

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
August 7, 2008

(In these minutes: 2009 Medical and Dental Plan Rates, Wellness Update, Proposed HRA to HSA conversion)

(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), Karen Wolterstorff, Rhonda Jennen, Joseph Jameson, Michael O'Reilly, Sara Parcels, Jody Ebert, Bill Roberts, Nancy Fulton, Sandi Sherman, Judy Garrard, Michael Marotteck, Theodor Litman, Rodney Loper, Fred Morrison, Dann Chapman

REGRETS: Amos Dienard, George Green, Richard McGehee

ABSENT: Tina Falkner, Dale Swanson, Jennifer Imsande, Carl Anderson, Carla Volkman-Lein, Carol Carrier, Frank Cerra, Keith Dunder

OTHERS ATTENDING: Ted Butler, Karen Chapin, Joyce Carlson, Joe Kelly, Shirley Kuehn, Kelly Schrotberger, Betty Gilchrist, Jill Thielen

I). Gavin Watt called the meeting to order. Introduced and welcomed Sara Parcels as the teamster representative.

II). Employee Benefits' Announcements: None

III.) 2009 Medical and Dental Plan Rates.

Mr. Butler presented the 2009 Dental Plan rates and announced that not a lot is changing from last year. The rate increases will be between 3% - 5%, which is at or below dental trend. HealthPartners is increasing by 5% and Delta Dental PPO is increasing by 3%, due to different experience within the groups. The dental rate spreadsheet was handed out to each member.

Mr. Butler presented the 2009 Medical Plan rates. Handouts to the members included a power point presentation and medical rate spreadsheet. The components used in determining the rates were: Medical/Rx claims (92%), Stop Loss Premiums, HSA/HRA Account Contributions, and Administrative Fees (3%).

A member asked for the internal administrative fee percent. Mr. Butler stated that internal administrative fees comprise 1.5%.

The medical rates are mainly controlled by the Medical/Rx claims. The trend is lower than 2008, at 9% for Medical and 8% for Rx. The overall average increase for 2009 is 7.1%, which was better than anticipated due to favorable experience this year. The goal is to be within 2% on either side of budgeted numbers.

Individual plan rates are also driven by plan design, provider pricing, and care and utilization management. Watson Wyatt provided a statistical analysis including the previous factors to determine plan efficiency. This analysis was risk adjusted so that no plan has an advantage or disadvantage for healthy/unhealthy populations.

Medica Elect/Essential was identified as the most cost effective plan. HealthPartners was the least effective plan. The difference in Medica and HealthPartners comes down to claim factors and administrative fees. Administrative fees are a controllable factor, determined by the plan administrator.

This analysis will be phased into rate setting over time. This will ensure continued consistency. The analysis method was discussed with both plan administrators. HealthPartners had one suggestion, which was ultimately included in the final analysis.

A member asked what components are included in administrative fees. Mr. Butler and Ms. Chapin responded with the following examples: networking with providers, credentialing providers, processing claims, member services, plan analysis, and file maintenance.

A member asked if there is a way to compare what each plan provides for administrative fees. Ms. Chapin explained that they are asked to provide comparable services. In addition, the Evalu8 tool is used by each plan administrator and the University to measure quality. HealthPartners scores well and Medica is improving. There is not a significant difference between the two. Mr. Chapman stated that there is no evidence showing that providing more services makes a plan more effective.

A member asked if there is a way to create metrics for administrative fee services. Mr. Chapman explained that services are not separated out by individual price; there is only a total fee. The same member made the statement that satisfaction would be one way to gauge the effectiveness of these items. Mr. Chapman replied that performance standards are in place.

Mr. Watt asked if the Medica administrative fee rate was the same for all four plans. Mr. Butler stated that they are basically the same, with a few small exceptions, such as the additional fee for the HSA account. He also stated that the difference between Medica and HealthPartners regarding administrative fees is that HealthPartners is approximately 80% higher.

A member asked how plan design is used in pricing. Mr. Butler responded by stating that experience of the entire UPlan is used and is improving. Over the past two years, the rates have stayed within the 2% margin.

A member asked if there is cost shifting for those with lower administrative fees that would lead to higher costs for services. Mr. Butler said no, this was not a factor. Ms. Chapin added that administrative fees are a flat amount per employee, which is a better way to set fees than a percentage of claims.

A member stated that one of the main reasons HealthPartners remains a plan option is due to the medical group facilities and group usage. Member asked if adding UMP to the network increased the admin fees. Mr. Chapman and Mr. Butler explained that this had no effect on administrative fees. Medica added UMP to their networks as well.

A member asked if Medica's extra customer base enabled them to be cheaper. Mr. Butler said no, this was not a factor. In fact, Medica Regional was #5 on cost effectiveness ranking.

There are suggested changes for the CDHP plans for 2009. The improvements to the HSA plan include:

- Moving deductible from 2500/5000 to 1500/3000
- Moving Out-of-Pocket Maximum from 3500/7000 (includes per person deductible) to 2500/5000 (no per person deductible)

A member asked why the University should keep the HSA plan. Mr. Chapman stated that the key reason is that the world is moving in that direction. He also explained that there was a lot of initial interest in that plan design. The plan design had deteriorated leading to a decrease in enrollment. The plan is to move back to a rational model in hope of seeing interest come back. The intent is to bring plan design back for pricing to be slightly above the base plan.

A member asked if there is a push for a shift in base plan toward a Consumer Driven Health Plan (CDHP). Mr. Chapman responded by saying the intention is to have a traditional base not and not to move to a CDHP. As a public institution, the University supports consumerism.

