

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
SEPTEMBER 16, 2010

[In these minutes: Medical and Wellness RFP Update, Administrative Working Group Update, 2010 – 2011 Flu Shot Season Update, Third Molar Subgroup Update, 2010 Open Enrollment Communication Plan, 2010 – 2011 Over 65 Retiree Medical Plans Rates, Wellness Programming Update, OptumHealth NurseLine Report]

[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), Pam Enrici, Tina Falkner, William Roberts, Dale Swanson, Sharon Binek, Jody Ebert, Jennifer Schultz, Sandi Sherman, Nancy Fulton, Joseph Jameson, Karen Lovro, Michael Marotteck, Amos Deinard, George Green, Judith Garrard, Richard McGehee, Fred Morrison, Michael O'Reilly, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Carl Anderson, Kathy Pouliot

ABSENT: Sara Parcels, Carol Carrier, Frank Cerra, Keith Dunder

OTHERS ATTENDING: Linda Blake, Karen Chapin, Betty Gilchrist, Ryan Gourde, Shirley Kuehn, Kelly Schrotberger, Sheri Stone, Curt Swenson

I). Gavin Watt called the meeting to order. He then turned to Dann Chapman, director, Employee Benefits, and welcomed him back. Members gave Mr. Chapman a round of applause.

II). Mr. Watt reported that the RFP Committee, which is being chaired by Professor Morrison, is working with Towers Watson to consult on preparing the RFP for the medical and wellness plans that will go into effective January 2012. As part of the RFP process, the University is asking the medical plans to share information about what they are doing in terms of managing health care given all the changes that are taking place related to health care reform. With this said, staff from Employee Benefits and members of AWG have visited the health plans and are now visiting the various clinic systems to look at this issue in greater detail.

Professor Garrard asked whether the University is asking the clinic systems about their use of electronic medical records in an effort to reduce their costs and improve their quality of care. Mr. Watt stated that the RFP addresses electronic medical records. On a related note, Professor Deinard suggested the University ask the clinic systems what they are doing to interface their electronic medical records with electronic dental records. The

concept of a “health home” will only be achieved if both records are able to communicate bi-directionally.

III). Professor McGehee reported that the Administrative Working Group (AWG) met last Friday, September 10. At this meeting, the AWG received an update on the on-going contract negotiations with Prime Therapeutics and heard more about the RFP and the RFP schedule. At a future meeting, the AWG will likely discuss possible reductions in benefits. However, because there are a lot of unknowns (the 2012 budget has not been finalized, the upcoming election, and health care reform regulation uncertainties), it is too early to have this discussion now.

Regarding the discussion about possible reductions in benefits, noted Mr. Chapman, aside from health care reform there are two significant competing pressures on benefits:

1. The University’s continuing desire to maintain the value of its benefits. Mr. Chapman went on to define value in terms of access to quality care, choice of providers, and an affordable cost.
2. The economy, and the negative effects on the University’s budget.

In Mr. Chapman’s opinion, the University has had some success in recent years at trimming medical trend costs with only minimal harm to the University’s benefits package.

With respect to health care reform, noted Mr. Chapman, a third pressure has been added to the mix. The University has seen its base health care costs increase with the implementation of the expanded definition of covered dependents. This plan change is likely to add over \$2 million or more in costs per year to the UPlan. Health care reform is also constraining what the University is able to offer in terms of coverage and cost. Mr. Chapman stated that health care reform has taken away some of the traditional tools the University would have used to manage its health care trend. The University is feverishly exploring what it needs to do to meet the health care reform constraints and avoid the Cadillac Tax, which would cost the University a huge amount of money in fines that would need to be paid to the government every year. Given the uncertainty around the health care reform regulations going into the future, the University needs to take a wait and see approach before it acts.

Jodi Ebert asked whether the University has any plans to build coalitions with other employers who are in the same position and are potentially going to be negatively impacted by health care reform. Mr. Chapman stated that this is a good question, and noted that there are on-going, unified efforts to bring issues related to health care reform to the attention of legislators. For example, a number of universities concerned about how health care reform would adversely impact student health plans brought this issue to their legislators so changes were able to be made to the bill before it was passed. Ms. Chapin added that the Buyers Health Care Action Group (BHCAG - <http://www.bhcag.com/>) is actively following health care reform developments. BHCAG regularly is educating legislators about employer interests related to health care and health care reform.

Professor Morrison stated that he believes it is very important for the University to keep the state's political leaders informed about its issues and concerns. He added, however, that he is not particularly optimistic that this will do any good. There is a very real possibility that there will be a swing in control in one or both houses of Congress following the election in November. If this happens, there will be a number of obstacles to the implementation of the bill, which could even include not repealing the bill per se, but Congress not appropriating any money to implement it. Even if everything goes well for the Democratic party in the November election there will be cost concerns related to health care reform.

