

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
JANUARY 24, 2008

[In these minutes: UPlan Medical Program 2006 Annual Report, Open Enrollment Update, Wellness 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, Jennifer Imsande, Rhonda Jennen, Sandi Sherman, Joseph Jameson, Michael Marotteck, Carla Volkman-Lien, Carl Anderson, George Green, Amos Deinard, Richard McGehee, Fred Morrison, Michael O’Reilly, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Tina Falkner, Karen Wolterstorff, Jody Ebert, Nancy Fulton

ABSENT: Jerremy Mlenar, Carol Carrier, Frank Cerra, Keith Dunder

OTHERS ATTENDING: Linda Blake, Ted Butler, Karen Chapin, Joyce Carlson, Betty Gilchrist, Joe Kelly, Shirley Kuehn, Kathy Pouliot, Kelly Schrotberger, Curt Swenson

I). Gavin Watt called the meeting to order.

II). Ted Butler distributed copies of the UPlan Medical Program 2006 Annual Report to members, and pointed out areas of significance, which included:

- Data in this report is reported on an incurred basis, which means the data is based on dates of service.
- There was no change in UPlan gender distribution from 2005 to 2006 (53% female and 47% male).
- Younger University employees tend to choose the base plan, Medica Elect & Essential. This plan has the highest concentration of 15 – 44 year olds.
- There was a notable increase in the number of children covered age 0 – 14 with the implementation of the four-tier system in 2006.
- There was a significant increase in the number of active employees and dependents covered on the UPlan in 2006.
- While Insights by Medica and Medica Choice Regional lead all plans in percentage of members with employee plus spouse/same sex domestic partner plus child/ren coverage, Medica Elect & Essential Twin Cities and Medica Direct attracted the highest proportion of members with employee-only coverage.
- There was an increase in enrollments in narrow network plans in 2006 with the introduction of Medica Elect & Essential and a decrease in consumer directed health plan (CDHP) enrollment through the Medica Direct HRA and HSA programs.

- COBRA, early retirees, and disabled members, cost the plan significantly more than active employees.
- Due to significant administrative cost savings, which were achieved through the RFP process, the per contract per year cost increased only 3.3% from 2005. These savings, however, have not changed the slope of the health care cost trend line.
- Prior to 2004, the UPlan had a negative net cash position (after accounting for reserve liabilities), and from 2004 – 2006 the UPlan had a positive net cash position. However, due to a change in the way the federal government is requiring fringe rates to be calculated and charged to departments, this positive net cash position no longer exists.
- 92.2% of UPlan members with claims less than \$10,000 consume 43.5% of benefits, and members in the highest cost group with claims of \$10,000+, representing 7.8% of plan participants, consume 56.5% of benefits.
- When compared with other employers, the UPlan incurred more claims expenses, which is likely, at least in part, reflective of the University's older population.
- From 2005 to 2006, the UPlan had a modest increase in prescription drug expenditures, a slightly more significant increase in outpatient expenses, and an increase in inpatient expenses as well. Outpatient expenses represent approximately 50% of the total UPlan costs, while prescription drug and inpatient expenses represent roughly 25% each of the plan's costs.
- The top provider of inpatient and outpatient hospital services by benefits paid for 2006 was once again the University of Minnesota Medical Center/Fairview.
- The top diagnostic category for 2006 among paid medical claims remains musculoskeletal and connective tissue; this category has been in the number one position since this report has been generated.
- While only 4% of prescriptions are being filled through mail order, the difference between the percent of prescriptions and percent of benefits paid indicates that some higher cost drugs are being purchased through mail order.
- 59% of retail prescriptions were filled with generic drugs, 40% were filled with brand single-source drugs, and 1% were filled with brand multi-source drugs. In terms of dollars, 20% of retail dollars were spent on generic drugs, 78% were spent on brand single-source drugs and 2% on brand multi-source drugs. 48% of mail order drugs were filled with generic drugs, 50% were filled with brand single-source drugs, and 1% with brand multi-source drugs. Translated into dollars, 10% of mail order dollars were spent on generic drugs, 88% on brand single-source drugs, and 1% on brand multi-source drugs.
- While the total cost per prescription increased significantly in 2005 but only slightly in 2006, the member share of the cost per prescription in 2006 actually declined below 2004 levels due to increasing use of generic drugs and the new 3-tier co-pay structure that lowered co-pays on generic drugs.
- Three of the top six drugs by total cost for the UPlan are different dosages of Lipitor, which is the most heavily used drug by members by a significant margin. In terms of therapeutic classes of drugs by total cost, antidepressants rank number one.

