activities at the State and University, supplementary insurance]

## MINUTES

### HEALTH PLAN TASK FORCE

Thursday, December 17, 1998

10:00 a.m.

229 Nolte Center

**Present:** Richard McGehee (chair), Linda Aaker, Richard Butler, Amos Deinard, Keith Dunder, Robert Fahnhorst, Harlan Smith, Robert Sonkowsky, Larry Thompson

**Absent:** Roger Feldman, David Hamilton, Martha Johnson, Priscilla Pope, Gavin Watt

**Regrets:** Avner Ben-Ner, Bart Finzel, Richard Purple

**Guests:** None

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

#### **1. Activities at the State**

Professor McGehee convened the meeting at 10:00 a.m. and reported first on the status of activities at the State. At the December 16 State Labor Management Committee (SLMC) meeting Professor McGehee and Mr. Fahnhorst learned that the State Department of

Employee Relations has concluded that it cannot meet the year 2000 deadline, which means they cannot put the new plan into effect beginning January 2000. The SLMC plans to meet in mid-January to discuss a new schedule. Because contracts with the health plans and unions are for two years, it may mean a wait until 2002. No one is pleased with this news, said Professor McGehee, and while there was some discussion about implementation in 2001 he is not hopeful because of the problems it would create with the unions. Pete Benner, the AFSCME President, agreed it would be a major problem. In the meantime, the State is proceeding on schedule with the Requests for Qualifications (RFQs), Requests for Proposals (RFPs) and Requests for Information (RFI).

In response to a question concerning the impact of personnel changes at the State, Professor McGehee thought they could have major implications and perhaps already have. There are also financial implications of implementing the new plan even though it will save money down the road and it is not clear at this time whether Governor-elect Ventura is willing to finance the

initial costs. Another factor involves the State's computer conversion to the year 2000. Last, but certainly not least, are the many political factors.

The unions are very supportive of the new model, said Professor McGehee, and may have some influence in forcing it back on track.

Several Task Force members expressed frustration that the State is just now announcing that it is off schedule. This should have been known long ago, they argued. Could there be some compromise that could be attained by January 2000? Mr. Benner believes that if there was agreement on a new system but it could not be implemented by 2000, there would be major problems during the interim period because most likely the Medica Premiere option would disappear and the Blue Cross point-of-service option would be priced through the roof. This is of real concern because it is the only option available to many out-State areas.

At this time, the process is still moving forward, said Professor McGehee. The RFQs have been submitted to the health systems and 27 have responded, although some of the larger systems, such as Aspen, have not replied. The University of Minnesota Physicians (UMP) and Neighborhood Health Care Network did respond. A major issue that has emerged in all of the responses is the question of which primary care clinics are in which care systems. It appears that in the responses to the RFQs the clinics did not clearly identify the care systems. One feature of the Buyer's Health Care Action Group (BHCAG) model, and one which the State seems very committed to, is that each clinic and each primary care physician is to be associated with only one care system. In the case of the University, for example, Boynton Health Service is in both the bids from the UMP and Community-University Health Care Center.

Within the next two weeks all the care systems that responded to the RFQs will be interviewed and those that qualify will be asked to submit proposals. The RFPs have also been sent to administrators and are due back by mid-January.

## **2. Activities at the University**

Professor McGehee met with the Health Plan Oversight Committee to seek its guidance. Two options discussed included 1) continuing to study alternatives for the University and 2) wait to see what happens at the State and then react, as necessary. The Oversight Committee favored the first option. In view of that, Professor McGehee met with Vice President Carrier and Robert Fahnhorst to discuss the possibility of hiring a consultant and Vice President Carrier recommended Watson Wyatt.

Professor McGehee proposed the following three assignments and timetable for the consultants:

1. Given the University's demographics, and based on actuarial standards, what are the expected medical costs for the University population?
2. What is currently available in the Twin Cities market for off-the-shelf health care plans? What are their relative merits and shortcomings? This discussion should include the BHCAG as well as products from HealthPartners, Medica, and BCBS.

3. For a representative sample of plans discussed in item 2, what would the University expect to pay for its population? What costs are associated with offering a selection of plans as opposed to a single plan? All estimates should come with confidence intervals. We know we cannot get precise answers, but we need to know the level of accuracy of the estimates.

Timetable:

January 7--Answers to Items 1 and 2 presented to Health Plan Task Force. Input from Task Force.

January 21--Answers to Item 3 presented to Task Force. Input from Task Force.

February ?--Summary report of findings to appropriate Faculty Senate committees.

A question was raised concerning retirees and it was agreed that the consultants should also be asked to obtain whatever information is available for pre- and post-1965 retirees.

At this time the consultants have not been asked to separate represented from non-represented employees for the demographics study; nor were graduate students included. The Task Force recommended that the consultant be asked to distinguish between the two employee categories and that graduate students not be included at this time, although the Task Force may want to invite representatives of the graduate students to meet with them to discuss their thoughts on this matter.

**3. Agreement with the State**

Professor McGehee reported that there was an agreement with the State regarding providing supplementary insurance for University employees that has been on hold for quite some time. He turned to Mr. Fahnhorst for an update on this issue.

Mr. Fahnhorst explained that the original agreement included a stipulation that each year the University will provide a "wish list" to which the State will respond. Examples of items on the wish list this year include: 1) elimination of the new employee 28-day waiting period for coverage, 2) special treatment for sabbaticals, which involves a small pool of people and would be relatively inexpensive, 3) option to elect out of coverage, which is more controversial since it has a higher cost attached to it, and 4) point of service option on all plans, which is favored by the unions and most likely will become a negotiable item. The process involves the State determining the cost to implement a change, negotiating with the unions, and then either agreeing to adopt the change or allowing the University to make the modification at its own expense.

Other items Task Force members would like added to the list include: point of service mental health option, quarterly reports of utilization, and domestic partners coverage. The committee discussed whether supplement of the retirees' health plan should be added, but agreed it is not appropriate as it is a University decision, not a State decision.

Professor McGehee will pursue submission of the "wish list" and the "letter of agreement" which states, among other things, that the University will be allowed to submit such a list every year. Mr. Fahnhorst cautioned the committee that even though the State might allow the University to offer supplementary insurance, there is no guarantee that the University will have the money to fund it.

A list of the options discussed will be circulated by email and members will be asked to rank order them.

The meeting was adjourned at 11:45 a.m.

--Martha Kvanbeck