

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
APRIL 20, 2006

[In these minutes: UPlan Appeals Summary and Benefit Service Center Report, RxAmerica Update, Wellness Program Update]

[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, William Roberts, Karen Wolterstorff, Jody Ebert, Rhonda Jennen for Rita McCue, Curt Swenson, Eileen Zeitz, Don Cavalier, Joseph Jameson, Michael Marotteck, Carla Volkman-Lien, George Green, Amos Deinard, Richard McGehee, Fred Morrison, Peh Ng, Theodor Litman, Rodney Loper

REGRETS: Dann Chapman, Keith Dunder, Tina Falkner

ABSENT: Carl Anderson, Carol Carrier, Frank Cerra

OTHERS: Linda Blake, Ted Butler, Joyce Carlson, Karen Chapin, Nancy Fulton, Betty Gilchrist, Shirley Kuehn, Gladys McKenzie, Kathy Pouliot, Sandi Sherman

I). Gavin Watt called the meeting to order. He reported that employee's comments concerning the UPlan's health plans, pharmacy benefits manager, and wellness/health improvement vendor are still being collected. In fact, the deadline to submit comments has been extended through May 11th. A member suggested that in the future when comments are collected that UPlan participants be encouraged to submit their comments via email versus the phone.

In addition, Mr. Watt noted that health plan reviews will be conducted with Medica at the May 18th BAC meeting and with HealthPartners at the June 1st BAC meeting. A member asked that these vendors be told that the BAC is not interested in receiving a marketing presentation. Karen Chapin will contact both vendors and let them know what type of information the committee is interested in hearing.

II). Kathy Pouliot provided members with a UPlan appeals summary and a report on the Benefit Service Center. To supplement her report, she distributed handouts, which members could reference.

The University has two types of appeals, administrative appeals and denied claim appeals. Open enrollment exceptions are not considered appeals because Employee Benefits has some flexibility in correcting these problems as long as it is brought to their attention prior to January 1.

Examples of administrative appeals include enrollment issues, eligibility issues, retirees forgetting to pay their premiums, etc. Administrative appeals make up a majority of the type of appeals Employee Benefits receives.

Denied claim appeals, on the other hand, are much less common. After evaluation by the Employee Benefits Review Committee, these appeals are referred on for review by an independent review panel. This panel is comprised of a physician, a hospital administrator, and a benefits lawyer. When the independent panel approves a denied claim appeal, it prompts review of the medical plan document by Employee Benefits to determine if a change should be made.

Questions/comments:

- Does Employee Benefits have any appeals data for first quarter 2006? Ms. Pouliot stated that this data is not yet available. Once available this information will be pulled and shared at a future meeting.
- Do open enrollment exceptions that rollover into the new plan year become administrative appeals? Yes, because once the plan year begins the IRS has strict regulations that dictate what Employee Benefits can do in terms of resolving appeals. Prior to January 1, Employee Benefits has much more leeway. Karen Chapin noted that Jennifer Durocher in Employee Benefits efficiently deals with all UPlan appeals. She added that the director of Employee Benefits make final decisions on the administrative appeals whereas denied claims appeals are decided by the independent panel.

Moving on, Ms. Pouliot provided the committee with a brief history of the Benefit Service Center, which was established in 1998. The Center was designed to provide a "one-stop" approach to benefit customer service in anticipation of the 1999 PeopleSoft implementation. At this same time, the Benefits Counselors expanded their focus to include health, welfare and all other benefits. Simultaneously, Benefits Specialists were hired to answer benefit inquiries from UPlan participants.

Ms. Pouliot turned members attention to the handout, which contained information on the Benefit Service Center staff, and the services they are able to provide. She then highlighted the systems used by the Benefit Service Center to streamline delivery of their services:

- Automated Call Distribution (ACD) system, which routes calls automatically to the next available staff member.
- Peregrine software, which allows the Benefit Service Center to track its calls, emails and other contacts.
- Employer web tools such as those provided by Minnesota Life/Securian, RxAmerica, TIAA-CREF, etc.
- OHR website.
- (Knowledge Base – in development for implementation in 2006).

Ms. Pouliot emphasized that the Benefit Service Center philosophy does not focus on the number of inquiries it handles, but rather solving problems. This philosophy is very

different from that of a traditional call center where staff is expected to handle a specified number of inquiries per day.

Members turned to page two of the handout, which contained statistics on the Benefit Service Center as well as information on the types of inquiries handled by the Center. Until 2005, the Benefit Service Center had no way to accurately count its call volume, but now with the ACD system and the Peregrine software, it is able to do so. Page three and four of the handout contained insurance and open enrollment category detail information.

A member asked whether the numbers in this report include all types of contacts? Yes, stated Ms. Pouliot. She added that the Benefit Service Center is experiencing an increased volume of email inquiries in particular. In 2005, the Center received 958 email inquiries, and, to date, the Center has already received 609 email inquiries.

In response to a question it was noted that Harris HealthTrends inquiries are also being tracked.

