

BENEFITS ADVISORY COMMITTEE  
MINUTES OF MEETING  
OCTOBER 14, 2005

[In these minutes: Privacy, Employee Benefits' Announcement, UPlan 2003 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: Gavin Watt (chair), Linda Aaker, William Roberts, Karen Wolterstorff, Jody Ebert, Ronald Enger, Rhonda Jennen for Rita McCue, Joseph Jameson, Michael Marotteck, Carla Volkman-Lien, George Green, Carl Anderson, Susan Brorson, Don Harriss, Richard McGehee, Peh Ng, Theodor Litman, Rodney Loper, Keith Dunder

REGRETS: Pam Wilson, Peter Benner, Don Cavalier, Fred Morrison, Dann Chapman

ABSENT: Carol Carrier, Frank Cerra

OTHERS: Linda Blake, Ted Butler, Karen Chapin, Amos Deinard, Jennifer Durocher, Shirley Kuehn, Gladys McKenzie, Kathy Pouliot, Ruth Rounds, Jackie Singer

I). Gavin Watt called the meeting to order.

II). Academic Health Center (AHC) General Counsel Keith Dunder discussed with members privacy issues related to the University owning its own pharmacy. He emphasized that a very strict state law, among one of the strictest in the country, and a federal law, HIPAA, protect patient privacy of medical records. Additionally, the University has processes and procedures in place to ensure this data is kept private. Serious consequences exist for violation of these laws and procedures.

Mr. Dunder suggested that members that have not already taken the HIPAA training do so. Interested members should contact him for a password, which allows access to this comprehensive on-line training tool developed by the University.

Questions/comments from members:

- o If the University owns its own pharmacy, please describe what its reporting structure would look like. The reporting structure for a University owned pharmacy is an operational decision. Regardless of how the pharmacy is structured operationally, the data within the pharmacy cannot leave the pharmacy.
- o Has the University dealt with an instance where a coach wants to know what their athlete is being treated for? Yes. Student athletes must sign a release before this information can be shared with their coach(es).

- If an employee has a medical condition and files a lawsuit or grievance, what kind of access does the Office of the General Counsel have to this employee's medical records? None, unless the lawsuit is about a particular injury. Then, in this situation, the employee would waive his/her rights restricting access to this medical information because it relates to the lawsuit or grievance in question.
- Why is the Office of the General Counsel (OGC) privy to information from Disability Services? According to Mr. Dunder, Disability Services is probably not considered a covered component under HIPAA because they are not a provider; rather they provide an administrative function at the University.
- Some administrators believe in the 'need to know' philosophy. Mr. Dunder stated that this does not apply to medical data. The 'need to know' philosophy remains in the confines of the health care provider.
- How does the University plan to convince its employees to use its pharmacy? There exists the perception among some employees that an employer-owned pharmacy cannot be trusted with this information. If this is the case, will there be enough demand for an employer-owned pharmacy?
- How obligated is Disability Services to protect an employee's confidential medical records? Mr. Dunder does not work specifically in this venue so he is unaware of what guidelines Disability Services follows. He would guess, however, that the records would only be shared with those that had a need to know in order to make accommodations. Mr. Dunder stated that he would be happy to get clarification with respect to this question.
- A member expressed concern over the processing of confidential medical record receipts by Employee Benefits in terms of the Flexible Spending Account program. According to Kathy Pouliot, all Employee Benefits' employees, including students, sign a confidentiality agreement and have gone through HIPAA training. Employee Benefits is a covered entity under HIPAA and the UPlan is a covered component under HIPAA.
- At issue is that the University would have access to records that it otherwise would not have access to. Mr. Dunder noted that this is an inaccurate statement because if the University decides to own its own pharmacy it would not have access to employees' medical/pharmaceutical records.
- Would the University save more money by owning its own pharmacy or by simply establishing a sole-source relationship with a retail pharmacy such as Walgreens, Cub Foods, etc.? Because pharmacy discounts are a function of volume, where would the University get the best deal? In part, answers to these questions will be uncovered in the RFP. Additionally, Watson Wyatt has conducted an analysis and determined that an employer owned pharmacy would save the University the most money.
- A member expressed concern regarding offices where private employee data is stored. Supposedly these areas are not accessible to the general public, but with buildings that unlock automatically at a specified time, etc. this raises security questions. Mr. Dunder explained that security is the next phase of the HIPAA regulations, which will be implemented in spring 2005. The first set of HIPAA rules related to privacy.

