

[In these minutes: 1. State employees group insurance program update]

## **HEALTH PLAN TASK FORCE (HPTF)**

### **MINUTES**

**THURSDAY, MAY 5, 2000**

**10:00 - 12:00**

**210 DONHOWE BUILDING**

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the view of, nor are they binding on the Senate or Assembly, the Administration, or the Board of Regents.]

**PRESENT:** Dick McGehee (Chair), Linda Aaker, Carol Carrier, Amos Deinard, Robert Fahnhorst, Bart Finzel, George Green, Christopher Hulla, Priscilla Pope, Kathryn Pouliot, Gailon Roen, Harlan Smith, Anna Sommers, Robert Sonkowsky, Larry Thompson, Gavin Watt.

**REGRETS:** Keith Dunder, David Hamilton, Ron Kubik.

**ABSENT:** Avner Ben-Ner, Bev Hall, Mavis Madden.

**GUESTS:** David Haugen.

### **1. STATE EMPLOYEES GROUP INSURANCE PROGRAM (SEGIP) UPDATE**

David Haugen began by stating that a new commissioner had been named within the last few months so it is possible that changes might take place once that person is familiar with the system. He noted that SEGIP is the largest purchaser of health insurance in the state since it covers 65,000 employees. He then distributed a handout on the SEGIP Assessment and Planning Project to all members and walked them through it. The handout discussed who SEGIP is, how SEGIP is currently purchasing health coverage, planning and assessment that SEGIP has started, comparison to the BHCAG model, and future work for SEGIP. He then opened the floor for questions.

**Q:** What is the difference between the health plan and care system models?

**A:** Health plans are comprised of various care systems. Currently, SEGIP only encourages competition between the health plans themselves. Under a care system model, SEGIP would contact the care systems directly, thereby avoiding the managing health plan, to bid for service. The feeling is that this would increase competition between the care systems and maybe lower costs.

**Q:** How is price determined in the BHCAG model?

A: After each care system provides a bid, the various systems are tiered depending on their price. The average cost is then calculate for each tier to determine employer and employee rates.

Q: Are subsidies available in the care system model?

A: When BHCAG first tried this model it was seem that the care systems naturally clustered into three price groups with little variation. BHCAG is now thinking about creating five tiers to avoid any costs being disguised by cross-subsidies.

Q: Is there a downside to being self-insured?

A: By being self-insured, SEGIP no longer receives any artificial discounts since it pays for any claims above the rate being charged. Rate stability is also needed for self-insurance but many times there are wild fluctuations in the rates.

Q: What were the reasons that the Joint Labor Management Committee (JLMC) decided to have SEGIP become self-insured?

A: The JLMC felt that by being self-insured, SEGIP could conduct patient satisfaction surveys and increase the information that is given to employees about the health plans.

Q: Can SEGIP still receive a discount when bargaining with the health plans?

A: SEGIP rents the network and administrative system from the health plans so there is no discount here. Bargaining still occurs in determining rates from the care systems themselves.

Q: Is there any incentive for cost containment by the health plans?

A: Even though SEGIP is now self-insured, the same care is being provided to all employees and the care management techniques have not changed. Incentives have been placed in the contract though for performance.

Professor McGehee then thanked David Haugen for the presentation.

## **2. UPDATES ON SURVEYS AND UTILIZATION DATA**

The Task Force closed its meeting to discuss preliminary results of the employee survey and the utilization data from the insurance providers.

Professor McGehee said that Allen Baumgarten would be at the May 18 HPTF meeting to discuss the health care market in Minnesota. He then thanked everyone for attending and adjourned the meeting.

Rebecca Hippert  
University Senate