

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
SEPTEMBER 19, 2002

[In these minutes: Welcome and Call to Order, Open Enrollment Update, Patient Choice Update, Retiree Insurance Update, Basic Life Insurance Reduction Schedule Update, Dental Insurance Update, Infertility Coverage Update, Short Term and Long Term Disability Insurance Update, HealthPartners Plan Review, Wellness Update, Medical Evacuation Insurance Update]

[These minutes reflect discussion and debate at a meeting of a committee of the University Senate or Twin Cities 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, Gavin Watt, Pam Wilson, Karen Wolterstorff, Jody Ebert, Ronald Enger, Nancy Wilson, Don Cavalier, Joseph Jameson, Wendy Williamson, George Green, Gailon Roen, Susan Brorson, Steve Chilton, Amos Deinard, Richard McGehee, Peh Ng, Theodor Litman, Dann Chapman

ABSENT: Michelle Lamere, Carla Volkman-Lien, Carol Carrier, Frank Cerra, Marjorie Cowmeadow, Keith Dunder

GUESTS: Sue Hoel, HealthPartners Senior Account Manager; Nancy McKay, Manager, HealthPartners Government Sales; and Tony Andersen, Manager, HealthPartners Employer Reporting

OTHERS: Kathy Pouliot, Tonya Soli, Linda Blake, Pat Yozamp, Phyllis Walker, Nan Kalke, Katharine Witherow

I). Professor Morrison called the meeting to order and welcomed those present.

II). Employee Benefits Director, Dann Chapman, provided members with several updates:

- Open enrollment dates are October 16, 2002 – November 15, 2002 and materials will be sent out in early October. In 2003, new dental options are being offered under the UPlan. The dental plans formerly offered through the state group program will no longer be available to University employees and retirees. This change requires everyone to make a new dental insurance benefit election. To date, seven informational forums have been held across the Twin Cities campus and there are plans to conduct forums for the coordinate campuses as well as retirees. Departments can request additional forums by contacting Employee Benefits. Overall feedback from the forums has been positive, with few to no complaints or concerns expressed.

- Patient Choice Update – A relatively small number of care systems are changing from one cost tier to another. Individuals who will be impacted by a cost tier change will be notified by Employee Benefits prior to open enrollment alerting them to the change and requesting they pay close attention to their open enrollment materials. In certain circumstances individuals may need to ‘buy up’ to stay with a particular provider or be able to ‘buy down’ and have the same access as in 2002 but for less money in 2003.
- Retiree Update – The state mistakenly sent out retiree open enrollment materials to all University retirees. In response, Employee Benefits immediately followed-up with a letter to all retirees informing them of the UPlan changes and options for 2003 while the state sent out letters apologizing for the confusion. This incident caused some retirees to be quite distraught because they thought they no longer had health insurance coverage. On a side note, it was mentioned that the UPlan retiree insurance rates compared very favorably to that of the State of Minnesota.
- Basic Life Insurance Reduction Schedule Update: Employee Benefits has received calls concerning the legitimacy of the reduction schedule being applied to the basic life insurance plan for employees 65 and older in 2003. Mr. Chapman explained that the reduction schedule is not discriminatory because there are two basic ways to calculate the value of a benefit:
 1. The value of the benefit at payout, and
 2. The cost of buying the benefit

Naturally the cost of providing life insurance increases dramatically with age, but once an individual turns 65 the rates go up exponentially. To illustrate, the University pays more to provide life insurance benefits, even at a reduced level, for employees 65 and over than for younger employees. This benefit reduction, as a result, is not discriminatory based on the University’s cost of providing basic life insurance to those over 65. The reduction schedule being applied to the basic life insurance plan in 2003 complies with the federal Age Discrimination in Employment Act (ADEA). For 2003 only, those impacted by this change will have the opportunity to purchase optional life at their own expense without evidence of good health. Mr. Chapman further noted that the optional life insurance rates for those over 65 are subsidized in part by the University. If the University did not do this, an ‘anti-selection’ state would become immediately evident whereby only those that know they would need this type of insurance would continue to pay for it and those who never had to pay for it before probably would chose not to due to the astronomical cost. This is yet another policy issue that the BAC will need to look at in 2003.

