

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
FEBRUARY 16, 2006

[In these minutes: UPlan Medical Program 2004 Annual Report, UPlan 2006 Presentation to Board of Regents, Board of Regents Policy on Employee Health and Related Benefits, RxAmerica Issues]

[These minutes reflect discussion and debate at a meeting of a committee of the University Senate; none of the comments, conclusions, or actions reported in these minutes represent the view of, nor are they binding on the Senate, the Administration, or the Board of Regents.]

PRESENT: Gavin Watt (chair), Linda Aaker, Tina Falkner, William Roberts, Karen Wolterstorff, Jody Ebert, Rhonda Jennen for Rita McCue, Penny Morton, Don Cavalier, Joseph Jameson, Michael Marotteck, Carl Anderson, Carol Carrier, George Green, Amos Deinard, Richard McGehee, Fred Morrison, Peh Ng, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Carla Volkman-Lien

ABSENT: Ronald Enger, Frank Cerra

GUESTS: Nan Wilhelmson, Ime Ekpenyong, Earl Hurst

OTHERS: Linda Blake, Ted Butler, Karen Chapin, Nancy Fulton, Joe Kelly, Shirley Kuehn, Gladys McKenzie, Kathy Pouliot, Jackie Singer, Jon Steadland

I). Gavin Watt called the meeting to order.

II). A copy of the UPlan Medical Program 2004 Annual Report was distributed to members. Ted Butler walked members through the report, and answered questions as they arose. As copy of this report can be found at the following URL:

<http://www1.umn.edu/ohr/benefits/uplan/index.html>

III). Next, Dann Chapman provided members with an abbreviated version of the UPlan update that was made to the Board of Regents on December 8, 2005. Copies of this PowerPoint presentation were distributed to members. Topics covered in the presentation included:

- UPlan guiding principles
- UPlan changes for 2006
- Preliminary open enrollment results
- UPlan cost history, projections and overall management
- Wellness
- Meeting the UPlan's goals, which include containing costs, avoiding further cost shifts to employees, implementing best strategies in purchasing practices and

programs, and moving to a model of health management rather than just illness treatment.

- Ties to strategic positioning

To conclude, Mr. Chapman noted that in order for the University to continue to meet its goals employees must engage in their health and participate in health improvement efforts. While the UPlan has made gains during this biennium, medical trend is still expected to outpace inflation in the foreseeable future.

Questions and comments following Mr. Chapman's presentation included:

- Was there any discussion concerning a defined contribution health care model during this presentation? Yes, indeed, stated Mr. Chapman. The Board is increasingly interested in issues related to employee relations, compensation and benefits, training and development and overall employee morale. Because many of the Regents come from the private sector, they are acutely aware of the cost shifting that is occurring between employers and employees. If the University is unsuccessful at controlling health care cost trends and engaging employees to take an active role in managing their health, it will be faced with no alternative but to consider a defined contribution model.
- What is a defined contribution model? Under a defined contribution model an employer allocates a flat dollar amount to each employee to pay for his/her health care. Any costs above this amount are the employee's responsibility.
- How often does Employee Benefits update the Regents on the UPlan? The Regents are updated twice a year.
- Was there a countervailing position to this report by the Board? No, stated Mr. Chapman. He characterized the Board's response to the report as being questioning, but not more than that at this time.
- In the presentation, what was meant by "We are responding to a market where the fundamental policy issues have not been addressed, and with limited tools at our disposal"? Mr. Chapman replied that despite the University's size it is impossible to truly impact medical trend. The health care industry has components that do not work well, many of which are outside the University's control.

IV). Nan Wilhelmson brought back the revised Board of Regents Employee Health and Related Benefits policy that was initially presented to the committee at its January 19th meeting. Copies of this draft policy were distributed to members. Ms. Wilhelmson highlighted the changes that were made to this policy since the committee last reviewed it.

A member felt strongly that the policy should contain language that notes that some employee groups bargain their health care. Ms. Wilhelmson noted that this is covered in the definition portion of the policy, which states that eligible employees include faculty, professional and administrative, civil service and union-represented employee groups. Additionally, Section V, Subd. 4 references the fact that implementation of the University's health and related benefits programs will be conducted in accordance with provisions and terms of all applicable administrative policies and procedures, rules and

contracts. After much discussion, the committee recommended that Section V, Subd. 4 specifically include language referencing collective bargaining agreements.

The committee also suggested the following changes be incorporated into the policy:

- The title of the policy be changed from "Employee Health and Related Benefits" to simply "Employee Health Benefits". Also, any references to the title in the document be changed accordingly.
- Remove Section III (c) from the policy. By a narrow margin the committee voted to delete the following text from the policy, "The University is committed to offering a health plan that is competitive with peer institutions as to its structure, coverage, and cost to employees".
- Add text to Section V, Subd. 3 that denotes that the president or his/her delegate report "at least" annually to the Board of Regents.

