

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
DECEMBER 4, 2003

[In these minutes: UPlan Questionnaire, Plan Reviews Schedule, Open Enrollment Update, MEDEX Usage Report, MinuteClinic Update, Change in Life Insurance Coverage for Part-Time Faculty and P&A, Comments by Pat Yozamp, 2002 UPlan Annual Report]

[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, Rita McCue, Pat Yozamp, Don Cavalier, Joseph Jameson, Carla Volkman-Lien, Wendy Williamson, Gailon Roen, Susan Brorson, Steve Chilton, Richard McGehee, Peh Ng, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Pam Wilson, George Green, Amos Deinard

ABSENT: Karen Wolterstorff, Jody Ebert, Ronald Enger, Carol Carrier, Frank Cerra, Keith Dunder

OTHERS: Linda Blake, Karen Chapin, Jennifer Durocher, Gladys McKenzie, Kathy Pouliot, Ruth Rounds, Jackie Singer

I). Professor Morrison called the meeting to order.

II). Professor Morrison announced that Pat Yozamp is retiring from AFSCME Council 6 and today is her last BAC meeting. Time will be devoted later in the meeting to hearing from Ms. Yozamp and her thoughts on serving on the BAC.

III). UPLAN QUESTIONNAIRE - In addition to the BAC conducting plan reviews, a UPlan satisfaction survey will be disseminated in January 2004 to University employees as a means to solicit opinions concerning overall medical

plan satisfaction. This information will guide the BAC in determining employees overall satisfaction level with the health plans. A sample survey was distributed to members for their review and input.

A member asked if a similar survey would be conducted of the retirees. According to Professor Morrison, because the retiree contract is one year out of phase with the employee contract, it is very likely a retiree survey will be conducted next year.

Another member asked whether survey results would be made available to the bargaining units. Professor Morrison did not see any problem with sharing this information with the unions.

Members shared suggestions for making the survey more clear. Karen Chapin encouraged members with other ideas for improving the survey to contact her or Betty Gilchrist in Employee Benefits.

IV). Professor Morrison announced that plan reviews would be conducted from late January 2004 into early March 2004.

V). OPEN ENROLLMENT UPDATE: To date, 11,000 open enrollment forms have been processed. The open enrollment period is still open for AFSCME employees who have until December 8th to complete a form should these individuals choose to make a change to their coverage. The following information was highlighted:

- 446 employees chose to waive coverage. Mr. Chapman noted that no one that has chosen to waive coverage is single.
- HealthPartners enrollment increased slightly.
- PatientChoice enrollment declined fairly substantially.
- Definity Health enrollment increased substantially.
- PreferredOne enrollment increased slightly.
- HealthPartners Dental and Delta Dental enrollment decreased slightly.

Dann Chapman stated at the December 18, 2003 BAC meeting, Employee Benefits will provide members with a 'To and From' report illustrating what health plans people chose for 2004 and what plans these individuals had in 2003.

A member requested getting a breakdown by discipline (e.g. Faculty, Civil Service, P&A, Bargaining Unit) of individuals that chose to waive coverage. Mr. Chapman agreed to provide this information when it is available.

VI). MEDEX USAGE REPORT: Karen Chapin distributed a report produced by MEDEX outlining the University's usage since this coverage was put in place. While this report was being distributed, Ms. Chapin shared a testimonial with the Committee, which was very complimentary of the services provided by MEDEX. MEDEX provides travel insurance and medical assistance for people traveling 150 or more miles away from home. The report provided the following information:

- Number of cases MEDEX handled per month.
- Number and percent of people hospitalized.
- Number of cases that the RMA (Regional Medical Advisor) was contacted.
- Locations where calls came from e.g. Canada, United States and international locations.
- Type of care provided.
- Diagnosis.
- Age of people that received assistance.

VII). Professor Morrison reported that flu shots are still being given, and, therefore, the total numbers of shots given is currently not available. Gailon Roen shared some preliminary numbers and noted that through December 1st Boynton Health Service gave over 5,000 injections to faculty, students and staff and another 2,000 injections are expected to be given in the next week. Karen Chapin noted that 1,600 injections were given at the Benefits Fair.

