

BENEFITS ADVISORY COMMITTEE (BAC)
MINUTES OF THE MEETING
September 10, 2015

[**In these minutes:** Open Enrollment Communications Plan, Medical Cost Relief Program, Pharmacy RFP update, 1095-C and 1094-C Forms and Plans, Retiree Medical Rates and Plan Changes, Farmers Market Update and Nice Ride Contract, Contraceptive Changes due to ACA, Long Term Care Coverage, New Medications for Familial Cholesterolemia and Statin Intolerance, Agenda Items to Consider for the Upcoming Year]

PRESENT: Tina Falkner (chair), Pam Enrici, Karen Ross, Cynthia Murdoch, Jody Ebert, Susann Jackson, Joseph Jameson, Terri Wallace, Carl Anderson, Fred Morrison, Amy Monahan, Theodor Litman, Dale Swanson, Ken Horstman, Jennifer Schultz.

REGRETS: Amos Deinard, Jean Abraham, Karen Connaker, Ken Doyle

ABSENT: Scott Marsalis, Sophia Benrud, , Brenda Reeves, Brooks Jackson, Kathryn Brown, Keith Dunder

GUESTS: Karen Chapin, health programs manager, Office of Human Resources; Betty Gilchrist, benefits communications project manager, Office of Human Resources; Kathy Pouliot, benefits services manager, Office of Human Resources; Ryan Reisdorfer, assistant health programs manager, Office of Human Resources

1. Welcome and comments from chair: Tina Falkner, chair, convened the meeting and asked committee members to introduce themselves.

2. Open Enrollment Communications Plan: Betty Gilchrist, communications coordinator, Office of Human Resources (OHR), provided an overview of open enrollment and the open enrollment communications plan. There are no benefit plan changes for 2016 that would require action from employees during the open enrollment period, she said, and there are limited changes to the rates, which she shared with the committee:

- Medical standard rates will stay the same.
- Medical wellness rates will decrease.
- Dental rates will increase by 4%.

Open enrollment runs the month of November starting on Sunday, November 1, which creates some difficulty because the system is down for maintenance on Sundays until 12:00 p.m. OHR is proposing that employees be allowed to start enrolling online at 2:00 p.m. on that Sunday. During the open enrollment period, employees have the opportunity to enroll in a health care, dental, or daycare flexible spending account; add, change, or cancel medical or dental coverage; add or increase long-term or short-term disability; and add \$10,000 of child life insurance without evidence of good health.

Health care flexible spending accounts always require a significant communications effort for signup, even for those already enrolled, she noted. Of particular note this year are the debit cards for reimbursement from ADP, which will be expiring, so those who renew will be issued a new

card. Employees will be reminded to pay attention to their mail. Statements will also provide notification of the expiring card, and communication will appear on the website. By combining efforts with ADP, OHR hopes the communication efforts will be adequate.

Gilchrist continued with the OHR communications plan, providing a handout titled “Open Enrollment Communication Materials.” Included on the handout was a schedule of all benefits communications.

- Newsletters: The newsletters go to about 20,000 individuals via internal mail. Newsletters will also be sent through U.S. Mail to the home addresses of University Services employees, including dining services and facilities employees on all system campuses. Many of these employees are not able to get materials by mailbox or computer/email, and this will increase the probability that they receive necessary benefits information.

The first newsletter will feature a comparison of Medica HSA vs. Medica National to help employees understand the differences of the two plans. The second newsletter will be sent to eligible employees before open enrollment starts, and will review ACO networks. The third newsletter will be sent after open enrollment has closed to inform eligible employee of the other benefits included in the UPlan medical plan, such as NurseLine, virtual care, and United HealthCare Global. A retiree newsletter will also be sent to pre and post-65 retirees to inform them of rates and changes to their plan.

- Guides: For the first time, OHR is producing a separate open enrollment guide to cover materials solely related to open enrollment. It will be sent out to the same audience that receives the newsletters. They will also send these to the home addresses of University Services employees previously mentioned.