Ms. Chapin noted that the University was approved for the Early Retiree Reinsurance Program. As explained at the August 5 meeting, to collect this money, the University is required to submit actual claims for early retirees with claims between \$15,000 - \$90,000. The University will put the money it receives from this program towards its medical program. For example, noted Ms. Chapin, the percentage of the money attributable to the University's portion of the medical program (83%) will be spent on the plan, e.g., paying claims, and the employee portion (17%), will be used to reinstate the \$8 co-pay reduction for people in the Medication Therapy Management (MTM) program. This program has proven to increase the cost effectiveness of the University's medical program. The University could potentially receive upwards of \$4 million over the course of two years, stated Mr. Gourde, assuming the money set aside by the federal government is not depleted too quickly.

IV). Mr. Watt called on Ms. Chapin to provide the committee with a fall 2010 flu shot update. Ms. Chapin distributed a handout provided by Boynton Health Service. She noted that there is a single shot this year, and that the 2010 – 2011 vaccine contains three flu virus strains, including H1N1. Boynton Health Service will use an on-line sign up for its flu vaccination clinics, which they expect will reduce wait times, particularly at the Employee Health and Benefits Fairs. People who do not sign up for an appointment time, and show up anyway for a shot, will not be turned away, but their wait times could be longer. Ms. Chapin added that arrangements are being made to have flu shots available on the coordinate campuses as well.

In response to a question about paying for flu shots, Ms. Chapin explained that flu shots are considered preventive, and, as a result, there is no co-pay. However, members who choose to get their flu shot at a location that does not accept insurance payments are responsible for the full cost of their shot.

Information about flu shots will be communicated to retirees through the University of Minnesota Retiree Association (UMRA) newsletter, noted Ms. Chapin.

V). Mr. Watt turned to Professor Garrard for an update from the Third Molar Subgroup. Professor Garrard stated that the committee had its first organizational meeting, and is in the process of scheduling additional meetings.

Subgroup membership, noted Professor Garrard, includes herself as chair, and Amos Deinard, Dann Chapman, Jim Swift, Karen Young, Gavin Watt. She also noted that Kathy Pouliot and Linda Blake from Employee Benefits provide support to the group. The subgroup has been given reading assignments, which serve to prepare members for meeting discussions. The Third Molar Subgroup is looking at other Big 10 and CIC schools and their third molar extraction coverage.

The committee is very much aware that it is flirting with dictating practice, and is concerned about how this will be perceived, stated Professor Garrard. Therefore, the subgroup will do its homework very thoroughly.

VI). Next, Betty Gilchrist, distributed a handout outlining the communication plan for open enrollment for 2010 with implementation in 2011. Ms. Gilchrist walked members through the handout highlighting key points and dates. Key open enrollment messages that are being communicated this year include:

- Open enrollment dates – November 1 – November 30, 2010.
- Medical and dental plans are open for enrollment, but new elections are not required except for flexible spending account contributions.
- Employees can add or cancel medical or dental coverage during open enrollment.
- Employees can add or cancel dependent coverage from the medical and/or dental plans.
- New elections are required for employees who want to participate in the health care or dependent daycare flexible spending accounts.
- Long-term disability is open for eligible employees.
- Medical and dental plan rate increases.
- Supplemental life insurance rate increase.
- UPlan changes for 2011:
 - Prime Therapeutics will be the University's new pharmacy benefits manager (PBM), and Fairview Specialty Pharmacy will be the new primary specialty medication provider.
 - The annual maximum for dental benefits per person in all Delta Dental and HealthPartners dental plans will increase from \$1,500 to \$1,800.
 - Due to the health care reform legislation, the types of medications that can be reimbursed through health care flexible spending accounts (FSA) will change. Over-the-counter (OTC) medications will no longer be an eligible FSA expense. Only prescribed OTC medications or insulin can be reimbursed through this account.

Moving on, Ms. Gilchrist shared information about open enrollment communication materials, targeted audiences and dates for dissemination.

Professor Morrison verified that the grandfather clause would be included in both the plan description and open enrollment materials. Ms. Chapin assured Professor Morrison that this clause would be included in both these documents.

Nancy Fulton asked when the limit on FSA contributions changes in 2011. Professor Morrison noted that this change will not take place until 2013.

Will Employees Benefits continue to track the number of eligible employees who decline medical coverage, asked Professor Garrard? Yes, stated Mr. Chapman, this is an on-going effort on the part of Employee Benefits.

Professor Morrison asked whether Employee Benefits would be willing to send out a special letter to all employees who are currently not enrolled in the UPlan to make them aware of open enrollment. Yes, stated Mr. Chapman, this is worth doing.

Will the new FSA requirements impact claims this year that extend into early 2011, asked Professor O'Reilly? Mr. Chapman stated that the new FSA rules will apply to claims that are incurred beginning January 1, 2011. The FSA grace period is not relevant to the regulation.

Mr. Watt thanked Ms. Gilchrist for her presentation.

