

Benefits Advisory Committee (BAC)
October 6, 2016
Minutes of the Meeting

These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions, or actions reported in these minutes represents the views of, nor are they binding on, the senate, the administration, or the Board of Regents.

[**In these minutes:** Employee Benefits Update; Medical/Wellness RFP Update; UPlan Report to the Board of Regents; UPlan Annual Report]

PRESENT: Tina Falkner (chair), Steff Yorek, Pamela Enrici, Karen Ross, Susanne Vandergon, Jody Ebert, David Kremer, Susann Jackson, Brenda Reeves, Terri Wallace, Fred Morrison, Theodor Litman, Dale Swanson, Ken Hortman

REGRETS: Amos Deinard, Jon Christianson, Yvonne Christiansen

ABSENT: Cynthia Murdoch, Jennifer Schultz, Joseph Jameson, Carl Anderson, Kathryn Brown, Brooks Jackson, Kenneth Doyle, Amy Monahan, Keith Dunder

GUESTS: Karen Chapin, health programs manager, Office of Human Resources; Doug Swyter, financial analyst, Employee Benefits

ALSO ATTENDING: Kathryn Pouliot, Ryan Reisdorfer, Curt Swenson

Chair Tina Falkner welcomed the committee and members introduced themselves.

1. Employee Benefits Update – Falkner invited Karen Chapin, health programs manager, Office of Human Resources, to make an announcement. Chapin told the committee that the University of Minnesota had been named a “Champion of Change” by the Minnesota Health Action Group. The University is part of the group’s Bridges to Excellence (MNBTE) program, which rewards clinics for meeting or exceeding a strict set of care standards for patients with diabetes, depression, or vascular disease.

2. Medical/Wellness RFP Update – Chapin reviewed [this report](#) with the committee. Chapin noted that there would be one committee for two separate RFPs, and the committee would be split for RFP review.

Chapin then reviewed the RFP schedule with the committee, noting that there would be an RFP kickoff meeting in October of 2016. Individual RFPs will be reviewed from December 2016 to January 2017, with the RFP team review meetings occurring in mid-to-late January 2017, Chapin said; vendors will be invited to interview in mid-February.

Chapin then reviewed the required RFP components for both the Medical and Wellness RFPs, as outlined in [the report](#). Chapin noted that the RFP committee will see several familiar vendors for the Medical RFP, and some new vendors for the Wellness RFP.

Falkner added that the committee will be looking at how well vendors can serve system campuses. Chapin said that the Geoaccess Report, part of the RFP process, will provide this information to the committee.

3. UPlan Report to Board of Regents – Ken Horstman, senior director, Total Compensation, reviewed his presentation to the Board of Regents, [available here](#). Horstman said that the Regents requested information from his office relating to the Affordable Care Act (ACA) and excise tax. Since the University is self-insured, Horstman said, the Board of Regents require an annual UPlan report.

Horstman noted that the University has been on the low end of the aggregate health care trend, though a challenging area remains prescription drug costs. There has been a positive impact on cost from employees choosing generic medications, Hortman said, and the College of Pharmacy also reviews the prescription drug program in order to help keep costs down.

Horstman said that overall, there has been a reduction of health risks for employees, which is a positive trend. There is a 5.5% forecast annual healthcare claims trend for 2017, and a 1.3% increase to premium rates, Horstman said. Horstman added that there will be no major benefit level changes for 2017, and there are new ACO offerings in Rochester and Crookston. Horstman reminded the committee about the Medical Cost Relief Program for University employees, and noted that annual payment amounts are the same as in recent programs.

Horstman outlined the ACO model for the committee, saying that the University has adopted this model due to factors such as network management, cost reduction, improved quality of care, and service excellence. Other factors considered, Horstman said, include the evolution of value-based contracting, provider care management, and new ways to partner with providers.

