

BENEFITS ADVISORY COMMITTEE  
MINUTES OF MEETING  
OCTOBER 17, 2002

[In these minutes: Open Enrollment Update, PreferredOne Plan Review, Benefit Policy Issue Discussion on Changing Effective Date of Coverage, Work/Life Presentation by Nan Kalke]

[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), Linda Aaker, Gavin Watt, Pam Wilson, Karen Wolterstorff, Jody Ebert, Ronald Enger, Nancy Wilson, Carla Volkman-Lien, George Green, Gailon Roen, Susan Brorson, Steve Chilton, Amos Deinard, Richard McGehee, Peh Ng, Marjorie Cowmeadow, Theodor Litman

REGRETS: Don Cavalier, Joseph Jameson, Carol Carrier, Jackie Singer, Chris Hulla

ABSENT: Wendy Williamson, Frank Cerra, Dann Chapman, Keith Dunder

GUESTS: Julie Mantor, Mark Herting, Linda Chapeau and Mary Jo Kingston – PreferredOne Representatives

OTHERS: Kathy Pouliot, Linda Blake, Tonya Hill-Soli, Phyllis Walker, Pat Yozamp, Nan Kalke

I). Professor Morrison called the meeting to order and welcomed those present.

II). Open Enrollment Update – Kathy Pouliot announced that open enrollment materials are still being distributed. If individuals do not receive their materials by the end of the week, they should contact Employee Benefits.

Distribution of retiree open enrollment materials has been delayed due to a printing error. A correction sheet is being inserted in each booklet and retirees can expect to receive their materials by early next week.

Ms. Pouliot noted that Employee Benefits has hired Karen Chapin as the University's new Health Programs Manager. Ms. Chapin will start her new position on Monday, October 21, 2002. As Health Programs Manager, Ms. Chapin will have direct management over the various health plans.

III). PreferredOne Plan Review: Professor Peh Ng outlined the format for today's meeting with representatives from PreferredOne, Julie Mantor, Linda Chapeau, Mark

Herting and Mary Jo Kingston. PreferredOne distributed folders to each member that contained supporting documentation to facilitate their presentation. Plan review and discussion highlights included:

- The University's cost experience is lower than expected. Claims are averaging \$259.78 and this is down from initial projections of \$310.00. The committee reviewed the statistical data provided by PreferredOne.
- PreferredOne projects cost increases over the next few years to range from 9.5% to 12% or 13%. These figures are consistent with what has occurred over the past 12 - 18 months.
- In times of rising costs, PreferredOne has seen more cost sharing between employers and employees. Other than cost sharing strategies such as co-pays to control costs, PreferredOne mentioned its disease management programs as a means to control healthcare costs.
- Examples of various wellness and disease management programs were described to the committee. It was noted that all programs offered by PreferredOne are available to outstate plan participants as well as metro area members. Professor Morrison requested that PreferredOne provide the University with information and a proposal concerning what they are able to offer in terms of health risk assessments, disease management programs, and other related services. It is the University's goal to assess its entire population's risk prevalence with the intent of implementing judiciously focused health improvement efforts.
- PreferredOne is currently evaluating several vendors offering comprehensive wellness programs. It is anticipated that one will be selected by early 2003. This will be an optional program offered by PreferredOne and the fee has not yet been determined. PreferredOne noted that implementing a wellness program is not a venture to be undertaken lightly because it requires large investments of money and staff time. Careful planning is a must.
- The University has contracted with Johnson & Johnson as a first step in designing a wellness program. Because the University offers 4 very distinct health plans, Johnson & Johnson will be faced with the formidable task of creating a comprehensive program that takes into account the differences between the plans.
- PreferredOne has processed 31,941 claims between 1/1/02 – 9/30/02. The average provider submission lag time to submit a claim to PreferredOne is 33.05 days and the average turn-around time for PreferredOne to pay, pend or deny a claim is 8.7 days. PreferredOne is well within the performance standards specified in the University contract.
- On the PreferredOne website, [www.PreferredOne.com](http://www.PreferredOne.com), members are able to create a password allowing them to access their claims history. This URL provides members with information on how much a provider billed for a service, how much PreferredOne paid on the claim, the amount of the discount applied, etc. Pharmacy information is also available at this site.
- PreferredOne was asked to research what is causing some claims to remain in a pending state and not to be paid. PreferredOne agreed to look into this matter further and provide the University with their findings. As one member

commented, maybe there is something the University can be doing to speed up this process.

