

BENEFITS ADVISORY COMMITTEE/AWG RETREAT
MINUTES OF MEETING
AUGUST 27, 2004

[In these minutes: Pharmacy Management, Health Management, Plan Design]

[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: Gavin Watt (chair), Linda Aaker, William Roberts, Karen Wolterstorff, Peter Benner, Jody Ebert, Ronald Enger, Rhonda Jennen for Rita McCue, Don Cavalier, Michael Marotteck, Carla Volkman-Lien, Carol Carrier, Frank Cerra, George Green, Carl Anderson, Steve Chilton, Fred Morrison, Peh Ng, Theodor Litman, Dann Chapman, Keith Dunder

REGRETS: Pam Wilson, Joseph Jameson, Susan Bronson, Rodney Loper, Jennifer Durocher, Gladys McKenzie, Amos Deinard

ABSENT: Richard McGehee

GUESTS: Watson Wyatt representatives Jacklyn Karlen, Scott Keyes, Tamra Lair, Steph Pronk, Paul Wernick, Sharon Wieker

OTHERS: Linda Blake, Ted Butler, Karen Chapin, Shirley Kuehn, Kathy Pouliot, Ruth Rounds, Jackie Singer

I). Gavin Watt called the meeting to order.

II). BAC and AWG (Administrative Working Group) members spent the day in consultation with representatives from Watson Wyatt Company discussing issues related to pharmacy management, health management and plan design in preparation for drafting the medical RFP.

The following items related to pharmacy management were discussed at length:

- Dispensing options:
 - Carve-in: Each health plan supplies pharmacy services to its members using their own pharmacy management services or

that of a PBM (pharmacy benefit manager) that they contract with.

- Carve-out: The University would contract with a PBM directly to supply pharmacy services for its employees across the range of health plan options.
- The University would own and operate its own PBM.

Considerations for an employer owned pharmacy include:

- Should the University establish its own pharmacy in order to take advantage of higher discounts available to employers selling prescription drugs to its employees and their dependents?
- Covering mail order for chronic medications, plus walk-in medications if convenient.
- Offering incentives for employees to participate, or mandate use after medications for chronic conditions are established.
- How should Biotech drugs be managed?
- How should lifestyle drugs be managed?
- Should the co-pay model be retained or should there be co-insurance or some combination of both?
- What is the maximum out of pocket UPlan participants should pay for their scripts?

Next, there was a discussion on health management, which focused on improving overall employee productivity and health. The goal behind health management is to move from an acute medical treatment model to a health plan model where consumers take an active role in thinking about, managing and improving their health.

A successful health and productivity program should generate a return on investment. Members indicated that before they could make informed decisions about where to focus the University¹'s limited resources, it needed more information related to disease prevalence, etc at the University. Once the consultants capture this data, they will bring the information back to the group and help them frame their choices.

In the end, the group favored a population health management approach with an individual consumer focus.

Finally, there was a discussion on plan design. Ultimately, the Uplan should be designed to manage health, not benefits and it should focus on consumer education and consumerism. Program design considerations included:

1. Modifying the existing plans¹ structure.
 - Consider payer and network changes for HMO, PPO and CDHP options.
 - Consider modifying the co-payment structure; co-pay model v co-insurance/consumer model.
 - Consider revising PCA to HSA design.
 - Consider introducing ³low² cost options.
2. Introducing health improvement incentives
3. Re-examining the base plan structure with an emphasis on provider efficiency, health improvement and accountability.

Alternative contribution methodologies were briefly mentioned e.g. How should employee contributions be determined going forward?

- Compensation based contributions
 - Incentive based contributions
 - Multiple rate cells e.g. employee only, employee + spouse/partner, employee + child/children, employee + spouse/partner + child/children.
- It was noted that a decision has already been made to move forward with the multiple cell rate methodology, but the question remains when should it be implemented.

If the BAC recommends an alternative contribution strategy, consideration needs to be given to administrative feasibility, equity, etc.

In closing, it was noted that the charge to the BAC is to bring back recommendations to the administration for UPlan design options, particularly in areas that have an impact on employees.

III). Hearing no further business, Gavin Watt adjourned the meeting.

Renee Dempsey
University Senate