

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
DECEMBER 16, 2004

[In these minutes: HealthPartners' clinic closings and new multi-specialty facility, Announcements, UPlan Report to Board of Regents]

[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, Jody Ebert, Ronald Enger, Michael Marotteck, Carla Volkman-Lien, Carol Carrier, Carl Anderson, Don Harriss, Fred Morrison, Richard McGehee, Peh Ng, Dann Chapman

REGRETS: Joseph Jameson, George Green, Theodor Litman, Rodney Loper

ABSENT: Peter Benner, Rhonda Jennen for Rita McCue, Don Cavalier, Frank Cerra, Susan Brorson, Keith Dunder

GUESTS: HealthPartners representatives Kathy Cooney, Doug Smith

OTHERS: Linda Blake, Karen Chapin, Shirley Kuehn, Ruth Rounds, Gladys McKenzie, Curtis Swenson

I). Gavin Watt called the meeting to order.

II). Dann Chapman was contacted recently by HealthPartners representative Sue Hoel to inform him that HealthPartners would be holding a press conference to announce the building of a new specialty health facility in St. Paul, as well as to announce the closure of four of its clinics in the west metro area. The clinics, which will close on March 31, 2005, include Maple Grove, Ridgedale, Spring Lake Park and Uptown. The UPlan has approximately 1,400 members that will be affected by these clinic closings, 550 of who are with the Uptown clinic. Notably, the timing of this announcement, which occurred just after open enrollment, was disturbing to the University.

Of particular concern is the closing of the Uptown clinic. This clinic is located in a unique urban area, is accessible by public transportation, and is noted for being very sensitive to GLBT issues.

In response to this announcement, the University is reconsidering whether HealthPartners should continue to qualify as the base plan in light of closing four of its clinics. Is HealthPartners providing adequate access with their remaining clinics? While this analysis has not been completed, Mr. Chapman believes HealthPartners will continue to

meet the access standards. Access standards are set in the metro area in terms of travel time as opposed to miles.

Employees that have contacted Employee Benefits with concerns about their clinic closing are being given the opportunity to change their plan selection. Any such changes, however, need to be in the payroll system before the first medical plan deduction of the new plan year. The IRS restricts midyear plan changes. Employee Benefits is currently strategizing a communication plan for affected employees.

In addition to offering to hold informational meetings for affected employees on campus, HealthPartners' representatives Kathy Cooney and Doug Smith agreed to meet with the BAC today to let members know the rationale for the decision to close four these clinics.

HealthPartners' representative Doug Smith began by distributing a map, which indicates where the University of Minnesota's/HealthPartners' Classic Network Clinics are currently located in the metro area. Highlights from his presentation included:

- HealthPartners is in the process of building a large specialty health center in the east metro area. This facility will be a multi-specialty facility and will represent an increase in physician support to all HealthPartners' members, not just those in the east metro area.
- HealthPartners is expanding specialty care throughout its facilities. A detailed analysis conducted by HealthPartners indicated that the vast majority of its patients prefer to receive care from facilities that have multi-specialty capabilities. Several of HealthPartners' smaller primary care clinics have experienced a reduction in membership overtime and have been operating well below capacity.
- HealthPartners continues its drive toward efficiencies. It became apparent with clinics operating well below capacity and declining membership at some of non-specialty clinics (despite marketing efforts by HealthPartners) that there was a need to consolidate/close certain facilities.
- Because health care costs are rising rapidly, HealthPartners', through a detailed analysis, determined that they need to change the way they deliver care. E-care, a fully integrated electronic medical record system will soon be made available to all HealthPartners' members. E-care is just one example of how HealthPartners plans to change the way it delivers care.

Next, Kathy Cooney addressed the rationale for the clinic closings, and the timing of this decision. Ms. Cooney highlighted the following:

- In July/August 2004, HealthPartners Medical Group began work on a three-year plan for its clinics, results of which were solidified at the end of November 2004. HealthPartners Medical Group rated each of its clinics based on quality of care, patient satisfaction, and affordability. Based on this analysis, the larger facilities, which offered more depth, ranked highest.
- In the west metro, HealthPartners currently has 13 primary care facilities.
- A decision was made to consolidate four west metro facilities (Ridgedale, Spring Lake Park, Maple Grove and Uptown) into other locations based on the following rationale:
 - Physicians from the Ridgedale Clinic sited proximity to West Clinic as a reason to merge these locations. The Ridgedale Clinic is approximately two miles from the West Clinic.