- How are privacy issues being handled at Boynton pharmacy? According to Carl Anderson, a pharmacy database already exists that contains all the billing information for individuals that use the Boynton pharmacy. This is a separate database from the larger clinic billing system, which is also on a private network and has firewalls set up to keep it separate from the University. He added computers in this area log out after 30 seconds so this information is not viewable by someone else, Boynton doors do not open automatically and the medical records storage area is locked all day.

Members agreed that as long as the use of an employer-owned pharmacy was not mandated, but rather voluntary, they would be open to investigating this matter further.

If the University moves forward with an employer owned pharmacy there would always be a PBM besides, which would likely be an external entity. Currently, each of the plans has their own PBM.

### III). Employee Benefits' Announcement:

- Open enrollment booklets have been distributed as well as an email announcement indicating that benefit summaries are now on-line. Open enrollment for plan year 2005 will, for the first time, be completed on-line. Employee Benefits is making a concerted effort to assist employees with their open enrollment by extending their hours and having representatives available at the designated computer labs to assist members of the University community that do not have regular access to computers. Employee Benefits' representatives will also be available at the Benefits Fairs to answer any questions employees might have regarding open enrollment. Members were asked to encourage their colleagues, particularly those that do not have regular access to computers, to complete their open enrollment materials as early as possible. Typically, a majority of employees complete their materials in the last week of open enrollment.

IV). Ted Butler shared with members' information from the UPlan's 2003 Annual Report. He highlighted the following:

- UPlan demographics:
  - No change in the UPlan gender mix from 2002 to 2003.
  - UPlan distribution by administrator and age indicate that there is a significant difference in the ages of members within each UPlan administrator. Definity and PreferredOne attracted members in the higher age brackets, HealthPartners attracted the most members in the 15-44 age category and PatientChoice had the highest percentage of dependent children.
- There was no significant change in member age distribution from 2002 – 2003.
- There was a 2.9% increase in overall UPlan membership in 2003. This is largely attributable to an increase in the number of dependents added to the UPlan and an increase in the number of COBRA members and pre-65 retirees.

- HealthPartners has attracted the highest number of members with employee-only coverage while PatientChoice and PreferredOne have a higher proportion of their enrollment with family coverage.
- Definity Health enrollment increased 33.6% between 2002 and 2003, HealthPartners enrollment increased 1.3%, while PatientChoice enrollment decreased by 3.3%.
- UPlan per member per year total cost of care charts were displayed.
- Total cost of care by all participant groups (active employees, COBRA participants, early retirees, and disabled) include a University cost). Claims experience for these five groups exceeds the blended UPlan rates that the University charges to all members; therefore the University has a cost. Technically there is an implicit subsidy for COBRA participants, early retirees and disabled members despite the fact they are paying a full premium.
- The UPlan's financial position chart was displayed. The University's expenditures and the development of its reserve liability exceeded contributions to the Plan. The University will make up the 2003 shortfall through fringe rates charged to University departments in future years, rather than increases to employee health care rates.
- Aggregated claims cost distribution charts were displayed.
- UPlan claims distribution charts compared to other area employers were shown.
- The UPlan's distribution of claims per employee by type of care (inpatient, outpatient, prescription drugs) indicates there was not a significant change in the mix of these claims from 2002 to 2003.
- A pie chart representing the top 15 providers of inpatient and outpatient hospital services by benefits paid for 2002 and 2003 was shown. The top five hospitals remained the same from 2002 to 2003.
- A chart depicting medical claims distribution by major diagnostic category was displayed.
- Charts representing UPlan distribution of aggregated claims per employee on an inpatient and outpatient basis were displayed. Seventy-four percent of inpatient claims' costs are attributed to room and board charges. With respect to outpatient charges, office visits are the biggest cost driver as a percentage of total outpatient expenses.
- Only a very small percentage of prescription drugs at the University are processed using mail order services.
- A chart displaying the 2003 distribution of prescription drug claims by type of drug purchased e.g. brand where generic available, brand only, generic was shown.
- Two charts displaying the top twenty-five drugs from 2002 to 2003 by benefits paid and number of claims was highlighted.

Karen Chapin noted that the 2003 UPlan Medical Report Summary of the Annual Report can be found on the Employee Benefit's web site at:

<http://www1.umn.edu/ohr/eb/uplaninfo/index.htm>. She requested members share the summary document with their colleagues rather than the full report. If members encounter employees that want the full report then Employee Benefits will consider an

appropriate way to distribute this information. Ms. Chapin thanked members for their input on this point.

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

Renee Dempsey  
University Senate