

BENEFITS ADVISORY COMMITTEE  
MINUTES OF MEETING  
AUGUST 1, 2002

[In these minutes: Call to Order, Out of Area Emergency Travel Insurance, 2003 Medical Rate Setting, Definity Plan Design Change, Choice Plus Benefit Changes, 2002 – 2003 Work Plan]

[These minutes reflect discussion and debate at a meeting of a committee of the University Senate or Twin Cities 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: Fred Morrison (chair), Gavin Watt, Pam Wilson, Karen Wolterstorff, Jody Ebert, Michelle Lamere, Nancy Wilson, Don Cavalier, Joseph Jameson, Carla Volkman-Lien, Wendy Williamson, Gailon Roen, Steve Chilton, Amos Deinard, Peh Ng, Theodor Litman, Dann Chapman,

ABSENT: Linda Aaker, Ronald Enger, Frank Cerra, Susan Brorson, Richard McGehee, Rachel Estroff, Marjorie Cowmeadow, Keith Dunder

REGRETS: Carol Carrier, George Green

GUESTS: Chris Hulla, Martha Johnson, Kathleen Sellew

OTHERS: Kathy Pouliot, Tonya Soli, Jacqueline Singer, Linda Blake, Phyllis Walker

I). Professor Morrison called the meeting to order and asked those present to introduce themselves.

II). Out-of-Area Emergency Travel Insurance – Pam Wilson distributed a draft RFP on medical evacuation and repatriation insurance coverage. Pam Wilson and Martha Johnson provided members with an overview of the RFP and highlighted the following:

- The Travel Insurance Subcommittee began its work by identifying existing out-of-area emergency travel services offered by the University's current health plan providers. The purpose was to avoid paying for services already in place and to uncover gaps in order to determine what needed to be included in the RFP.
- A classic exclusion on a significant number of travel policies has been 'war on terrorism'. All four U of M carriers indicated that although this type of coverage was excluded in the past, they are in the process of revising their policies.
- All current providers indicated that if the University chose to offer emergency evacuation insurance they would be able to do so. Currently, only HealthPartners has an identifiable system in place for providing this type of service. While all the carriers are willing to take on the role of primary out-of-area emergency travel

insurance coverer, the Subcommittee found they are not practically prepared to do so.

- The RFP process will identify a carrier to act as a coordinator, rather than the primary coverer, and administer the University's emergency travel insurance program. Because the University is self-insured it will be its own primary coverer and decide what services will and will not be covered.
- The RFP includes the following sections: I). Introduction, II). Notice to Respondents outlining the University's selection criteria, timeline, etc., III). Terms and Conditions i.e. the University's confidentiality and communications statement, etc. IV). Background Information i.e. demographic information to assist bidders in determining their pricing schedule, etc. V). Requested Services and Products i.e. benefits and services bidders are able to deliver based on the University's criteria.
  - A member expressed a concern that the University's weighted criteria evaluation form appears to give low bidders an unfair advantage. Professor Morrison assured members that although price is a factor the University is not obligated to choose the lowest bidder. Instead, a vendor will be chosen based its ability to deliver the services requested by the University at a reasonable price.
  - Questions arose concerning the section dealing with medical evacuation and repatriation coverage. Dann Chapman, Director of Employee Benefits, recommended this section be clarified so respondents understand exactly what the University is asking for in order to competitively price each option.

III). Medical Rate Setting for 2003: Rate setting for 2003 has been difficult due to the lack of claims experience data. Professor Morrison called on Chris Hulla to explain the Preliminary Draft of the 2003 Medical Rates handout. Renee Dempsey, Senate staff, will distribute a final copy to members in approximately 2 weeks.

Some reasons for the 8.7% across-the-board employee paid rate increases include:

- Prescription costs
- Lack of claims experience data
- Administrative costs
- Stop Loss Insurance

The 2003 health insurance rates were calculated primarily by the expertise of Buck Consultants due to limited 2002 health insurance cost data. Ideally it would be better to look at each plan independently and set the rates accordingly. However, due to the inability to differentiate between plans and lack of claims experience data, it was determined that the most equitable way to cover cost increases for 2003 was to have an across-the-board increase. In the opinion of Buck Consultants, the variability is too great to rely on deviations away from an 8.7% across-the-board increase. According to Mr. Hulla on behalf of Buck Consultants, an 8.7% increase is very competitive.

IV). Definity Plan Design Changes for 2003: Professor Morrison informed members that based on a recent IRS ruling, plans such as the Definity product need to make plan design changes in 2003. Rather than offering two different patient care account (PCA) amounts i.e. Option 1 \$750 PCA/\$1,500 deductible and Option 2 \$1,000 PCA/\$2,000, both PCA amounts must be the same. To be IRS compliant Definity has restructured its plan designs and the Committee must change Option 2 to either: \$750 PCA with a \$2,000 deductible, \$750 PCA with a \$2,500 deductible or something in the middle. [NOTE: A few days after the meeting a \$2,500 deductible was selected. Family Plan PCA and deductible will be double].