- The Spring Lake Park location has continued to lose membership. This, in part, can be attributed to the large Coon Rapids Clinic and because the Riverway Clinic system was brought under the HealthPartners Medical Group and Clinics umbrella.
- Maple Grove is currently experiencing a significant amount of growth, and, as a result, the HealthPartners' site would require a considerable financial investment in order to continue on a growth trajectory. HealthPartners decided to allow its contracted network to serve this community and transfer the HealthPartners' physicians that work in Maple Grove to its Brooklyn Center location.
- Contrary to what many people think, the Uptown clinic has not been a growth site for HealthPartners. Patient satisfaction data indicates that the Uptown clinic is not meeting the needs of its members broadly enough. The physicians from the Uptown clinic will be moving to other HealthPartners sites, primarily West Clinic, Riverside Clinic and potentially the Bloomington Clinic.
- HealthPartners Medical Group is not in a position yet to notify its members regarding where a particular physician is moving. Once a decision has been made, likely around the end of January 2005, affected members will receive a written communication piece as well as a phone call so they can make decisions on where they want to receive care.
- HealthPartners is sensitive to the fact that the Uptown clinic has been very successful in serving the GLBT population. A similar investment has been made over the past few years at its Riverside site and its health center for women located at University and Highway 280.
- Approximately 28,000 HealthPartners members will be affected by these clinic closings. So far, HealthPartners' Member Services have received around 100 calls related to the clinic closings.
- HealthPartners is very excited about its east-side specialty center. The number of west-side members going to its current east-side specialists is around 33%.
- HealthPartners commitment to the University is that it will personally contact members affected by the clinic closings and let them know about transition plans.

Comments/questions from members:

- HealthPartners' open-enrollment representation to the University was somewhat misleading. No mention was ever made to the University that HealthPartners Medical Group was conducting a three-year plan for its clinics.
- Besides the Riverside Clinic, how many clinics does HealthPartners have in the City of Minneapolis? Mr. Smith stated that there is also a Camden facility. The member went on to say that it appears that HealthPartners is abandoning the City of Minneapolis. In response, Ms. Cooney stated that this is not HealthPartners intent, and, in fact, HealthPartners has a large inner-city population. HealthPartners is planning investments in its West facility and Riverside facility.
- Is the West facility accessible by public transportation? The bus drops off approximately ¼ of a mile from this facility noted Mr. Smith. He added that HealthPartners is planning on relocating this facility within the next year. Public transportation will be an important component of this decision.
- Through what means was the patient satisfaction data collected? Ms. Cooney stated that HealthPartners conducted a quarterly patient satisfaction survey, which asked patients questions about access, service, customer centeredness and perceptions of quality. Ms. Cooney added that while ideally HealthPartners would like to keep these four sites open, it is also clear from a business perspective that HealthPartners needs to maximize its investments. Basically the

decision boils down to access, as smaller clinics operate with only one or two physicians, members become disgruntled when they cannot get a timely appointment.

- The landlord for Calhoun Square, where the Uptown facility is located, is investigating turning the property into condominiums. This factor also played a role in the decision to close the Uptown Clinic.
- How many UPlan participants does the Uptown Clinic closing affect? Mr. Chapman noted that 550 UPlan members would be affected. What is the geographical distribution of these members? A geo-access report is in the process of being conducted, results of which will be available later today.
- When will HealthPartners know where all of its physicians will be moving? Ms. Cooney stated that the goal is the end of January 2005, but that she would be uncomfortable committing to this because it depends on physicians making choices on where they want to practice. As soon as a particular physician makes a decision, this will be immediately communicated to the member. Mr. Chapman noted that because members will not know where their doctors are moving while they have the opportunity to select a new health plan, it will be difficult for these people to know if HealthPartners will remain the best fit for them. Ms. Cooney agreed that the timing of this announcement was poor.
- Will physicians at other HealthPartners' clinics move around because of these changes or will these changes only impact physicians from the affected clinics? According to Ms. Cooney, there could be some shuffling from other locations as well, but this would be minimal. In addition, HealthPartners plans to give some of its physician's early retirement options should they be interested. Mr. Smith noted that HealthPartners would probably reduce its physician FTE count by 15 out of the 600 physicians in just one of its care groups, the HealthPartners Medical Group.
- How many physicians will be moving from the affected clinics? Definitely less than 20 physicians stated Ms. Cooney.
- Where is the new specialty health facility in St. Paul located? This facility is currently under construction and is located on Interstate 35E at Pennsylvania Avenue, just north of downtown St. Paul.
- Are there any large multi-specialty HealthPartners' clinics west of Riverside? No large multi-specialty clinics, stated Ms. Cooney, although the Bloomington Clinic and West Clinic have some sub-specialists. Ms. Cooney predicts, however, that more HealthPartners' sub-specialists will be moving to the west metro locations in the future.
- Are the sub-specialists at Riverside being retained? Yes, most definitely stated Ms. Cooney.
- What determines what clinic a member chooses e.g. physician, location, etc.? Ms. Cooney stated that research indicates an established relationship with a primary care physician tends to be the primary factor followed by location.
- The Riverside clinic is already busy, how will this facility be able to accommodate more patients and physicians? Ms. Cooney stated that there might be a need to move some of the sub-specialists in order to find enough space.

