

**Benefits Advisory Committee (BAC)**  
**May 12, 2016**  
**Minutes of the Meeting**

[In these minutes: Employee Benefits Update; 2017 Medical and Dental Rate Discussion; Medica Plan Review]

**PRESENT:** Tina Falkner (chair), Cynthia Murdoch, Pam Enrici, Jody Ebert, Terri Wallace, Fred Morrison, Sue Jackson, Joe Jameson, Linda Blake, Brenda Reeves, Ted Litman, Karen Ross, Dale Swanson, Amy Monahan, Scott Marsalis, Ken Doyle, Cherrene Horazuk

**REGRETS:** Carl Anderson, Karen Connaker

**ABSENT:** Jennifer Shultz, Joe Jameson, Keith Dunder

**GUESTS:** Paul Crowley, Mary Beth Healy, Lisa Spann, Kim Bachmeier, Ken Dixon, Christel Webber, Medica; Ryan Reisdorfer, assistant health programs manager, Office of Human Resources (OHR); Ken Horstman, benefits director, OHR; Karen Chapin, health programs manager, OHR; Doug Swyter, financial analyst, Employee Benefits; Betty Gilchrist, communications, OHR

**1. Employee Benefits Update:** Karen Chapin, health programs manager, Office of Human Resources (OHR) announced that the University will have a 10% reduction in supplemental and spousal life insurance rates. There will also be an open enrollment period for those who wish to add an additional \$25,000 life insurance benefit. This covers anyone who currently has life insurance as well as those who do not currently have coverage. The only limit on the plan is the \$1 million maximum.

**2. 2017 Medical and Dental Rate Discussion:** Ken Horstman, benefits director, OHR, provided an overview of the premium increases for covered employees. He said the national medical claims trend, according to consulting firm Towers Watson, is 5.5% annually. Horstman also had the following observations:

- There will be no major benefit level changes to the University health plans.
- They will possibly be adding new Accountable Care Organizations (ACO) in Rochester and Crookston.
- The transition reinsurance fee will be lower in its final year.
- The Medical Cost Relief Program for 2016-2017 will be the same: two payments: one in October and one in March, with the application period in September.
- The increase in pharmacy budget expenses is offset by medical expenses remaining flat.
- The ACO had lower costs by about 14-20%, as compared to the University plan average.
- There were significant cost reductions in high risk members. The low risk members had a slight increase with more preventative care costs.
- Preventative care utilization went up 10%; there was a 2% increase in generic drug use, and 36% fewer hospital stays.
- Metrics show that both the quality of care is higher and the cost of care is lower with ACOs.

- The premium differential should reflect this high quality, low cost care to encourage greater use of the ACO.

Horstman concluded his medical rate presentation by stating that, with no change to the current plan and structure, there would be only a 1.3% overall increase in cost to employees. For the ACO incentive plan, he added, the cost would go down by 23.2% for employee coverage, and 13.5% for employee, spouse, and children coverage.

Horstman then turned the discussion to dental rates. He said that the national dental trend is about a 4% increase. For the University, there will be a 3.2% increase across all plans for dental. This would result in a total cost increase ranging from \$.08 per employee per pay check to \$1.02, depending on coverage.

Pam Enrici asked if the ACO clinics would be able to handle increased membership in the ACO plan, given the drastic drop in rates, to which Horstman replied that the clinics are on board with the plan and have the capacity. Additionally, said Chapin, some people may already be going to these clinics, so the patients to these clinics will not all be new to them.

Scott Marsalis stated that, while the ACO rates are much lower, his out-of-pocket costs have been much higher. If an individual gets lab work for something not included in the coded system as preventative care, that individual will get charged for the procedure. For instance, he said, if someone is identified as high risk for cholesterol they will get lab work done while on a preventative visit, and that may not be considered preventative in the ACO plan. He said that it might be valuable to have some education about this type of charge.

One committee member expressed concern that system campuses are subsidizing the discounted rate of the ACO when they have no access to it. Horstman said that clinic locations are always growing and while there may not be opportunities now, there most likely will be in the future.

**3. Medica Plan Review:** Mary Beth Healy, Lisa Spann, Kim Bachmeier, Ken Dixon, Christel Webber, and Paul Crowley, Medica, provided the following overview of the 2015 UPlan utilization and customer service feedback:

- Their answered customer call rate was 98.9%. The average wait time was 21.4 seconds.
- They have implemented a process called “My Advocate,” which utilizes designated health plan specialists whose roles are to serve as advocates for members with complex health concerns. It provides a single point of contact for these members.
- They have a University Benefits Team to work on phone and email routing specifically for University members.
- They now make welcome calls to all new members in the HSA or Elect Essential plans.
- The ACO, which they define as a partnership to provide coordinated care to a defined population offering high quality service at a lower cost, assists members in navigating the system with a one-stop model.
- They are seeing increased use of preventive care, fewer hospital readmissions, and fewer emergency room admits.
- As of January 2016, 3495 employees chose the ACO, up from 1879 in January 2014.

- Newer ACOs include Mayo Clinic Health System, and Altru will be added in July for northern MN. Boynton Health Systems is also included.
- 95% of UPlan members renewed the same ACO product.
- 66.2% of UPlan members enrolled in the Elect/Essential plan, 10% selected the ACO, 7% Choice Regional, 13.4% Choice-National, and 3% enrolled in the HSA.
- Overall plan cost from 2103 to 2015 reduced from \$398 to \$381 per member per month. Choice National remains the most expensive option.
- Due to pharmacy safeguards put in place in March 2015, pharmacy costs dropped by 2.6% from 2014 to 2015.
- The member survey for Medica members resulted in an 85% rate of satisfaction with a 12.1% response rate. A total of 651 comments were received and of those, 316 provided positive feedback. Other feedback included questions about the referral process, plan details, cost, coverage, and billing and claims feedback.
- Based on feedback, Medica has enacted the following calls to action: welcome calls to new Elect/Essential and ACO members, continued communication that the University offers many plan and network options, and exploration into additional ACO opportunities.

Chapin thanked the Medica representatives for their presentation. Sue Jackson and Pam Enrici then provided an overview of feedback received from UPlan participants. They provided the following details:

- Out-of-pocket expenses for the ACO were a concern, with 23% of comments related to that.
- 50% of Medica Choice Regional complaints were related to coverage issues.
- Several comments mentioned lack of coverage for vision care.
- The Medica Choice HSA complaints were primarily related to billing and service issues.
- 164 of the 244 comments were positive and 148 were negative.
- Medica customer service received many positive reviews.
- Referrals are a major concern.
- Some commenters wanted HealthPartners back.

Hearing no further business, the meeting was adjourned.

Patricia Straub  
University Senate Office