- Dental Insurance Update: Mr. Chapman distributed handouts depicting dental premiums. The State of Minnesota’s rates are increasing by 16.3% for 2003

while the University's rates are only increasing by 8.7%. This comparison is somewhat skewed, however, because if it were not in part for the reserves from 2002 the University would probably have had to increase its rates by approximately 14%. Nevertheless, this comparison does represent the real difference between the University's experience as a group and the state's experience. Additionally, the final dental rates are slightly less than initially projected due to a systems issue. Unlike the medical rates that include a small internal administration fee the University is currently unable to do this on the dental side. Employee Benefits is in the process of looking for an alternate means to cover these administrative fees which cost the University approximately \$160,000 per year.

Mr. Chapman also mentioned that while a considerable amount of effort was devoted to ensure the uniformity of each plan's coverage, differences in how out-of-area emergency services are handled have been uncovered. During 2003, Employee Benefits will strive to make all the plans as uniform as possible in terms of what they cover by 2004.

A member expressed a concern over the lack of dentists willing to participate in some of the plans, particularly in outstate Minnesota. Mr. Chapman responded by indicating that the University has strongly encouraged both Delta as well as HealthPartners to talk with dentists, especially in Morris and Crookston, and let them know that the new UPlan has better reimbursement schedules and that Rule 101 no longer applies now that the University has separated from the state. Alternatively, members were reminded of the University Choice Plan, an indemnity plan that allows participants to visit any dentist without network restrictions. Although there are slightly higher costs associated with this plan and some out-of-pocket risk, the University Choice Plan provides a substantial benefit to enrollees, a much greater out-of-network benefit than any of the other plans. Professor Morrison assured members that the BAC will continue to monitor the networks and if they continue to be inadequate the committee will need to rethink how to handle this issue.

- Removal of the 'Exclusion of Infertility Coverage' per Mr. Chapman adds back in the ability to use such processes as in vitro fertilization.
- Short Term and Long Term Disability Premiums Update – Short Term Disability (STD) has decreased by 19.9% while Long Term Disability (LTD) has increased by 30.7% based on the University's experience. Because The Hartford Insurance Company has been calculating the University's experience separately from the state pool for a number of years, Employee Benefits is confident that these figures are correct.

On a separate note, a member requested that The Hartford be requested not to put social security numbers on the checks they issue due to a concern over identity theft.

III). HealthPartners Plan Review – Professor Morrison welcomed HealthPartners representatives Sue Hoel, Senior Account Manager; Nancy McKay, Manager, Government Sales; and Tony Andersen, Manager, Employer Reporting to today's BAC meeting. The purpose of the review is to receive information on the University's experience with HealthPartners for the first 6 months of 2002 and to share concerns and other relevant information. Highlights include:

1. Based on the first six months of data, the University's cost experience is running at approximately 3% above HealthPartners initial estimates.
2. Approximately 17,000 University employees are currently enrolled in HealthPartners compared with 10,000 plan participants in 2001. It is believed that the increase in enrollment can, in part, be attributed to the inclusion of Boynton Health Services in the HealthPartners network.
3. Inclusion of the University clinics does not appear to be costing the University substantially more. It was agreed, however, that HealthPartners would provide the committee with actual figures pertaining to this inquiry.
4. When HealthPartners compares the University to the aggregate, the University is running approximately where projected. One area where the University is running higher than the aggregate is in 'professional services' which includes office visits. An area where the University is running below the aggregate is inpatient and outpatient hospital visits.
5. According to HealthPartners the trend for the foreseeable future is for double-digit increases in healthcare costs. Of big concern now are the budget constraints being experienced by providers and the resulting cost shift to the private sector.
6. For the first six months of 2002 HealthPartners collected \$236,000 in co-pay premiums for 'professional services'. Total co-pay amounts collected by HealthPartners for the first 6 months are slightly over \$1 million. This \$1 million represents money the University, in the past, would have had to pay out. In the opinion of HealthPartners, co-pay premiums do not appear to have had an impact on utilization of services as a whole.
7. HealthPartners' formulary drug list is established by a team of physicians and pharmacists in an effort to give patients the best care at the best price. It would be impossible to control costs if the list included every drug on the market. The list is updated quarterly.
8. Minnesota is a 'generic substitution state' meaning that if there is a generic drug available and there is no dispense message written on the prescription, the pharmacy must fill the prescription with a generic if it is available in order to be covered by insurance.
9. It was noted that plan participants are not taking full advantage of the cost savings on mail order maintenance drug orders. A concerted effort needs to be taken to make participants aware of the benefits of ordering maintenance drugs through the mail.
10. HealthPartners offers Health Risk Assessments (HRA). Currently, HealthPartners is rolling out to some of its employee groups an internet-based HRA. HealthPartners representative, Sue Hoel, stressed that in order for any wellness