Gavin Watt thanked Ms. Cooney and Mr. Smith for their presentation.

III). Other business:

- Finalized open-enrollment numbers will be reported in January 2005.

- The base-line survey for the University's Wellness Program is being conducted. Results of this survey will hopefully be compiled by early January barring any additional unforeseen technical problems.
- The RFP has been sent out for bid. Last Friday, December 10th, a bidder's conference was held at the Watson Wyatt office. This conference was well attended by over 30 vendors.
- Boynton Health Service has added two physicians to its provider group and will be fully staffed by the end of January 2005. Boynton Health Service is a HealthPartners' provider.

IV). HealthPartners discussion continued – Gavin Watt asked members if they would be interested in preparing a formal response to HealthPartners' regarding the timing of their announcement to close four clinics in the west metro area. Discussion highlights:

- It appears as if the timing of this announcement was designed to lock-in members.
- Money seems to be the primary motivating factor for closing these clinics, followed by physicians' interests and patients' interests (in this order).
- An announcement must be communicated to affected UPlan HealthPartners' members immediately, allowing them to change their health plan selection in light of these clinic closings.
- Concern was expressed that people will over-reactive and change their health plan only to find out later that they could have followed their physician under HealthPartners.
- Employee Benefits should keep track of how many complaints it receives from employees in response to this announcement and not just rely on HealthPartners' data.
- With the RFP out for bid, HealthPartners should be reflecting on their decision to make this announcement at this time. After all, access plays an important role in determining the base plan provider.

Mr. Watt concluded:

- Employee Benefits will communicate as rapidly as possible a focused message to all affected HealthPartners' members that new open-enrollment opportunities are available to them in light of the HealthPartners' announcement to close four clinics.
- The BAC will compose a formal statement of displeasure to HealthPartners responding to their announcement that they are closing four of their clinics and the timing of this announcement.

Members agreed the letter should also include concerns related to the fact that:

- Some members rely on public transportation to go to the doctor.
- There were inconsistencies in today's presentation. Initially HealthPartners gave the impression that there was not enough patients to justify keeping these facilities open. Later, the message changed, and seemed to indicate that there was greater demand for service at these sites than there were physicians available to see patients.

Mr. Watt stated that if members think of other items they would like included in the letter to contact him.

V). Dann Chapman shared with members a summary of the presentation given to the Board of Regents on December 9, 2004: *UPlan: Where Are We Going?* Mr. Chapman highlighted the following:

- In light of rising health care costs, the University is attempting to make gains where it can in terms of wellness, health improvement efforts and new purchasing strategies in pharmacy delivery.
- National health care trends:
 - Employees, on average, are paying 25% more out of pocket costs e.g. premiums, deductibles and co-pays.
 - Employers are using plan design tools in an attempt to manage costs.
 - Performance goals are becoming part of contracts with vendors.
 - Consumer education and health improvement are being emphasized. Both of these areas are seen as places where medical trend can be held down.
- UPlan health trends:
 - Older age profile.
 - Higher level of illness burden.
- UPlan utilization (compared to other Minnesota employers in the data cooperative and compared to the Ingenix national book of business):
 - Inpatient service pricing higher than national norm.
 - Outpatient service costs higher than national norm. This is attributable to both volume and pricing of services e.g. more services being delivered without receiving the deepest discounts.
 - Cost increases are at roughly the national norm, which is driven by market pricing of services.
- The University is projecting approximately a 2.2% increase in total employee out-of-pocket charges at point of service for 2005. This figure is very misleading, however, because it does not take into account the fact that the University has lost roughly 800 contracts (employees).
- Projected per employee per year total cost from all funding sources (employer contribution to premium, employee contribution to premium, employee out-of-pocket costs) for the UPlan is \$7,730 for 2004. (This figure is in real dollars).
- UPlan opportunities for reducing health care trend include:
 - Screening/prevention opportunities
 - Self-care opportunities
 - Lifestyle opportunities
 - Disease management opportunities
- Guiding principles for UPlan medical coverage – ³Uplan is a partnership between the University and its employees to provide quality, cost-effective health benefits to employees, retirees and their families.²
- In terms of plan design, the UPlan will:
 - Offer a basic medical plan with quality, cost-effective benefits for employees and their families.
 - Support the needs of a diverse workforce by offering choices of medical plans.
 - Be concerned about access to and continuity of care.
 - Give strong consideration to the affordability of each of the plans, particularly the basic plan.
- UPlan principles related to plan costs include a commitment by the University to:
 - Use the employer contribution to the base plan as the reference for its contribution to all plans options.

