

[In these minutes: Discussion of Benefit Plans]

HEALTH BENEFITS ADVISORY COMMITTEE (HBAC)

MINUTES

THURSDAY, FEBRUARY 1, 2001

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: Fred Morrison (Chair), Linda Aaker, Mary Austin, Allan Baumgarten, Susan Brorson, Carol Carrier, Frank Cerra, Dann Chapman, Marjorie Cowmeadow, Amos Deinard, Keith Dunder, Robert Fahnhorst, George Green, Bev Hall, Christopher Hulla, Ron Kubik, Richard McGehee, Gailon Roen, Robert Sonkowsky, Larry Thompson, Barbara Van Drasek, Gavin Watt.

REGRETS: Harlan Smith, Anna Sommers.

ABSENT: Bart Finzel, David Hamilton, Sue Mauren, Priscilla Pope, Jason Reed.

1. DISCUSSION OF BENEFIT PLANS

Professor Morrison noted that the Governor's proposed budget for the University is \$18 million less than the University needs just to cover its increased health care costs. This proposal will need to be taken into account during the RFP process.

Chris Hulla presented the RFP document that will be used, according to Purchasing Services guidelines, so that committee members could see the questions that will be asked. He then turned to handouts on the details of the plan designs and discussed each plan being proposed.

PLAN A

This option includes: \$5 co-pay on office visits, alternate bids will be for \$0 and \$10 options, University will try for out-of-area coverage, drug co-pays will start low but might need to increase for premium cost savings, tight network of providers, and low or no premium costs

PLAN B

This plan was previously B-1. This option is the current HMO with expanded mental health benefits, higher co-pays for office visits, and higher prescription maximum.

PLAN C

This plan was previously B-2. Plan includes: higher office co-pays, OOP, and prescription

maximum; higher penalty to go out-of-network in Twin Cities; PPO or guesting with a lower deductible and co-pay; bigger benefit to go out-of-network is outside Twin Cities area; harder to service by Employee Benefits; and might need two plans to assume risk.

PLAN D

This plan was previously C. It is a catastrophic PPO, with no PCP referral, combined with a University account of \$500 per year and a total OOP cost of \$3000 per year.

Committee members made the following comments:

- Cost trade-off information in needed
- Employees understand if they control the costs
- HBAC should decide where the cost burdens are
- Many employees cannot afford the risks associated with options B, C, and D
- Low-cost alternative option will be needed for greater Minnesota
- Option A could be supplemented by B if fully-insured
- Self-funding cost differences might be from management costs, actuaries, or marketers
- Credibility in the RFP response needs to be looked at
- Carving out services is not an option for the RFP this year
- Distinction between cost sharing and cost shifting; sharing has a better connotation
- Employee cost sharing is necessary. Options include: co-pays, premium sharing, and limited access
- University might need to differently subsidize plans to ensure stability

The committee made the following suggestions to the proposed RFP:

- Premium costs should be requested with an in-service co-pay and without to see what the savings would be
- Costs on alternate office visit, in-patient, and out-patient co-pays should be required in the RFP so the committee can assess which costs are necessary
- Definition of out-patient service needs to be defined in RFP response
- Network list needed in response to look at distribution for greater Minnesota
- Pricing should include add/deduct versus total price
- Expanded mental health (more providers, higher caps, no gatekeepers) needs to be defined in RFP and response

With no further comments, Professor Morrison thanked everyone for attending and adjourned the meeting.

Rebecca Hippert
University Senate