Former employees, retirees, and federal employees will receive guides as well. OHR is also producing a new employee guide explaining coverages, plans, and additional benefits. The new employee guide will include a welcome cover letter with instructions.

- The final communication from OHR happens at the end of year with a summary of benefits. A letter is sent out to enrollees to let them know that if they want a printed copy of the summary, they can do so.

To conclude, Gilchrist stated that OHR will remind those without coverage that the period to enroll is open or upcoming, and will send out a “last chance to enroll” email near the end of November. The Office will also host benefit fairs. Finally, they will have open computer labs with staff available to help individuals make changes or to enroll. Suggestions or questions on any of the above can be sent to Ms. Gilchrist.

3. Medical Cost Relief Program for Lower Income Employees: Ken Horstman, director of employee benefits, OHR, presented the Medical Cost Relief Program. In August, OHR sent a letter to any employee whose pay is less than \$65,000 annually, to catch all employees who might be eligible for medical cost relief. They immediately started to hear from people, he said. At the

end of August they met with facilities services employees face to face, to assure that those employees without mailboxes or email received program information. Employees approved for the program will receive two reimbursements on their paychecks: one in mid-October and one in April. The deadline to apply is September 15. Anyone who submitted by the deadline but didn't complete the requirements will be contacted by OHR requesting any missing data. Those individuals will have a few days to complete the missing information.

OHR now has a dedicated employee to manage the Medical Cost Relief Program. So far, interest has been high. OHR expected 900 participating individuals, and had 650 inquiries as of this meeting. A link with information about the program is on the employee benefits website and OHR staff will continue to look for opportunities to share information on the program.

It was noted that the reimbursements are taxable income. OHR believes that this is an effective way to deliver the savings to employees in that the program ties to household income, which was a BAC request.

4. Pharmacy RFP Update: Karen Chapin, employee benefits manager, OHR, presented on the Pharmacy Request for Proposal process beginning this fall, 2015, and running through spring, 2016. One component will be to select a Pharmacy Benefit Manager (PBM) vendor; the second component will be to select a Specialty Pharmacy vendor. Currently our PBM is Prime Therapeutics and our Specialty Pharmacy is Fairview. The Pharmacy RFP Committee is quite large, including not only OHR staff Ken Horstman, Karen Chapin, Kathy Pouliot, Ryan Reisdorfer, and Jen Arntzen, but also BAC representatives Fred Morrison, Tina Falkner, Dale Swanson, Amy Monahan. Steve Shondelmeyer from the College of Pharmacy, Cathy Naborowski from Purchasing, a representative from the Business & Community Economic Development (BCED), and consultants from Towers Watson complete the committee. Horstman and Morrison will serve as co-chairs.

Chapin stated that the Pharmacy RFP is the hardest RFP to work through, as it is quite comprehensive and long. Six PBMs are being considered and others might also bid. The committee has identified two independent pharmacies on the vendor list but PBMs also have the option to bid. OHR likes the current model with the PBM carved out from the medical plan and the specialty pharmacy carved out from the PBM; it works pretty well, said Chapin.

5. The 1095-C and 1094-C Forms and Plans: Chapin presented on new forms required under the Affordable Care Act (ACA). A new mandate of the ACA requires that health coverage information be reported to employees. The upcoming filings are for 2015 and will be done in early 2016. Form 1095C reports health coverage information to any employee that was full time at any month of the previous year. The form reports both employee and dependent information and applies to employers with fifty or more employees who offer self-insured health plans. The forms will be sent out by the end of January and individuals will use information from the form to complete their tax filings, just like a W2. The form determines an individual's eligibility for a tax credit through the Health Care Exchange.