Horstman reviewed the performance metrics the University uses to evaluate ACOs: membership, service quality, quality and outcomes of care, member satisfaction, and financial considerations. Overall, Horstman said, ACOs have high member satisfaction and retention. Meaningful metrics include a 10% increase in preventative care utilization, a 2% increase in generic prescription drug use, a 36% decrease in hospital readmissions, and an 8.5% decrease in overall hospital admissions as compared to the broader network, Horstman said. Horstman noted that there has been significant cost reduction in high risk members, and a positive increase in services for low-risk members who are receiving more preventative care.

There are also significant financial incentives for ACOs, Horstman said, as they have 14%-20% lower costs than the University plan average. The recommendation to the Board of Regents, Horstman said, is to apply the base plan employer contributions to ACO premiums. Since metrics clearly show that both the quality of care is higher and the cost is lower with ACOs, the premium differential should reflect this high quality, low cost care in order to encourage greater participation, Horstman said.

Susanne Vandergon asked how Mayo could get their costs low enough to offer an ACO option. Horstman said that while Mayo does offer an ACO, it is not the most cost-efficient option.

4. UPlan Annual Report – Doug Swyter, financial analyst, Employee Benefits, presented the 2015 [UPlan Performance Review](#) to the committee.

Swyter said that 2014-2015 UPlan Medical costs were under budget by just over 10%. Member-paid plan costs increased from 3.1% in 2011 to 6.9% in 2015, and plan paid costs have decreased from 96.2% to 93.1% during the same period. When looking at the cost to the University per employee per year, Medica Choice National is the highest cost plan, while Medica Direct and ACOs are the lowest-cost plans.

For UPlan Dental, Swyter said, there is an overall 2.6% increase in total expenses; this number is expected to be higher in 2017. The largest expense is from Delta Dental (which 82.5% of employees use), and Health Partners (which 17.5% of employees use), Swyter said.

There is an overall increase in the use of generic prescriptions, from 64.2% in 2007 to 83.9% in 2015, Swyter said. Overall prescriptions written are also declining, Swyter said. There are some high-cost medications that drive up plan costs, Swyter said; for example, Humira Pens, which have an average plan cost of \$3,783.44 and an average member cost of \$12.60, and Harvoni, which has an average plan cost of \$32,563.46 and an average member cost of \$13.60.

Swyter said that costs in quarter two of 2016 are under budget by just under 10%. Member plan paid costs increased by 1% from 2015 to the second quarter of 2016, Swyter said. As in 2015, Swyter said, Medica Choice National is the highest-cost plan. Swyter noted that with the new ACO incentive, this could change; they are estimating a 15% increase in ACO costs. For UPlan Dental, Swyter said, there is an overall 0.6% increase in expenses from 2015 to the second quarter of 2016.

Swyter reviewed specialty drug trend drivers, which drive up plan costs; specifically, Cuprimine, Gattex, Pomalyst (an oncology drug), Menopur (a fertility drug), and Xalkori (an oncology drug).

Pam Enrici asked if the cost of Hepatitis C medication had gone down, since many are being tested for this now. Swyter said that there would be more data next year that should show which way the cost of this drug is trending.

Enrici asked about the cost of Epi pens, recently in the news. Horstman said that they have discussed this cost, but it is not as much of a trend driver as oncology medications. These types of issues are becoming more of a priority among employers, Horstman said. Kathryn Pouliot added that the Epi pen controversy in the news was primarily focused on those without insurance; for those with insurance, while they do not pay high out-of-pocket costs for the medication, it does drive up overall plan costs.

5. Other Business – Ryan Riesdorfer reminded the committee that open enrollment is one month away. Falkner reminded the committee of the new Wellness Program options, and noted that the email to staff and faculty had gone out. Jody Ebert said that she had encouraged other staff to get wellness points for healthy food purchases. Falkner added that another popular new option was wellness points for volunteer hours.

Susann Jackson asked if there would be an option in the future where wellness points could be earned for preventative dental care appointments. Horstman said that the committee could discuss adding this option for next year.

Hearing no further business, the meeting was adjourned.

Barbara Irish
University Senate Office