program to be effective it must be properly set-up, offer meaningful incentives and be backed by the employer. Both incentives and the confidentiality aspects of a HRA are critical to the success of such a program. Health Risk Assessments help HealthPartners focus on the portion of the population that are the 'cost drivers.' The goal of the HRA is to provide resources to make the entire population as healthy as possible. HealthPartners has a tool called 'Work Check' which measures how ready the population is for change.

11. HealthPartners raised two issues that caused some of their members concern this year:

- a. Although it was clearly noted in the open enrollment materials, some members were surprised to discover that Park Nicollet was no longer a part of the HealthPartners' network.
- b. Confusion about what constitutes a preventive visit without a co-pay versus an office visit requiring a co-pay.

Some University employees believe that co-pay charges are being applied indiscriminately. HealthPartners requested specific examples of erroneous co-pay charges so they can research each instance further. Until an analysis is conducted it will be impossible to know if this is a coding problem or not. Professor Morrison indicated this is a plan design issue that the committee will take up during spring semester. Early next year, according to Professor Morrison, the University will ask each administrator to provide the University with statistical data on how much money the University saved by having co-pays on lab visits in 2002. Then, for 2004 the committee will need to decide whether the University should add co-pay charges back into the premiums and have premiums increase but no longer have co-pays on lab work or continue charging co-pays for lab visits.

12. When soliciting input from plan participants concerning their experience with HealthPartners the following two issues were noted:

- a. Some participants expressed having difficulty getting referrals to specialists outside their care system. In response it was noted that HealthPartners is a 'care network model'. Under this type of system each clinic decides what specialists, if any, they want to use. All referral work is done at the clinic level and not at the health plan level. If patients feel they are not getting the care they need and it is a quality of care issue, they should contact HealthPartners who will act as an advocate on their behalf. Clinics set up their referral partners based on their experience in working with a particular specialist.
- b. Clinic consolidation – unfortunately and admittedly due in part to shortages of ob-gyn physicians, dermatologists, cardiologists, child psychiatrists, dentists, etc. some clinics have been consolidated. Clinics were also consolidated in order to operate more cost effectively because some clinics were only open very part-time, etc. HealthPartners also noted that several health plans are turning to the state legislature in an attempt to change some physician licensing requirements to increase the pool of physicians.

13. In an effort to make their members aware of the ever-increasing costs of pharmaceutical drugs, HealthPartners is working towards providing each member with a 'pharmacy profile' that will show what a drug actually costs compared to what the participant paid.

Professor Morrison thanked the HealthPartners representatives for attending today's meeting.

IV). Wellness Update – Professor Morrison noted that the University has contracted with Johnson & Johnson to help organize a wellness program for the University. In Professor Morrison's opinion, if HealthPartners is able to offer a wellness program for its members as long as the University does the promotion, then once Johnson & Johnson has completed their analysis this should be a priority for the University. Because confidentiality is an area of great concern when it comes to Health Risk Assessments, it is critical that this endeavor be done by the health plans and not a University office.

Free flu shots will be offered to University employees.

VI). Other Business:

- Due to time constraints Professor Morrison postponed the monthly eligibility issue to a subsequent agenda.
- Long Term Care Update – The committee will not discuss Long Term Care benefits this year. The University will continue its contract with CNA and the current policy will remain the same.
- The medical evacuation insurance RFP is being sent out today and bids will be returned by the middle of October 2002. Nominees for the Committee of Selection are as follows: Professor George Green, Pam Wilson and Professor Fred Morrison will represent University employees and Dann Chapman, Carol Carrier and Keith Dunder will represent benefits administration. Hearing no objections, the above Committee of Selection was chosen.

VII). With no further business, Professor Morrison adjourned the meeting.

Renee Dempsey
University Senate