

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
OCTOBER 7, 2004

[In these minutes: Employee Benefits' Announcements, Buy-Up Plan Design Discussion]

[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: Gavin Watt (chair), Linda Aaker, William Roberts, Pam Wilson, Karen Wolterstorff, Peter Benner, Jody Ebert, Ronald Enger, Rhonda Jennen for Rita McCue, Don Cavalier, Joseph Jameson, Michael Marotteck, Carla Volkman-Lien, George Green, Carl Anderson, Susan Brorson, Fred Morrison, Richard McGehee, Peh Ng, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Carol Carrier

ABSENT: Frank Cerra, Keith Dunder, Don Harriss,

GUESTS: Watson Wyatt representatives Scott Keyes and Tamra Lair

OTHERS: Linda Blake, Amos Deinard, Jennifer Durocher, Shirley Kuehn, Kathy Pouliot, Ruth Rounds, Jackie Singer, Phyllis Walker

I). Gavin Watt called the meeting to order.

II). Employee Benefits' Announcements:

- Dann Chapman regrettably reported that the husband of Betty Gilchrist, Human Resources Chief Communications Manager, died yesterday, Wednesday, October 6, 2004 of cancer.
- Self-serve benefits are now on-line. An announcement was sent out electronically yesterday sharing this information with the University community.
- UPlan flu shot clinics have been cancelled this year due to the vaccine shortage. Supplies are being reserved for the most vulnerable populations.
- In response to a question from a previous BAC meeting, Mr. Chapman shared utilization and cost statistics on office, emergency room and urgent care visits. He highlighted the following:
 - The number of office visits was down by approximately \$550,000 (a 14.5% reduction in claims) from first quarter '04 to first quarter '03. This can be attributed to:
 - Eligibility - there were less eligible participants in the Plan in 2004 than 2003.
 - Increase in patient co-pay amounts.

- Price a percentage of office visits could have been replaced by MinuteClinic visits, which are less expensive.
 - St. Mary's Duluth Clinic pricing went down from Tier III to Tier II.
 - The average emergency room charge is \$340, the average urgent care charge is \$120 and the average office visit is \$80. Analysis indicates that roughly 23% of the University's emergency room dollars are spent on visits, which are not emergencies.
- The University has not yet signed a contract with MinuteClinic; details are being negotiated. As a result, there is no MinuteClinic in Coffman Union at this time.
- Wellness Program Manager Ruth Rounds asked if there were any other BAC members interested in joining the Nutrition Subcommittee. Interested members should plan on meeting next week immediately following the BAC meeting.

III). Watson Wyatt representative Scott Keyes introduced today's main agenda item; buy-up plan design issues. Then, Professor Morrison recapped last week's discussion regarding plan design for the base plan. Professor Morrison noted the following:

- The goal is to have the base plan remain more or less the same as now e.g. a co-pay based model.
- Consideration will be given to the possibility of offering a second base-plan option.
- There will be a significant emphasis on issues related to provider quality and plan efficiency.

Members discussed at length the following questions regarding the design of the buy-up plans:

- Should one of the buy-up plans for 2006 be a tiered product? If so, should the UPlan continue with the tiered premium option (similar to the current PatientChoice model) or move to a tiered co-pay model based on point of service?
- Should the UPlan look into merging its PPO option, currently PreferredOne, into a broader HMO option (currently PatientChoice) as its highest tier? Or, should the UPlan offer a separate PPO option?
- Should the buy-up plans continue to use a co-pay model or a co-insurance model?
- Should the UPlan offer a Health Savings Account (HSA), a consumer-driven approach to health care?
- Should Boynton and UMP remain in the base plan? Should the University be prepared to say that on a cost basis, UMP is too expensive to be retained in the base plan?

Discussion conclusions:

- BAC members needed more information before they could decide whether a tiered product should be offered for 2006. And, if a decision was made to offer a tiered product, then members would need to decide if the tiered product should be a network based model or a point of service model.
- UPlan members should be given the opportunity to select a broad, national PPO option if they desire.

- Buy-up plans should use a co-pay model and not a co-insurance model.
- Members unilaterally agreed that the UPlan should not simultaneously offer two high deductible options (e.g. Definity Option 1 & 2) and two HSA options.
- Boynton Health Service and UMP should be retained in the base-plan, but UMP visits would be assessed a surcharge e.g. a higher co-pay to offset this very expensive network of clinics and doctors.

IV). Gavin Watt noted that tentative agenda items for the next BAC meeting are:

- Privacy issues
- UPlan Annual Report

A member requested each meeting commence with a recap of any final or outstanding decisions that have been made with respect to the RFP. Gavin Watt reported that since last summer the AWG (Administrative Working Group) has been ramping up to gain knowledge about issues impacting the RFP and discussing recommendations from the BAC. Mr. Watt will make a conscious effort at the beginning of each meeting to report on what the AWG has been focusing on.

V). Hearing no further business, Gavin Watt adjourned the meeting.

University Senate
Renee Dempsey