Form 1094-C covers the UPlan and the Resident, Fellows and Interns Plan. Gilchrist will work with OHR staff to have a communications plan in place so employees know what the forms are

and what to do with them. A report goes to the federal government at the end of March and provides data on those who received the forms. Representatives from the company Thomson Reuters will assist with this new requirement, and they are already under contract to handle 1099s for the University. Susann Jackson and her staff will be filing the same type of form, although called a 1095-B, for the graduate student health plan and student health plan.

These forms will be a separate mailing from the W2 mailing. Thomson Reuters will be mailing the forms, but perhaps in future years OHR could produce the mailing internally. BAC members asked if the 1095s and W-2s could be put into the same envelope, but that is not possible to do as the 1095 forms will be produced by an external firm. One concern is putting two forms with personal data in the same envelope and making it happen correctly. OHR wants to be certain that personal information about employees does not get mailed to the wrong household. OHR will be able to pull individual forms up in their office, in the event that there are minor data corrections that are needed.

A final concern was the timing of the mailing. If employees are unaware they need the form and move forward with filing their taxes when their W2 arrives, they'll have to re-file when the 1095-C form arrives. They will be timed to go out at about the same time, if at all possible.

6. Retiree Medical Rates and Changes: Ms. Chapin passed out a handout titled "University of Minnesota Retiree Medical Plans for 65+ Retirees – 2016 Premiums and Plan Changes," which was referenced heavily in this discussion. Historically, the University has always had a single Plan 1 level. Retirees often stated they could find cheaper options elsewhere. In 2014, OHR put in a Plan 2 level for each plan. Over time it is believed that more people will choose Plan 2. Plan 1 has a higher premium with less out-of-pocket costs while Plan 2 has higher out-of-pocket costs and a lower premium. Retirees can move from plan to plan each year, and spouses of retirees can choose a different plan level if they wish, although both need to be with the same Medical insurance company.

Medica rates will increase by 12%/9% (Plan 1/Plan 2) for 2016. There are five changes to the Medica plan:

- Emergency services outside of the United States will not be capped at a \$20,000 maximum limit, which is a major improvement for those traveling internationally.
- Hospital based clinic copayments are going away on both plans and members will only be responsible for a primary care provider copayment.
- There will no longer be a \$25 annual fee for the Silver and Fit program.
- Members will get a 3-month supply for 2-months copayment for mail order medications through Fairview Pharmacy Services on both Plan 1 and Plan 2.
- The one unfavorable change to the plan is that coverage for supplemental drugs on Plan 1 is going away. Medicare does not cover these drugs.

The BCBS plan rates will increase by 9.6%/4.9% (Plan 1/Plan 2), with the medication copayment on Plan 1 increasing from \$30 to \$50.

HealthPartners rates will increase by 7.9% on both Plan 1 and Plan 2, and the following changes will apply:

- Compression stockings will be removed from both Plan 1 and Plan 2.

- Specialty copay on Plan 1 will increase from \$30 to \$50.
- \$15 copay will be added for MRI, CT scans, other outpatient diagnostics, with normal lab services remaining at 100% coverage on Plan 1.
- \$30 copay will be added for MRI, CT scans, other outpatient diagnostics, with normal lab services remaining at 100% on Plan 2.

UCare plan rates will increase by 3.3%/4.2% (Plan 1/Plan 2), with the following plan changes:

- Maximum number of days covered for each time a prescription is refilled will change from 34 days to 30 days for retail, and from 102 days to 90 days for mail order on both plans, and three-month prescriptions on Plan 2 will now be only available through mail order.
- Out of pocket limit for non-emergency, out-of-network expenses will be reduced from \$20,000 to \$10,000, with benefit maximum remaining at \$100,000.
- Plan 2 ER copay will change from \$50 to \$75 and Urgent Care copays from \$35 to \$35.

Changes are shown in orange on the handout provided, and the rates listed are per month. BAC will talk with retiree representatives before finalizing the changes.