Ms. Pouliot was asked how the Benefit Service Center handles UPlan participant's privacy. She stated Benefit Service Center staff sign confidentiality statements. In addition, all staff completes HIPAA training, which includes a special benefit segment that goes into great detail around issues of confidentiality. The Benefit Service Center staff is required to follow specific processes when dealing with confidential information.

A concern was raised about the Flexible Spending Account (FSA) because employees are put in a position of having to disclose services they have received or prescriptions that they are taking when submitting their receipts to the Benefit Service Center. It was noted that this is not true. When submitting a request for reimbursement from their FSA account, employees have the prerogative to mask some information contained on their receipts such as the prescription names, etc.

It was suggested that Employee Benefits improve its communication with UPlan participants. Specific ideas that were mentioned included a FAQ section on the Employee Benefits website, and the use of Breeze software to conduct workshops for employees in order to share new/important benefits information.

III). Next, Gavin Watt reported on the RxAmerica site visits, which took place last week. Site visit attendees included Dann Chapman, Karen Chapin, Stephen Schondelmeyer, Gavin Watt and Chris Kausen?????????, an outside consultant with the Birchfield Group????????? RxAmerica hosts consisted primarily of John Gardynik, president, Emay ??????, UPlan account manager, and Ming Yang????? – (Was she in attendance? You mention she is a point of contact but didn't say whether she was actually in attendance).

Mr. Watt emphasized that RxAmerica did not pay for this trip. The University was very mindful of not accepting any remuneration whatsoever from RxAmerica. Prior to the site

visits, the University sent an agenda to RxAmerica noting that it was not interested in receiving a marketing presentation, which RxAmerica respected.

During the site visits, the University delegation had an opportunity to speak with the leaders of each of the functional areas within the RxAmerica organization - IT, customer service, clinical programs, pharmacy network, and the fulfillment center.

The overall impression by the University delegation was that RxAmerica appeared to be competent, and that they are undoubtedly interested in serving the University well. It was difficult to understand how they managed to perform so poorly.

A member asked whether the University is RxAmerica's largest client. Mr. Watt noted that the University represents roughly 1/2% of RxAmerica's business. RxAmerica covers 6 million lives, and the UPlan has 35,000 plan participants. It was noted that a vast majority of RxAmerica's customers are Medicare and Medicaid recipients.

Following the site visit, Mr. Watt came to the conclusion that while RxAmerica appeared to have all the necessary procedures in place to operate efficiently, they simply did not seem organized.

Changes made by RxAmerica to improve their performance in response to the University's dissatisfaction have included:

- Assembled a dedicated team to handle UPlan inquiries.
- Purchased additional T1 lines to handle an increased call volume.
- Centralized mail order program inquiries so that the dedicated team would handle these calls as opposed to a separate division.

RxAmerica as well as the University's consultant, Chris Kausen???????, are expected to issue reports based on this visit. These reports will be brought to the AWG, and, possibly the BAC, depending on whether the reports contain proprietary information.

Based on the comments Mr. Watt has been receiving concerning RxAmerica's performance he believes that the issues of concern are moving away from customer service issues to more coverage issues. As Professor Schondelmeyer predicted, whenever a formulary is tightened, it disrupts how employees are accustomed to behaving. The BAC discussed the consequences of tightening its formulary, and agreed that it was one way of addressing skyrocketing pharmacy costs.

Another weakness in the RxAmerica rollout was their failure to adequately communicate their formulary to physicians and pharmacies. RxAmerica agreed that they had done a poor job in this area.

Comments/questions following Mr. Watt's update included:

- A member of the RFP Committee commented that all the promises made by RxAmerica, for the most part, have not come to fruition. For example, they failed

- to educate UPlan participants about pharmaceutical changes that would be occurring prior to changes being implemented.
- Why is the University still doing business with RxAmerica?
 - The RxAmerica problems may be the result of the University's decision to contract out to a single pharmacy benefits manager.
 - It is likely the UPlan will be faced with increased costs by the health plans during the next round of negotiations since the plans have been forced to hire people to deal with the RxAmerica problems.
 - Is there a common formulary across the UPlan despite which plan an employee has enrolled in? Yes, there is one formulary across all the plans. This is a change from previous years.
 - Is the University seriously exploring the possibility of contracting with a different vendor in 2007? Professor Morrison believes that this is one option, among others, which should be on the table.
 - A pharmacist anecdotally mentioned to a committee member that an increasing number of drug stores are refusing to fill prescriptions that are run through RxAmerica due to the numerous problems they are encountering.
 - Karen Chapin stated that the contracted pricing with RxAmerica is very good, and it is unlikely that if the University goes out to bid to secure a different PBM that it would get this low of pricing.
 - In its sales pitch to the RFP Committee, RxAmerica promised that it would work with pharmacies and allow them to retain their dispensing rates. Instead, the opposite has occurred; RxAmerica is charging pharmacies .10 cents each time they approve a prescription.
 - The University community needs to realize that while there have been service problems with RxAmerica, several of the complaints are attributable to the University's decision to have a tighter formulary.
 - The University community was told that there would be greater access to drugs, but this is not true.
 - Is the UPlan's formulary on the RxAmerica website? Yes.
 - The health of UPlan participants is being compromised by the University's decision to tighten its formulary. Due to increased co-pays on certain drugs some employees have chosen to stop taking their medication.
 - UPlan generic usage is up from 47% in 2005 to 55% in the first quarter of 2006.
 - An advantage to working with a smaller company like RxAmerica, as opposed to a larger PBM, is RxAmerica's willingness to negotiate its pricing, and ability to make changes to the formulary rather quickly.
 - The University community needs to be updated more frequently around what is occurring with RxAmerica.
 - RxAmerica is making a lot of money off the University; the only damage to RxAmerica has been to its reputation. In response, Karen Chapin noted that RxAmerica waived the administrative fees it typically would have charged the University for January and February. Additionally, RxAmerica gave the University an implementation allowance, which the University intends to apply toward future claims.