Mr. Watt thanked Mr. Butler for sharing this information with the committee.

III). Ted Butler distributed the 2007 – 2008 UPlan Open Enrollment Report for members to review. The report highlights what changes took place as a result of open enrollment. Noteworthy changes include:

- Insights by Medica lost a fairly significant portion of enrollment, approximately 8%..
- Medica Direct HRA lost enrollment, but the HSA increased its enrollment.
- Medica, in total, increased its enrollment (some of which is due to new members entering the Medica base plan and some due to enrollment of employees who had previously waived coverage), the number of people waiving coverage dropped by 10% - 11%), and HealthPartners added 0.4%.
- There was very little movement among plans for retirees over age 65. Medica Group Advantage Solution is a new national plan option for 2008. This plan serves as an alternative to the national Blue Cross Blue Shield plan, which has realized significant premium increases in recent years.
- Both dental plans, Delta and HealthPartners, increased in total enrollment. Again, this is because the total number of employees waiving coverage went down. Delta Premier increased enrollment by 6% and HealthPartners Dental Choice added about 5%. Enrollment in Delta Dental PPO decreased by approximately 4%.
- The total number of uncovered employees that waived medical coverage is 830. The number of uncovered waives in 2008 that had coverage in 2007 is 37. 96% of benefit eligible employees are electing to be covered under the UPlan.
- As of 2008, federal employees (Extension employees) were eligible to enroll in the University's dental plans. 146 federal employees were eligible and 144 enrolled.
- A greater number of employees added child/ren to their coverage than dropped child/ren. The number of employees covering children in 2008 who did not in 2007 were 181, and the number of employees who did not cover children in 2008 who did in 2007 was 80. This increase was primarily due to the expansion of eligibility for 19 – 25 year old dependents.
- Employee Benefits projected that approximately 215 new 19 – 24 year old dependents would be covered in 2008. In reality, 290 new 19 – 24 year old dependents were covered in 2008. Of these, 224 dependents met the pre-tax rules and 66 dependents did not.
- Almost 4,000 employees signed up for the \$25,000 of guaranteed issue life insurance, which resulted in additional coverage of almost \$100 million annually (this excludes any additional amount that employees applied for that required underwriting).

After receiving this update, the committee, after some discussion, requested Employee Benefits send out a letter to all employees that waived coverage, either actively or passively, to determine why employees are electing to waive coverage, e.g. covered elsewhere, too expensive, oppose medical coverage. Mr. Chapman stated that Employee

Benefits would be happy to send out this letter, but requested assistance in drafting it. Additionally, a member requested that the results be broken down by employee group.

IV). Wellness Update:

a). Mr. Chapman reported that Murray Harber, the University's wellness manager, has decided to leave the University and move back to Mississippi. Tomorrow is Mr. Harber's last day. A search for a new wellness manager will be launched following a review of wellness program management structures in other organizations, including both private sector organizations and universities. There will be no interruptions to the plan.

b). Ms. Chapin announced that the Wellness Assessment is up and available for UPlan participants to take and earn their \$65 reward. To date, approximately 2,400 people have taken the assessment. Other wellness initiatives include the Fitness Rewards Program, the 10,000 Steps Program, which is expected to be launched the end of January, and health coaching and on-line opportunities.

c). Employee Benefits is working with Boynton Health Service, noted Ms. Chapin, to provide screenings that plan participants can use to complete the Wellness Assessment. The first screening will take place on February 22, 2008. The screenings will include cholesterol, blood pressure, glucose, and body composition data. A schedule of additional dates will be shared with the committee at an upcoming meeting. In future years, these screenings will be offered as soon as the Wellness Assessment is available, however, this is the first year, and details are still being worked out with Boynton. Mr. Chapman stated that people do not need to take the screenings in order to complete the Wellness Assessment, however, using the results from the screenings would make the Wellness Assessment results more valuable.

V). Mr. Watt stated that the next meeting is February 7, 2008. Hearing no further business, the meeting was adjourned.

Renee Dempsey
University Senate