VIII). MINUTECLINIC UPDATE: From the onset, the University's intent has been to have MinuteClinic as an in-network provider for all its health plans. As of January 1, 2004, MinuteClinic will be in-network with HealthPartners, PatientChoice and PreferredOne. Definity Health will also be in-network with MinuteClinic but this contractual arrangement will require a little more time to complete. In the interim, Definity participants can pay MinuteClinic for services they receive and submit an out-of-network claim.

Mr. Chapman noted that initially the University considered a direct contract arrangement between the University and MinuteClinic in order to make MinuteClinic services available to all the University's health plans. As it turns out, because MinuteClinic successfully negotiated with each of the University's health plans to be in-network, it is much simpler to incorporate MinuteClinic into the UPlan this way than to go through the University's purchasing process.

Questions and comments following this update included:

- Does the \$5 co-pay get applied to maximum out-of-pocket totals? Yes, when services are in-network. Another plus is that data from MinuteClinic visits will be incorporated into the data warehouse.
- Is consideration being given to have MinuteClinic be in-network with the retiree health plans? Mr. Chapman stated that this is not a University decision but an arrangement that would need to be made between MinuteClinic and the individual retiree health plans. There is great reluctance on the part of MinuteClinic to include retirees because it prefers not to provide services to individuals that require a stronger doctor/patient relationship e.g. seniors, infants. Also, Ms. Chapin noted that, to the best of her knowledge, MinuteClinic is not set up to be a Medicare provider. Ms. Chapin agreed to look into this matter further and report back at a future meeting.
- Ms. Chapin noted that due to facilities issues the University's on-site MinuteClinic location will not open immediately in January 2004. Instead, this site will open in September 2004 for the 2004 - 2005 academic year. Because the University is accepting a level of financial risk by guaranteeing a certain level of participation at this on-site clinic, it will monitor usage very closely.
- MinuteClinic will be available to students, however, services received will not be covered under the student fee. Therefore, services received by students would have to be covered under the student's health plan. A communication piece will be available at the University's MinuteClinic site to help avoid confusion so students know whether their insurance company will cover services they receive at MinuteClinic.
- UPlan co-pay for MinuteClinic visits will be \$5 in 2004.
- Members were encouraged to visit the MinuteClinic website for more information at the following URL: <http://www.minuteclinic.com>

- Does MinuteClinic still provide bone scans? Ms. Chapin agreed to check to see if this is still a service that MinuteClinic provides.
- Mr. Chapman noted that because Definity does not have co-pays, Definity members will be charged the full amount of a MinuteClinic visit, which will be charged against their experience. By in large, it should be to a Definity member's advantage to visit a MinuteClinic site because their services tend to be less expensive than a clinic, urgent care or emergency room visit. The 2004 price for a majority of MinuteClinic visits will be \$41.

IX). CHANGE IN LIFE INSURANCE COVERAGE FOR PART-TIME

FACULTY: Karen Chapin distributed a handout outlining the issue and what is being done to correct the inequity in life insurance coverage for part-time faculty and P&A employees. Currently, part-time faculty and P&A that elect to pay for Basic and Additional Basic Life Insurance coverage, pay for a one-time salary benefit plus the Faculty Group Life Insurance benefit which can range from \$5,000 - \$25,000 depending on the individual's salary level. However, for part-time faculty and P&A that chooses not to pay for Basic and Additional Basic Life Insurance, they receive the Faculty Group Life Insurance benefit for free.