- Formulary drug lists are set for an entire year. Drugs can be added to the formulary list during that time but will not be removed unless the FDA or other regulatory agency deems a particular drug dangerous. Members were referred to a handout in their folder 'Pharmacy & Therapeutics Committee Information' (P&T) that indicates the credentials of the physicians that sit on the Express Scripts' P&T committee making formulary drug list decisions.
- PreferredOne became aware when implementing the UPlan of the need for physicians in the Winona, Minnesota and LaCrosse, Wisconsin areas. PreferredOne is in conversation with WINONAChoice in an attempt to enter into an 'employer specific contract' for the University to expand the number of PreferredOne physicians in these areas. WINONAChoice is not interested in participating in PreferredOne's 'Open Access 200' network, currently used for the University. Assuming PreferredOne is successful in its negotiations with WINONAChoice, network participation in these areas will be available in 2003.
- Several complaints have been received concerning the out-of-date information on the Beech Street Network website. PreferredOne noted that the Beech Street Network has recognized this as a problem and is actively taking steps to ensure its website information is as up-to-date as possible. Alternatively, PreferredOne mentioned that they also partner with Private Healthcare Systems (PHCS), the same national PPO network used by Patient Choice. PHCS could be used solely or in conjunction with Beech Street. Professor Morrison asked PreferredOne to provide the committee with information, on a state-by-state basis, about which network has more coverage. PreferredOne will also find out the cost impact of giving members the option of deciding which network they want to participate in. Professor Morrison noted this could be an administrative problem because it could cause confusion amongst members.
- PreferredOne does not advocate 24-hour nurse lines. PreferredOne, in the past, has looked into adding this type of service but has chosen not to and has no immediate plans to reconsider this decision. Some people believe that nurse lines divert emergency room visits but PreferredOnes' providers aren't necessarily convinced. Additionally, PreferredOne believes that nurse lines represent an excess cost that the plan need not incur.

Professor Peh Ng and Professor Morrison thanked the PreferredOne representatives for attending today's BAC meeting. Professor Morrison requested that answers to the questions raised today should be directed to Employee Benefits Director, Dann Chapman.

IV). Policy Issue #1 – Beginning (and end) of Coverage – Should the University move from a biweekly schedule to a monthly schedule? Currently, benefits begin on the first day of the first pay period after 28 days of service. With this policy, all new employees experience a waiting period ranging from 28 – 41 days before their medical benefits start. Members were asked to consider the following proposals:

- Should coverage be changed to a beginning of the month starting schedule? The cost impact of this type of change would be virtually nil to the University and the only disadvantage would be a slightly longer waiting period for a small group of employees, those hired on the 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> of the month. Otherwise, for employees hired on the 4<sup>th</sup> day of the month or after there would actually be a shorter waiting period and in some instances a much shorter waiting period. Factors relevant to this discussion include: A). The State of Minnesota requires employers to provide coverage through the calendar month in which an employee terminates employment. B). And, most medical plans operate on a monthly basis and their corresponding contracts with providers are also set up on a monthly basis.
- Should medical benefits start the first day of employment? This option would have a major cost impact to the University.