Nan Wilhelmson noted the committee's recommended changes and will bring them back to the group that is drafting this policy.

V). A handout outlining RxAmerica pharmacy program implementation issues was distributed to members. The issues and their resolutions are noted below:

- **ISSUE:** Mail order department not open until 10:00 CST.
RESOLUTION: Mail order hours were changed to 8:00 – 7:00 CST. Also, additional customer service staff were given access to mail order claims information, and are being trained on the mail order system in order to answer inquiries.
- **ISSUE:** Excessive wait times to receive mail order prescriptions, and in some instances questions on the status of mail order prescriptions were not answered satisfactorily.
RESOLUTION: RxAmerica is currently working to eliminate its mail order prescription backlog so that prescriptions can be filled in a timely manner. RxAmerica is also adding customer service staff to knowledgeably answer UPlan member's inquiries.
- **ISSUE:** Concerns over the accuracy of the information provided by the dedicated RxAmerica team to UPlan members.
RESOLUTION: Employee Benefits and RxAmerica are working hard to identify accuracy issues and correct the understanding of UPlan pharmacy benefits by RxAmerica customer service staff.
- **ISSUE:** The restrictive nature of the cholesterol lowering formulary.
RESOLUTION: After further consideration centering on clinical appropriateness, member and physician concerns as well as member disruption, RxAmerica and the University's School of Pharmacy developed a less restrictive cholesterol lowering formulary, which will take effect on April 17th.

- **ISSUE:** In a step therapy mailing to over 400 UPlan members up to 20 letters were double stuffed. This means that some members received not only their own mailing, but also the mailing for another UPlan member. The mailing contained individual drug information, which is considered Protected Health Information under HIPAA. This incident was caused by a malfunctioning mailing machine, and was clearly unintentional.
RESOLUTION: RxAmerica CEO John Gardynk or Vice President Earl Hurst will personally call each member who has been identified through a contact with either Employee Benefits or RxAmerica, and apologize. RxAmerica will also send a letter of apology to affected members. RxAmerica will determine the cause of the mailing machine malfunction and take the steps necessary to make sure it does not happen again. In addition, if an affected member contacted Employee Benefits, Dann Chapman, director, will call the member and express the University's concern over this situation.

RxAmerica Vice President Earl Hurst stated that RxAmerica takes these issues very seriously, and apologized to the committee. Steps are being taken by RxAmerica to ensure these problems do not reoccur stated Mr. Hurst. RxAmerica is working hard to build and develop its relationship with the University.

Dann Chapman added that despite all the positive elements that have been put in place around the UPlan's new pharmacy benefits program, they are being overshadowed by numerous service problems. He noted that he has communicated this disappointment to RxAmerica.

Professor Morrison, chairperson for the Committee of Selection, also expressed his extreme disappointment with RxAmerica. He stated RxAmerica's performance has been an embarrassment for the BAC and the UPlan. Even beyond the serious HIPAA mishap, the entire program has failed to perform competently. According to Professor Morrison, RxAmerica has seriously underperformed. All the problems that have occurred have totally eradicated any benefits that RxAmerica sold to the University.

Professor Morrison asked Mr. Hurst how it is possible to know that only 20 letters were double stuffed. Mr. Hurst replied that based on what has been reported and research into the incident by RxAmerica, estimates indicate that 20 people were affected. Should RxAmerica discover that more members have been affected it has agreed to report this information to the University on a daily basis.

A new Board of Regents policy is being discussed that would reinforce the University's obligations as it relates to HIPAA guidelines noted Professor Morrison. RxAmerica should have thought through the implications of using a mailing machine when sending out information that could result in HIPAA violations. It is not uncommon for automatic mailing machines to double stuff materials, and, therefore, it seems as if RxAmerica does not care.

Not wanting to diminish the anger expressed by Professor Morrison, Mr. Hurst stated that he is also very disappointed that RxAmerica has not been able to deliver the level of service the University expected. Mr. Hurst personally assured the committee that RxAmerica is committed to delivering better service to the University. He added that he respects the level of anger and disappointment expressed today and he also shares these feelings. Mr. Hurst reported that RxAmerica is taking steps to dedicate resources to improve its service levels to the University, and will work diligently to reduce the number of problems that are occurring.

The University has definitely not seen the performance from RxAmerica that it expected. Any new issues reported to Employee Benefits will be communicated to Dann Chapman who, in turn, will bring these issues to the attention of Mr. Hurst. A significant amount of Employee Benefits' staff time is being spent dealing with RxAmerica issues.

It was suggested that Employee Benefits distribute a communication piece to explain what is being done to address the issues with RxAmerica. This communication piece should also include important pharmacy benefits information that UPlan members should be aware of such as information about the prior authorization process or any other information that may have changed from last year.

Before closing, Mr. Hurst once again acknowledged the significant service issues that the University has endured as a result of RxAmerica's substandard performance, and emphasized RxAmerica's commitment to resolving these issues.

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

Renee Dempsey
University Senate