Going forward, future part-time faculty and P&A will only have access to the Additional Basic Life Insurance coverage (\$25,000 to \$5,000) if they elect to pay for both Basic and Additional Basic Life Insurance coverage. Current part-time faculty and P&A who have not previously elected Basic and Additional Life Insurance will no longer receive the Additional Basic Life Insurance (\$25,000 to \$5,000) at no cost. These individuals will, however, have a one-time option to elect Basic and Additional Life Insurance coverage without providing proof of insurability. This option has been approved through a special arrangement with Minnesota Life. Eighteen employees are impacted by this change. Ms. Chapin also noted that current employees who do not wish to take advantage of this one-time option to carry the Basic and Additional Life Insurance coverage will have the ability to convert the Additional Basic Life Insurance coverage (\$25,000 to \$5,000) to an individual policy.

This change will take effect January 1, 2004. All individuals impacted by the change will be notified and given their options.

Questions and comments following this update included:

- What does this benefit cost the University? Professor Morrison stated that this change arises as a result of trying to simplify some of the University's complex rules. When examined carefully, this benefit was determined to be both complex and unfair. Ms. Chapin added for those individuals that want more insurance, this is a positive change because they will be able to access more coverage without underwriting. A member calculated this benefit to cost the University roughly \$900/year for these 18 individuals. It was stated that the real savings to the University is not the \$900 in premiums but reducing its administrative for administering this benefit. Professor Morrison stated, in exchange for taking away this benefit for these 18 individuals, the University has arranged with Minnesota Life for these people to have an opportunity to buy life insurance with no underwriting and this is definitely worth something. Prior to this, these individuals would not have had the opportunity to buy additional life insurance without a medical examination.

X). Professor Morrison reiterated that today is Pat Yozamp's final BAC meeting. He believes that her participation on the BAC was very beneficial to the Committee and wished her well.

Ms. Yozamp thanked Professor Morrison for the opportunity to share her thoughts regarding serving on the BAC. In Ms. Yozamp's opinion, the BAC is the only committee that has the ability to influence the President on health insurance issues at the University. The BAC has drafted the health plan designs each year since the UPlan's inception. The only changes that were made to the 2004 plan design during negotiations were co-pays for non-formulary drugs were reduced from \$30 to \$25 in 2004 and office co-pays for PreferredOne were reduced from \$30 - \$25 in 2004, neither of which was asked for by the unions. AFSCME Council 6 was very disappointed it was unable to make other significant changes to the plan design. Ms. Yozamp asked members to keep the BAC's influence in mind as it drafts the 2006 plan design.

Next, Ms. Yozamp outlined AFSCME Council 6 accomplishments during negotiations:

- The administration provided AFSCME Council 6 with a letter concerning the University's commitment to monitoring and increasing the UPlan's lifetime maximum overtime by keeping it in-sync with the highest amount of stop-loss coverage available at a reasonable cost.
- AFSCME Council 6 was successful in getting insurance rates reopened for 2005 if rates are significantly less than current projections by Buck Consultants. The unions do not believe the rates for 2005 will be as high as projected, but this remains to be seen.

Ms. Yozamp noted that her replacement on the BAC will be Mr. Peter Benner from AFSCME Council 6. To repeat, Ms. Yozamp stressed the important role the BAC plays in influencing health insurance policy at the University.

Professor Morrison believes that the union's participation on the BAC has given the Committee a more powerful voice with the administration. Understandably, the union and the administration approach how labor relations are organized differently, but fortunately there is a common goal. Professor Morrison admitted typically not making a lot of distinction between voting and non-voting members on the BAC and hopes to continue to have full participation around the table by conducting "straw votes".

In response to a question, Ms. Yozamp stated, in her opinion, the decision to require all University employees to pay a portion of their health insurance was not fiscally driven. Instead this was a policy decision made by the administration in response to concern over what the public thinks about public employees' benefits. Ms. Yozamp noted that the State of Minnesota still offers 100% employer paid coverage. Professor Morrison added, however, that the State's plan has significantly larger deductibles and co-pays.

In response to a request to compare the University's health plan with other large employers in the State, a member said this is only meaningful if an organization's total compensation package is factored in.