An AFSCME representative questioned the lawfulness of changing plan benefits during the contract period. Mr. Chapman explained that plan benefits can change at any time and that the University and AFSCME negotiated base plan benefits only. No specific plan offerings were discussed. Mr. Chapman reminded members that the University is buying into and participating in a pre-existing model. Professor Morrison stated that this is a labor contract issue that BAC is not in a position to address.

V). Mr. Chapman highlighted Choice Plus plan benefit changes for 2003:

- There will be a charge for Choice Plus tier1 because it costs more to administer than the HealthPartners Classic Plan.
- Duluth has a special subsidy in 2003 for employees that choose the low cost plan. If the employee does not choose the low cost plan they pay the same co-pay rate as members elsewhere. For the first year of the new system Duluth had a subsidy for the upper tier plan.
- 2003 Choice Plus tier changes – i.e. Access Quality Care System will move from tier 2 to tier 1, Children’s Physician Network will move from tier 1 to tier 2, Family HealthCare Services Minnesota, P.A. will move from tier 1 to tier 3. Mr. Chapman simplified for members how each care system’s cost efficiency is calculated by Choice Plus to determine tier ranking. Certain care systems operate more cost effectively than others.
- In 2003 Choice Plus will add a care system, North Clinic.
- There will be a name change in 2003. “Choice Plus” will become “Patient Choice.”
- Co-pays will remain the same with the exception of Duluth and outer metro.
- In 2003 Preferred One National rates are increasing substantially.

Other questions and comments regarding health and dental coverage:

- A member questioned HealthPartners 2003 dental crown coverage. Mr. Chapman explained that through 2002 HealthPartners crowns are covered at 80%, 2003 crowns will be covered at 50%. Committee members were reminded in the fall of 2001 they agreed to make all 2003 plan benefits uniform for easier comparison.
- Will there be better access to dentists in Morris? Mr. Chapman explained that the University in 2003 will offer an indemnity plan. Although the indemnity plan has slightly higher out of pocket costs it allows plan participants to access any dentist

they choose without network limitations. Delta and HealthPartners are also aware that the University has separated from the state and both are being encouraged, especially in Morris and Crookston, to try and recruit more dentists into the new networks.

- A member mentioned that the Duluth Clinic is double billing for co-pays. This does not appear to be a Choice Plus problem but rather a clinic issue. This member was instructed to give details to Kathy Pouliot, Employee Benefits, who will investigate the matter further.
- A member raised a question concerning the two Choice Plus plans in Duluth. Why is the individual contribution higher than the University's contribution? Professor Morrison explained that the individual contribution on any optional plan is determined by the low contribution plan in the state.

#### VI). 2002 – 2003 Work Plan:

##### Agenda items for fall 2002:

1. Review of the four plan administrators. Professor Morrison appointed certain members to act as 'reporters' for each presentation. The reporter will act as the lead for that particular discussion. Reporters are listed below:
  - HealthPartners – Gavin Watt
  - Choice Plus – Ted Litman
  - Definity – Richard McGehee
  - Preferred One – Peh Ng and another to be appointed.
2. Structural Review to decide if the University should:
  - Continue to only offer 2 rate levels i.e. single and family or expand the structure to 3 rate levels and include two people coverage.
  - Offer employees the option of choosing no coverage.
  - Change the structure of the retiree insurance program. Currently retiree dependents under age 65 are charged the higher dependent rate rather than the individual rate.
  - Shift to monthly, rather than bi-weekly eligibility.
  - Other issues that may be identified.
3. Examine the feasibility of offering an Integral Government Trust, a post retirement health care savings plan. An Integral Government Trust is a vehicle for putting pre-tax dollars aside, while an individual is employed, to pay for medical expenses or health insurance premiums upon retirement or termination of employment. The SCFA Retirement Subcommittee is also investigating the possibility of offering such a plan. Gavin Watt and Joe Jameson who attend Retirement Subcommittee meetings will act as liaisons between BAC and the Retirement Subcommittee.

4. Explore changing medical insurance effective and termination dates as well as having monthly rather than bi-weekly enrollment. Professor Morrison will address this subject at the September 5, 2002 BAC meeting. Another agenda item for the September 5<sup>th</sup> meeting will be the UPlan data warehouse policy for research which Professor Morrison reminded members is a union contract issue.

Agenda items for 2003:

1. Wellness
2. Preliminary review of dental and life insurance plans
3. Update on insurance costs and projections for 2004
4. Address any disability insurance issues
5. Examine results of an upcoming employee satisfaction survey to determine if any insurance plan changes need to be made. A recommendation was made to over-sample plans with lower enrollment numbers and coordinate campuses to ensure the Committee receives data representative of as many plan participants as possible.

VII). Professor Morrison called on Renee Dempsey, Senate staff, to update members on 2002-2003 meeting room scheduling conflicts. Ms. Dempsey stated that the usual BAC meeting room, 238A Morrill Hall, is not be available on several dates. Professor Morrison asked Ms. Dempsey to make other arrangements.

VIII). With no further business Professor Morrison adjourned the meeting.

Renee Dempsey  
University Senate