

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
MARCH 1, 2007

[In these minutes: Medex Update, MinuteClinic Update, QuickCare Update, Long Term Care Update/Discussion, Generic Plus Co-Pay Reduction, Tuition Benefits for University Dependents, Wellness Assessment 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, Jody Ebert, Jennifer Imsande, Rhonda Jennen, Sandi Slon, Michael Marotteck, Richard McGehee, Fred Morrison, Carla Volkman-Lien, George Green, Peh Ng, Theodor Litman, Rodney

Wellness
Assessment Update

REGRETS: Karen Wolterstorff, J

ABSENT: Tina Falkner, Jeremy on, Carol Carrier, Frank Cerra, Dann Chapman, Keith Dunder

OTHERS ATTENDING: Bob Altman, Ted Butler, Karen Chapin, Joyce Carlson, Murray Harber, Jim Jorstad, Shirley Kuehn, Gladys McKenzie, Curt Swenson

I). Gavin Watt called the meeting to order.

II). Karen Chapin provided the committee with updates on Medex, MinuteClinic and QuickCare. Handouts to supplement each update were distributed to members.

- With respect to Medex, Ms. Chapin reported having limited information at this time, but hopes by the committee's next meeting to have additional information to share. She did note that 104 UPlan members used Medex from January 2006 through December 2006. Six of these 104 users required hospitalization.
- MinuteClinic report highlights included:
 - The number of Coffman Memorial Union visits dropped in 2006. Last year there were 986 CMU visits, while this year there were 811 visits.
 - Overall, however, visits to MinuteClinic increased. Last year there were 2,448 visits, and in 2006 there were 2,482 visits.
 - Seventy University of Minnesota students used MinuteClinic's services at CMU, and 134 University students used MinuteClinic in total. (Point of clarification, these students are not UPlan dependents, but University students).

- CVS MinuteClinics are now operational and the MinuteClinics in Target Stores are, overtime, going away. Target Stores opened up their own convenience clinics so MinuteClinics will no longer be operating in Target locations.
 - The UPlan is seeing a significant number of its members returning to MinuteClinic. Generally, this is a sign that they like the kind of care they are receiving.
 - An increasing number of UPlan dependents are being seen at MinuteClinic.
 - In terms of where employees and their dependents hear about MinuteClinic, the most frequently mentioned source is the University (employer) followed by family and friends.
 - Top reasons for UPlan visits to MinuteClinic were sinusitis, sore throat, child ear infections, and flu shots.
- QuickCare report highlights included:
 - There are not a lot of UMD QuickCare visits per day. Average number of visits per day is 3.5, which is approximately the same as in 2005. However, more patients were seen at QuickCare; 548 patients were seen in 2006 and 463 were seen in 2005.
 - QuickCare data is being carefully examined by Employee Benefits because the QuickCare nurse practitioner has taken a position with UMD Health Services. A decision will need to be made as to whether to replace this position or in some way change the way the clinic operates.

III). Karen Chapin provided a Long Term Care (LTC) update and highlighted the following:

- The LTC forums are continuing this week. So far, the forums have been well attended.
- There have been some data glitches, particularly for retirees. Some retirees have not received the LTC literature from John Hancock.
- The open enrollment deadline has been extended to March 23, 2007.

A member noted that some faculty and staff have expressed concern over the lack of advance warning that the University was changing its LTC provider. In addition, faculty and staff have received packets of information, which they find very confusing and difficult to read. Many of these employees are feeling rushed to make a decision. It was suggested that the open enrollment deadline be extended even beyond the March 23rd date. Ms. Chapin stated that there would be no problem in extending the open enrollment period; however, the reserves from CNA would have to be based on an April 1 date. She also added that if open enrollment is extended beyond March 23rd, an April 1, 2007 effective date cannot be ensured for those enrolling beyond the end of March, and LTC for those members would not be effective until May 1, 2007.

Other member comments/questions included:

- Add more informational sessions. Ms. Chapin reminded members that for those people that are unable to attend the informational sessions, there are a series of webinars being offered March 6 – March 14, 2007. Because these webinars are real time sessions, people have an opportunity to ask questions. A member interjected that there are a fair number of employees who do not have computer access.
- Some employees have set lunch periods, many of which have no flexibility, e.g. work in a clinical setting, and, therefore, cannot attend an hour (or longer) informational session.
- The Automatic Benefit Increase (ABI) feature is not explained well in the literature. Karen Chapin offered to look into supplementing the John Hancock literature, with information on the Employee Benefits website.
- The conversion memo that was sent out to those currently with CNA contains major errors. The conversion memo cites the current monthly premium as the biweekly premium. In addition, the new plan premium cited in the letter does not indicate whether it is a biweekly or monthly premium. This major error needs to be addressed in writing by John Hancock. Ms. Chapin stated that this is likely attributable to a data transfer error from CNA. She added that while there are 2,400 people on the CNA program, terminated employees will not be allowed to transfer their coverage to John Hancock. Karen Chapin reported having numerous conversations with John Hancock about the need for accuracy when sending out the conversion letters. John Hancock needs to send out new and accurate information to current CNA participants, noted a member. The John Hancock plan introductory letters contains major misrepresentations, which must be corrected.
- The nature of the loss by extending the date beyond April 1 is twofold, noted a member:
 1. There is a loss generated by the additional earnings on the reserve amount.
 2. If the effective date is pushed back, for example to May 1 instead of April 1, and a person has a birthday in this period, the new premium would be higher for that person.
 John Hancock must be held responsible for correcting these issues.
- When will the next LTC open enrollment take place? Ms. Chapin stated that while the University's contract with John Hancock states that another open enrollment event can occur, there are no plans to do this in the near future. LTC is different from many other benefits in that there is no annual open enrollment.