7. Farmers Market Update and Nice Ride Contract: Horstman provided updates on both the Farmers Market and on a new contract with Nice Ride MN. The Farmers Market has always been on Church Street. Construction made that impossible this year, so OHR staff relocated the market to its current spot near McNamara Alumni Center. Since moving, traffic has significantly increased. In response to this uptick in traffic, as well as compliments from employees and minor surveys of vendors indicating satisfaction, the market will stay near McNamara for the foreseeable future.

OHR was contacted by Nice Ride (the Twin Cities bike-ride sharing system) representatives and a transportation group to look at subsidizing a Nice Ride program. With the subsidy, the annual fee for a Nice Ride membership is \$20. (Nice Ride subsidizes the cost as well.) The initial allocation for this program was a two-year duration at \$1,000 budgeted each year. The first year limit of \$1,000 has already been surpassed. Since people are so interested, OHR opened up the coffers to start using the money budgeted for year two. Over the course of the next year they'll monitor to see how much people are using the subsidy. The subsidy provided by the University is \$30 per person. Rochester looks like the city most likely to next expand Nice Ride, and when that happens, OHR will look to see if the program can be expanded to that campus. Pam Enrici shared that the Duluth campus offers free bikes for student use. All of these bikes are donated.

8. Minor Contraceptive Changes due to ACA: Ryan Reisdorfer, human resources specialist, OHR, shared that, due to requirements of the ACA, three contraceptives must be covered at no cost. These are the sponge, female condoms and spermicides. Additionally, the gender exclusion has been removed. All contraceptives on the list are available to plan participants regardless of gender.

9. Long Term Care Coverage: Reisdorfer announced that OHR is working to provide information to recently hired employees concerning long-term care coverage, which was offered

with a new provider as of 2014. There have been challenges to getting new hire lists, but now OHR is working on a direct marketing campaign that will provide plan information to new hires. The good news is that recently hired employees can still sign up with the easy underwriting (short medical history) option. Every month moving forward, the information will go out to eligible new employees.

10. New Medications for Familial Cholesterolemia and Statin Intolerance: Chapin reported on new medications that have been approved by the FDA for lowering cholesterol for patients with significant cholesterol issues. Both drugs are quite expensive, and many companies are waiting a few months until all information is available, before making a determination on coverage. After meetings in November, representatives of Prime Therapeutics, the University's College of Pharmacy and Employee Benefits staff will decide which medications will be included in the University's Pharmacy plan formulary. Waiting allows the University's provider, Prime Therapeutics, to negotiate on pricing. The cost for Praluent is \$14,952 per year before rebates or discounts, and the cost for Repatha is \$14,100 per year before rebates or discounts. The plan will require prior authorization before coverage, because these drugs are not necessary for many individuals. The drugs could cost the University anywhere from \$1,300,000 to \$2,500,000 per year, depending on how many people use them.

These drugs are injected every two weeks, and since many UPlan members prefer to take medications in pill or capsule form, versus via an injection, many will still prefer to use statins for cholesterol issues. A doctor must provide a reason for why a patient needs these specific prescriptions through the prior authorization process.

11. Agenda Items to Consider for the Upcoming Year: A discussion on customer service issues with ADP proceeded as a possible agenda item for consideration by a BAC sub-committee. Complaints with ADP include long wait times, not knowing if or when an issue is resolved, poor phone service, and misinformation. Reisdorfer indicated that meetings had taken place with ADP and the company was aware of customer service issues, and were monitoring the situation closely. ADP has committed to having their call center back up to its previous standard by the end of September. However, it was agreed by the committee that issues are more pervasive than simple call service staffing. It seems that auto-adjudicated claims are reimbursed easily, but non auto-adjudicated claims are problematic.

The ADP contract runs through 2018. Per Horstman, any HSA the University might use will operate under a similar model. Falkner asked if a face-to-face meeting with ADP and a BAC subcommittee might be in order. It was agreed that BAC representatives would meet with ADP representatives. Committee members were asked to collect stories from colleagues about problematic interactions with ADP. Pam Enrici agreed to serve, and other volunteers are welcome.

Patricia Straub
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