On behalf of the unions, a member expressed the view that the University should set an example, not follow suit with CDHP. This statement was based on feedback from others when incurring the first large cost within a CDHP. CDHP is viewed as a negative direction, and the member would resist a move in that direction.

Mr. Butler presented information on the HRA/HSA plans, stating that enrollment is low (approximately 215 enrollees out of 17000). The HSA plan enrollment is also low, but growing and the industry is moving toward HSA plans. Individuals with other coverage, including Medicare, cannot enroll in an HSA plan. HRA enrollment has been decreasing since inception in 2006. There have been two disruptions to the two plans including the switch from Definity to Medica and benefit design adjustments.

The recommendation is to eliminate the HRA plan 1/1/09. The two options are as follows:

- Elect a non-HSA plan with an HRA spend down account
- Elect the HSA plan and forfeit the spend down account

A member asked how large the balances are. Mr. Butler responded that there are a total of 127 in the HRA plan and 79 individuals have account balances ranging from \$20 to \$10,200.

Mr. Butler explained that the spend down account would include medical/pharmacy out of pocket expenses, vision, dental, and OTC drugs. There will be no initial time limit to use the spend down account. The balances will be reviewed after 2-3 years. A time limit may be set in the future. There will no employer contributions to the spend down account beginning 1/1/09.

Mr. Morrison explained several principles that were considered when choosing to eliminate the HRA plan:

- Protect peoples balances
- Allow flexibility

The recommended structure will allow for these principles. HRA premiums were continually kept just above the base plan to not lure people into a CDHP without knowledge of the plan structure.

A member asked if there are other ways to use the spend down account. Mr. Butler stated that other options will be looked into, but it is likely the spend down expenses will be the same as for the University's HRA.

Discussion switched back to medical rates and the rate spreadsheet was handed out to all members. The average overall increase was 7.1%. The range was from a 2% increase to a 9% increase. HealthPartners had the 9% increase and also has the highest enrollment of any plan option. Medica has higher enrollment in total.

A member asked about the age adjustments and if the bigger changes were seen at a younger age. Mr. Butler stated that anecdotally newer employees choose the base plan (Medica Elect & Essential).

Mr. Chapman added that the UPlan guiding principle is that rating is done in such a way that quality, choice, and care are consistent for all plans. The choice is up to the employee and they absorb the increase in cost for buy-up plans. The University contributes 95% for individuals and 85% for family coverage of the base plan. This same amount is contributed toward all plans. Greater MN plans have no competition for rates.

IV). Wellness Updates – Jill Thielen

Ms. Thielen presented the three following items:

1. Health Care Choices is the new fall campaign in which members may participate as a follow-up health improvement program and receive their second \$65 incentive. The are three components in Health Care Choices are: 1) UPLan Choices at the University, which touches on UPlan options, information about self-insured plans, and Flexible Spending Accounts (FSA); 2) Navigating the Health Care System, which is through the Center for Spirituality and Healing; and 3) Minnesota Community Measurement check list, in which members can compare their providers on quality measures.
2. Boynton In-person Health Coaching is now available. There are three coaches that focus on physical activity, nutrition, and smoking cessation. In order to receive the \$65 incentive, participants must complete 6 visits in 6 months.

A member asked about credentialing the coaches. Ms. Thielen explained that the coaches currently practice at Boynton as physical therapists and dieticians. Smoking cessation coaching will begin in October and coaches are receiving their training at Mayo clinic.

3. Monthly Preventive Health Screenings are continuing at Boynton. The cholesterol tests are moving from non-fasting to fasting tests. This will ensure more accurate test results. Screening will be held in the morning due to the fasting nature. Body composition and blood pressure will also be screened.

Mr. Watt commented on the ability to use internal resources and expertise work in our favor, as is evident in Ms. Thielen's presentation.

V). Home Phone Number Suppression Issue

Mr. Watt posed the question if it is appropriate for the University to allow vendors to call employees at home for the purpose of health coaching and Medication Therapy Management (MTM) programs when employees elect to suppress their home phone numbers from publishing. RxAmerica and Healthways would be making the calls.

A letter would first be sent to the home to notify them of the future phone call at home. All individuals have the option to opt out. The individual also has the option to set up the time of day and where they receive the calls.

A member asked why letters are sent and not email notification. Ms. Chapin responded that emails are not sent due to confidentiality reasons. Mr. Chapman stated that the University, as the plan sponsor, has the right to use the suppressed phone numbers, however, he wanted feedback from the committee before proceeding.

A member stated that a lot of people will not answer calls that come from unfamiliar numbers and asked if we have a copy of the message that is left on answering machines. Ms. Chapin explained that Employee Benefits works with the vendors on creating the script.

A member asked how many individuals have suppressed numbers. Ms. Chapin responded by saying most people have suppressed numbers.

A member stated that people will complain either way. Mr. Watt commented that Healthways folks do not seem to follow direction on where and when to call the individuals. Another member added that members with suppressed numbers will be surprised when they receive the calls.

A member asked about those employees at the University that do not have a desk to receive phone calls at work. The response was that calls to the home may help with that issue and paper communication will be an option as well.

The decision was made to allow calls at home for the Healthways health coaching and RxAmerica MTM programs, even when suppressed, as long as the individuals are notified by mail prior to the phone call.

Mr. Watt announced that Mr. Jameson has volunteered to serve on the campus smoking cessation committee.

The next BAC meeting will be held on September 4, 2008.

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

Kelly Schrotberger
Office of Human Resources -
Employee Benefits