Mr. Chapman, on behalf of the administration, stated that having the unions represented on the BAC has provided added-value to the Committee. Their presence allows the administration to better understand the issues from the perspective of its employees. He appreciated working with Ms. Yozamp, a

professional, reasoned voice at the table. On a final note, on behalf of the BAC, Professor Morrison presented Ms. Yozamp with a small gift of appreciation for her service on the Committee.

XI). 2002 UPLAN ANNUAL REPORT: Mr. Chapman distributed a draft annual report for members to review. An executive summary of this report will soon be completed and posted on the Employee Benefits website for all employees to review. It was noted that because the 2002 UPlan Annual Report is the first report since the UPlan's inception it contains no comparison figures. The 2002 report will act as a baseline. Future annual reports will include comparisons against this baseline. This report will be produced annually and in a more timely manner.

Mr. Chapman shared the following information:

- Total membership of the active group by gender with 47% of plan participants being male and 53% of plan participants being female.
- UPlan member age distribution by plan. A chart illustrated the percentage distribution of each administrator's members by age. HealthPartners tends to attract a much high number of younger participants than Definity and PreferredOne, which attracts members in the highest age groups. These are reasons why the University must continue to do risk adjustment for the various plans.
- A chart displaying the population of the UPlan broken down by experience group.
- The ratio of family to single enrollment statistics by plan. Mr. Chapman noted that HealthPartners is drawing a sizeable proportion of single employees and PatientChoice is drawing a high number of families.
- UPlan total monthly costs charted against budget for 2002. This chart is of particular interest to Employee Benefits because it helps track how claims tend to flow throughout the year.
- UPlan per member per year actual costs chart which displays the actual cost of claims, administrative fees and stop loss insurance premiums to the University by UPlan administrators. The employee cost includes only employee premium contributions. A member suggested collecting information on how much out of pocket money is being spent to off-set overall claims costs in order to make an accurate assessment of the plan designs.

- UPlan per member per year actual cost by employee group e.g. active employees, COBRA, Pre-65 and disabled.
- UPlan total costs chart for 2002 divided between claims, fees and stop loss insurance (and in 2002 a small amount of money spent on wellness efforts).
- Overall cost distribution by percent of claimants and percent of total dollars. For example, in the low cost group (\$0 - \$499) 43% of members spent only 4. % of benefits, while the high and catastrophic groups (\$5,000 - \$49,999 and \$50,000+, respectively) representing 9% of UPlan members spent 62% of benefits.
- UPlan claims distribution difference compared to other area employers. Because the University participates in a national data cooperative, it is able to do a comparison of the University's information against the base of other Twin City employer's data in the aggregate. The UPlan incurred more claims expense in the medium and high groups than other Twin Cities employers. Mr. Chapman attributes this in part to the fact that the University has an older employee population than most other Twin City employers.
- UPlan distribution of claims per employee by type of care e.g. inpatient, outpatient and prescription drugs. Prescription drugs represent a substantial amount of these costs.
- A chart outlining the top 15 providers of inpatient medical services by benefits paid for in 2002. A member requested a similar chart outlining information on the top 15 care systems.
- Medical claims distributed by major diagnostic category for 2002 claims paid through March 2003.
- Inpatient cost distribution and outpatient cost distribution per employee.
- Distribution of prescription drug claims by mail-order and retail methods. This chart shows that the University has a very small percentage of prescriptions processed by mail-order.
- A chart displaying the 2002 distribution of prescription drug claims by type of drug purchased e.g. brand where generic is available, brand only, generic, unknown. Eighty percent of the University's scripts are for brand only drugs where there is technically no generic substitute available. Mr. Chapman's noted, while there may be no generic substitute available for many brand drug there may be a therapeutic

equivalent that can be substituted. This is another cost savings area that will be looked at more closely in the near future.

- Top 25 prescription drugs by benefits paid and by number of claims.

In closing, Mr. Chapman asked members while reviewing this material to email him if they would like to see additional information included in future reports or have suggestions for clarifying the information that is being presented.

XII). Hearing no further business, Professor Morrison adjourned the Committee until its next meeting on December 18, 2003.

Renee Dempsey
University Senate