IV). Next, Karen Chapin provided the committee with a wellness update, and highlighted the following:

- A search is underway for a new Wellness Program Manager.
- Wednesday Wellness Walks have been approved for this year. At 1 p.m. on the first Wednesday of each month from May through September employees are encouraged to walk for 20 minutes on work time. Some employees may need to make alternative arrangements with their supervisors if this is not a good time within an employee's department. This is a systemwide initiative.

Regarding the *Health Connections* program, Ms Chapin reminded the committee about how the program works and noted that employees that take the wellness assessment earn a \$65 reward, and, if employees participate in one of the follow-up programs they earn another \$65 reward.

To date, approximately 6,300 UPlan participants have taken the wellness assessment, and the University has paid out \$374,000 in rewards thus far. The target goal was to have 69% of University employees take the assessment, but as of April 18th, 36% of employees took the assessment. Employees have until April 30th to complete the wellness assessment and earn the \$65 reward. This assessment will be available to employees through 2006, however, employees that take the assessment after April 30th will not be eligible to receive the financial reward.

Ms. Chapin turned members attention to a handout, which described how employees enroll in each of the health improvement programs. She emphasized that participation in all of these programs is voluntary. Wellness assessment results and employee's medical claims data are used by Harris HealthTrends to identify UPlan participants who may be interested in participating in one of the health improvement programs. The breakdown of participation through April 18th in each of the health improvement programs was provided:

- Lifestyle coaching (6 month) – 1,238
- Lifestyle coaching (12 month) – 442
- Lifestyle management (web-based) – 1,249 (through March 31, 2006)
- Disease Management (12 month) – 663

Forty six percent of individuals that completed the wellness assessment signed up for a follow-up program. Anecdotally, while receiving some concerns, overall Employee Benefits is receiving a lot of very positive comments about the programs.

Comments/questions following Ms. Chapin's update:

- If contacted at work, many employees do not have a private workspace where they discuss private medical information with a Harris HealthTrends representative. Ms. Chapin stated that if an employee receives a call at work and is not interested in participating in one of the health improvement programs to simply be up-front and tell this to the Harris HealthTrends representative. Alternatively, if an employee is interested in learning more, or participating in one

- of the programs, tell the representative that the workplace is not conducive to a private conversation and to request a call at home.
- Given the nature of the workplace at the University, Employee Benefits should be instructing Harris HealthTrends to only call UPlan participants at home. Kathy Pouliot noted that the University does not have home numbers for all employees because providing a phone number is not a condition of employment at the University. Also, employees move and fail to update their personal information in the system. Karen Chapin agreed to contact Harris HealthTrends and remind them that they should preface their calls by asking employees if this is a good time to talk.
 - A member stated that he would prefer Harris HealthTrends contact him at work versus at home.
 - While legal, it is disconcerting that Harris HealthTrends is receiving medical claims data on UPlan participants. This should have been communicated to UPlan participants. Ms. Chapin stated that this information was shared with the University community via a variety of different venues. Harris HealthTrends did not start calling off UPlan member's claims data until after Employee Benefits sent an email out to all employees announcing the program. This email noted that besides having access to wellness assessment results, Harris HealthTrends would have access to UPlan participant's medical claims data. Additionally, this information has been in the website material from implementation.
 - Anecdotally some members of the University community are questioning the effectiveness of the Harris HealthTrends health improvement programs.
 - Are the health improvement programs available to employees that are not covered by the UPlan? No.
 - Will there be a farmer's market this year? Yes.
 - What is the University doing in terms of pandemic planning? Gavin Watt reported that information concerning the University's emergency preparedness plan as well as an Avian Influenza update will be provided at the June 15th BAC meeting.

V). Gavin Watt announced that the next BAC meeting is Thursday, May 4th. Hearing no further business, Mr. Watt adjourned the meeting.

Renee Dempsey
University Senate