VII). Mr. Watt called on Ms. Chapin to provide the committee with the rates for the 2010 – 2011 Over 65 Retiree Medical Plans. A handout to supplement Ms. Chapin's presentation was distributed to members. She highlighted the rate changes with members:

- Medica Group Prime Solution had no rate increases.
- Blue Cross Blue Shield rates increased by 6.2% to a monthly premium of \$347.75 (single coverage).
- HealthPartners Free Plan and HealthPartners National Plan decreased by 5%*.
- U Care for Seniors rates decreased by 0.8% or roughly \$2.00 a month for single coverage. (NOTE: Since this meeting, UCare approached the University with the same arrangement that was made with HealthPartners. As a result, UCare for Seniors rate reduction will be 8.6%.)

Over time, the gap between the Blue Cross Blue Shield (BCBS) rates continues to increase over the Medica, HealthPartners, and U Care for Seniors rates. The gap is primarily attributable to the fact that BCBS rates are experience rated for medical (pharmacy is community rated) whereas the other plans are entirely community rated. Because Medica and HealthPartners are the University's active plans, more and more people who retire are choosing these plans, and fewer people are choosing the BCBS plan. In light of this reality, the BCBS population tends to be older, which ultimately impacts the University's rates.

In 2009, when the University issued its RFP for retiree medical plans there was a conscious effort on the part of the University to add another national plan to the mix, and Medica Group Advantage Solution was chosen. Medica Group Advantage Solution was a private, fee-for-service plan, which was also a non-network plan. Non-network type plans lost federal funding as a result of health care reform. As a result, Medica will no longer offer this plan as of January 1, 2011. The University did not feel that Medica had

an appropriate plan to replace the Medica Group Advantage Solution plan; however, the HealthPartners National Plan is being added. The HealthPartners National Plan, noted Ms. Chapin, is a viable option for retirees who previously selected Medica Group Advantage Solution.

Regarding the HealthPartners' rate reduction, Ms. Chapin explained how this came about. Next year, drug manufacturers are being encouraged (in 2012 they will be required) to give a 50% discount on \$25 brand co-pays once members reach the Medicare doughnut hole in total brand costs (\$2,840 for plan and member.) This will impact retirees in Medica, UCare, and Blue Cross Blue Shield. With respect to HealthPartners, they approached the University with an offer whereby that would keep the HealthPartners brand co-pay at \$25 even in the doughnut hole, but reduce their premium by 5% in 2010, which translated into a 12% reduction in what they would charge the University for 2011 retiree rates.

In response to a comment concerning BCBS rates, Mr. Chapman stated that the University has asked BCBS to community rate their plan for University retirees over 65, but they are either unable or unwilling to do so. Ms. Chapin added that there are also fairly good options available to retirees in the open market.

VIII). Ms. Chapin reported that as part of the Wellness Program, a weight management program is being offered (Weight Watchers® at Work and Create Your Weight Program by Fairview). To date, approximately 450 people have signed up to participate and these people have lost a total of approximately 2 ½ tons of weight. Employee Benefits has gotten a lot of positive response about this program.

Initially, Weight Watchers® at Work (<http://www1.umn.edu/ohr/wellness/weight/weightwatchers/>) participants were able to receive full reimbursement twice a year if they attended 80% of the sessions. However, given the interest and momentum this program has generated, participants will now be able to be reimbursed up to three times a year. While no weight loss is required for reimbursement, many people in the program are losing weight. The only requirement is attending 80% of the sessions. Reimbursement for Create Your Weight will remain at one time per year.

Sandi Sherman stated that hopefully weight loss by UPlan members who participate in these weight reduction programs will be reflected in fewer medical claims. Ms. Chapin stated that this data is being collected by Healthways and will be used by Dr. John Nyman in calculating the return on investment (RIO) of the University's Wellness Program.

IX). Ms. Chapin distributed a handout containing OptumHealth NurseLine utilization data and walked members through the report. She noted that following the most recent RFP for nurseline vendors, the University chose to contract with OptumHealth versus Mayo Clinic, the University's previous nurseline vendor.

Ms. Chapin turned members' attention to a chart comparing the University's utilization data with that of OptumHealth's book of business. The University's nurseline utilization while significantly higher than OptumHealth's book of business, noted Ms. Chapin, is comparable to the University's utilization when it contracted with the Mayo Clinic.

Disposition rates were shared with members, which show what people did following their call, e.g., emergency room, physician call/visit, self care. The University had fewer people go to the emergency room than OptumHealth's book of business, and more University people used self-care than their OptumHealth's book of business. Following the disposition rates, Ms. Chapin highlighted the University's top triage and education topics.

Ms. Chapin pointed out that the OptumHealth NurseLine provides the University with more service than the University's contract with Mayo Clinic. With OptumHealth NurseLine the University gets an audio-line, a chat line, a modest amount of health coaching, provider and other referral services, follow-up calls, proactive and regular communication materials for UPlan members.

X). Mr. Watt reported that the next BAC meeting is Thursday, October 7th in #101 Walter Library. He stated that if anyone has items for the agenda, particularly in the fall, to let him know. A member requested hearing more about health care reform from Professor Morrison. Professor Morrison stated that he would be happy to provide information as it becomes available, and proposed January.

Members agreed that if there are not enough agenda items to hold a meeting that Mr. Watt should feel free to cancel meetings.

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

Renee Dempsey
University Senate