Based on whatever recommendation the committee makes concerning a coverage effective date policy, some or all of the questions below will need to be addressed:

- Should the University offer a catastrophic coverage, short-term policy for individuals that need coverage during the waiting period? Kathy Pouliot indicated that Employee Benefits has resources available to direct individuals to if they are interested in their type of coverage.
- When will coverage be paid for?
- How would monthly coverage be implemented?
- Are there PeopleSoft issues that need to be resolved?
- What is the cost of starting coverage on the first day of employment?

Members discussed the pros and cons of the different policy options and based on this exchange, Professor Morrison drew the conclusion that the committee seemed open to moving towards monthly coverage. Professor Morrison stated that additional information needed to be collected and discussed before the committee could vote on whether or not to recommend a policy change.

Professor Morrison announced other policy issues that will be discussed at future meetings:

1. Medical insurance pricing for retirees when the employee is over 65 and the spouse is under 65.
2. Shift to a three-tier system for coverage: individual, dual, family.
3. Allow employees to opt out of coverage.
- 3a. The opt out option as it relates to both spouses working for the University.

V). Professor Morrison called on Nan Kalke an intern in the President's Emerging Leaders Program to provide members with information on a work/life project she is currently undertaking. The goal of the project is to raise awareness and again support from University governance groups surrounding this issue. Ms. Kalke distributed a

handout to the committee that provided them with a working definition of work/life, reasons for addressing this issue, why work/life should be looked at now and who will benefit from these types of services as well as current work/life initiatives at the University. Highlights from Ms. Kalke's presentation included:

- With the increasing participation of women in the workforce, most families in the U.S. do not have the time available for non-work and/or family responsibilities.
- Eldercare is an ever-increasing issue. Employees caring for elderly friends or relatives provide, on average, more than 11 hours of informal, unpaid care per week.
- Organizational payoffs of increased productivity, retention and improved morale have been the impetus for establishing work/life initiatives in both higher education and industry. Research shows that employees are more motivated, productive, committed and loyal when organizations support their work/life needs.
- A majority of the 'Big 10' schools have created work/life offices, programs or centers to coordinate and enhance the decentralization of these services. The University of Minnesota is considered in the developing stages and is still in the process of coordinating its initiatives. The Family & Work Institute attempted to chronicle the evolution of work/family initiatives in companies by conducting surveys and interviews. Four stages of evolution were identified, three of which were very clear, but the fourth stage is still emerging.
  - Stage 1 generally focuses on childcare.
  - Stage 2 broadens the range of issues to be addressed such as expansion of flexible work arrangement policies and a move to a more integrated array of policies and programs.
  - Stage 3 acknowledges the need for culture change to evolve into a work/home-friendly environment. Communication is critical at this stage.
  - Stage 4 work/life efforts directly integrated into the strategic initiatives and benefits of an organization.
- The University's 2002 work/life initiative is being co-sponsored by Robert Jones, Vice President and Executive Vice Provost for Faculty and Academic Programs and Carol Carrier, Vice President for Human Resources. A steering committee has just been appointed to uncover work/life initiatives and make recommendations.

Ms. Kalke solicited input from members concerning current University policies that intersect with work/life issues. The following comments were made:

- Extend the current parental leave policy to include family members such parents.
- Establish referral or support networks to find appropriate community resources.
- Investigate work/life issues affecting academic couples.
- Provide supervisor sensitivity training on work/life issues experienced by employees.
- Offer benefits for employees working less than 75%.

VI). Other Business – Ms. Aaker announced that any member that no longer needs their copy of “How to Design Workplace Health Promotion Programs” by Michael P. O’Donnell to please contact her or Renee Dempsey, Senate staff and make arrangements to turn them in.

A member mentioned that the state’s dental directory lists 4 dentists in the Morris and Stevens County area that accept both Delta and HealthPartners insurance but these dentists are not listed in the University’s directory. Ms. Pouliot noted that the University is aware of these dentists and their names will be published in the most current directory that is due to be distributed soon.

VII). With no further business, Professor Morrison adjourned the meeting.

Renee Dempsey  
University Senate