- Seek to be competitive with the health plan offerings of the public sector and major research universities.
- Work to control health care costs with all the tools that are at the University's disposal.
- Share any savings that can be obtained between the University and UPlan participants.
- Participate in local, state and national efforts to solve the problems associated with rising health care costs.
- In terms of employee participation, the UPlan will:
 - Call on the BAC to participate in the development and evaluation of plans and of proposed changes to them.
 - Use the collective bargaining process to determine the health benefits for represented employees.
 - Encourage and assist employees in making informed choices about their health care.
 - Expect participants to participate in UPlan programs for health improvement and cost control (the administration cannot do this single-handedly).
- Regarding UPlan plan management:
 - The Employee Benefits division of the Office of Human Resources will manage the UPlan.
 - The Administrative Working Group (AWG) in consultation with the BAC will provide direction and guidance for the UPlan and will make recommendations to the President.
 - Includes data confidentiality and privacy for all plan participants.
- Examples of current and planned wellness efforts were shared e.g. distribution of self-care books, ³base-line² survey, etc.
- To summarize, moving forward:
 - The UPlan will continue to be a partnership between the University and its employees whereby efforts will focus on reducing costs in the marketplace versus shifting costs to employees.
 - Serious consideration needs to be given to the University instituting its own pharmacy services and how it purchases pharmacy benefits.
 - Disease management efforts and other best practices will be emphasized.
 - The UPlan needs to develop and implement a consumer education program and incent employees to choose healthy behaviors.
 - The UPlan must be engaged with University colleges and schools where they have health expertise.
 - The University, as a major research institution, should share its conclusions with the public through reports and peer-reviewed publications.

Comments/questions from members:

- University employees are paying approximately 23% more in out of pocket costs than they had in the past, similar to the national average. Mr. Chapman agreed and disagreed with this statement. He stated that for employees that choose to purchase the buy-up plans this is true, but not true for those in the base plan. Employees in the base plan pay a low premium and have low out-of-pocket charges at point of service. Typically, the least expensive plan at other employers' buys employees less coverage, but this is not true at the University.
- Mr. Chapman noted that at the bidder's conference last week, the University stressed that it is genuinely going back to the market, and not just looking for a price check. The University is

- seriously considering new methods of doing business e.g. work with only one or two vendors that can offer a wide spectrum of plan choices, etc.
- Has a decision already been made that the University will institute its own pharmacy services? Based on BAC discussions in the fall, this was only something that was being investigated, but not yet decided. Mr. Chapman stated that no final decision has been made. In Mr. Chapman's opinion, the University would benefit from instituting its own employer-owned pharmacy. Additionally, he also believes that purchasing pharmacy benefit manager services through a single PBM would be more cost effective than through the UPlan's current embedded PBMs. Mr. Chapman added these are his opinions and he is open to being convinced otherwise.
 - What does having the UPlan engage University colleges and schools with health expertise mean? Mr. Chapman stated that there is a concerted effort to draw on the expertise that is already internal to the University e.g. School of Public Health, School of Pharmacy, the Academic Health Center, etc. The University should take advantage and be mindful of its internal resources.
 - This presentation, particularly the closing statements, appear to be a funding plan for the AHC and a means for the Vice President of the Academic Health Center to promote his agenda to the Board of Regents. Mr. Chapman stated that the presentation was meant to convey the direction the UPlan intends to go moving forward. Although there have been some minor modifications to the language in the closing statements, these principles have been the basis for driving the UPlan since its inception.
 - Are the Regents aware that University of Minnesota Physicians (UMP) is one of the most expensive health care systems in the State? Mr. Chapman is unsure whether this information has been specifically communicated to the Regents. The BAC has been heard loud and clear around the cost issue associated with UMP. It was pointed out that the RFP specifically requests that the base plan include Boynton Health Service, but need not include UMP. And, if it is not included, vendors were asked if it would be possible to add UMP, and what the cost would be.

VI). Other business: It was noted that the criteria for flu shots has changed in Minnesota. Boynton Health Service will be holding some flu shot clinics this year. MinuteClinic is not offering flu shots this year, but will be treating the symptoms.

Results of the Pulse Survey are being compiled and will be shared with the BAC at a spring semester meeting.

The next BAC meeting will be Thursday, January 20, 2005 from 10:00 – 12:00 in #101 Walter Library.

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

Renee Dempsey
University Senate