Ms. Chapin stated that she has heard the concerns that have been voiced today, all of which will be communicated to John Hancock.

IV). Karen Chapin reported that effective May 1, 2007 the University will reduce its Generic Plus co-pay from \$10 to \$8. The primary reason the University is able to do this, noted Ms. Chapin, is because of the favorable experience the University has been enjoying in terms of being able to control its pharmacy costs.

Ms. Chapin called on Ted Butler to further explain the Generic Plus co-pay reduction. He distributed a handout to supplement his presentation where he shared the following information:

- In 2006, total expenditures for the UPlan were \$3.3 million over projection, which equated to 2.3%. Medical claims accounted for all of the cost overrun.
- Pharmacy costs were better controlled. These costs were controlled through both improved pricing and increased generic utilization. For example, in 2005, the UPlan's generic utilization rate was 50.4%, but in 2006 this increased to 58.6%. Moreover, a recent report for January 2007 indicates a 63% generic utilization rate.
- Members paid lower co-pays per prescription during 2006 than in 2005 (\$14.92 per prescription in 2005 versus \$13.80 in 2006).
- The pharmacy trend for 2007 is projected to improve. The projection for 2007 is an 8% increase in pharmacy costs as opposed to the average 12% - 15% annual increases in recent years.
- UPlan members have contributed significantly to the improved control of the pharmacy portion of UPlan costs. Lowering the Generic Plus co-pay is a way of thanking UPlan members, and allows members to share in the success of controlling the UPlan's pharmacy costs.

At the conclusion of Mr. Butler's report, Ms. Chapin emphasized that, as with any other benefit changes, lowering the Generic Plus co-pay is subject to bargaining.

Comments/questions from members included:

- Were some of the cost savings from 2005 – 2006 attributable to drugs that were under patent in 2005, but no longer under patent in 2006? Mr. Butler stated that there were a number of drugs that moved from brand to generic in 2006; however, this is only part of the reason for the cost savings. UPlan members played a significant roll by increasing their generic drug utilization.
- Is the reduction in the co-pay contingent upon an agreement by bargaining representatives? Karen Chapin noted that Employee Benefits does not have the ability to implement the Generic Plus co-pay reduction to only part of the UPlan population. In response, it was noted that Ms. Chapin's reply basically confirms that there is really no room for negotiation. If an agreement cannot be reached between the University and the bargaining units, UPlan members will likely blame the bargaining units for failing to reach an agreement.
- On the notice/thank you that is being sent to employee's homes informing them of this change, rather than saying *Subject to discussion with Represented Bargaining Units* at the bottom it should have said *Subject to negotiation with Represented Bargaining Units*.
- This notice/thank you should never have been sent out until the University had a signed agreement with Represented Bargaining Units.
- Discussions should have taken place with the BAC regarding where any extra plan dollars should have been applied. This was never discussed with the BAC. The AWG (Administrative Working Group) in consultation with the administration moved forward on this matter without adequate consultation.

- While it is likely no one will object to a reduction in the Generic Plus co-pay, there should have been a discussion within the BAC on where to apply these cost savings. For example, maybe the savings should have been applied to reducing next year's premiums. After all, a premium reduction would benefit all UPlan participants but not all UPlan participants take prescription medications. Karen Chapin noted that reducing the Generic Plus co-pay was intended to reward those UPlan members who have helped to control pharmacy costs and encourage others to do the same.
- Human Resources should improve its communication pieces. Rather than burying the purpose for the correspondence in the body of message, it should be made obvious within the first few lines.
- The timing in making this reduction to the Generic Plus co-pay seems clumsy, especially considering the fact that the committee plans to discuss RxAmerica's performance and whether it should remain as the University's pharmacy benefit manager (PBM).
- Based on this discussion, it would be interesting to know what other decisions the AWG makes without the BAC's input. As mentioned earlier, the AWG should be consulting with other groups that could bring forward additional ideas and considerations.

V). Gavin Watt reported that last fall SCFA brought forward a resolution to the University Senate (<http://www1.umn.edu/usenate/resolutions/tuitionbenefit3.html>) requesting the administration for tuition benefits for University dependents. According to Mr. Watt, President Bruininks is not in favor of a benefit that advantages some employees and not others. Additionally, stated Mr. Watt, President Bruininks does not believe offering this benefit would put the University in the best light with the legislature and others across the state.

Since hearing his remarks, Mr. Watt has written to President Bruininks indicating that the BAC plans to weigh in on this matter. This item will be put on the June agenda, and an invitation will be extended to Professor Fossum to share his findings from a study he conducted, which concluded that a tuition benefit reduces employment costs by reducing employee turnover. A member also requested that information on what other institutions are offering along these lines be shared at this meeting as well.

VI). Murray Harber reported that approximately 1,950 employees to date have completed the wellness assessment and roughly 700 spouses or SSDP have completed the assessment.

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

Renee Dempsey
University Senate

