

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
SEPTEMBER 7, 2006

[In these minutes: Employee Benefits Announcements, Quit & Win, Long-Term Care & Disability Insurance Update, Dental Insurance, Wellness Update, RxAmerica Monthly Meeting Update]

[These minutes reflect discussion and debate at a meeting of a committee of the University Senate; none of the comments, conclusions, or actions reported in these minutes represent the view of, nor are they binding on the Senate, the Administration, or the Board of Regents.]

PRESENT: Gavin Watt (chair), Linda Aaker, Tina Falkner, William Roberts, Karen Wolterstorff, Jody Ebert, Rhonda Jennen, Jerremy Mlenar, Melanie Shepard, Joseph Jameson, Michael Marotteck, Carla Volkman-Lien, Carl Anderson, George Green, Amos Deinard, Richard McGehee, Fred Morrison, Peh Ng, Theodor Litman, Rodney Loper

REGRETS: Sandi Sherman, Dann Chapman

ABSENT: Don Cavalier, Carol Carrier, Frank Cerra, Keith Dunder

GUEST: Director of Public Health Dave Golden, Boynton Health Service

OTHERS: Linda Blake, Ted Butler, Karen Chapin, Ron Enger, Nancy Fulton, Bob Gehrz, Betty Gilchrist, Curtis Swenson

I). Gavin Watt called the meeting to order. Before going around the room and introducing each member, he pointed out the meaning of the different colored nametags. He also requested that if space is limited at a meeting that only committee members be at the table, and others sit on the periphery.

II). Employee Benefits Announcements:

- Open enrollment has been scheduled for November 1st through November 30th, 2006.
- Open enrollment for dental coverage will now take place on an annual basis as opposed to every other year. The various bargaining units have agreed to this change in the UPlan's benefit structure.
- The graduate assistant dental plan has moved to Boynton Health Service as of the start of the 2006 – 2007 academic year.
- Employee Benefits will distribute a newsletter highlighting information about generic drugs within the next week or so. The purpose is to let employees know about the FDA process for approving generic drugs. The University has increased its generic drug usage from 50.4% at the end of 2005 to 56.9% as of August 2006.

A member asked whether Ms. Chapin has heard of any instances where dentists are refusing to accept insurance payments and only want cash. She reported that there have been a few cases, but not a lot. She asked that members notify Employee Benefits if they hear about such instances. Ms. Chapin added that she has heard about some pharmacies, particularly those that work with compound medications that do not want to affiliate with pharmacy benefits managers.

III). Karen Chapin introduced Dave Golden, director of public health, Boynton Health Service. Mr. Golden was invited to share information about an incentive-based smoking cessation program, Quit & Win, which the University currently offers to students, and is considering offering to faculty and staff.

Mr. Golden noted that the Quit & Win program was developed in the 1980s at the University of Minnesota, and was adopted by the World Health Organization in 1994. Over the years, Boynton Health Service has had a great deal of success with the student population choosing to participate in the program.

Individuals that enroll in Quit and Win and remain smoke-free for one month qualify to be in a drawing for an incentive payment. The prizes are \$3,000 for 1st place, \$1,000 for 2nd place and \$500 for 3rd place. Another program perk includes the distribution of nicotine replacement therapy (NRT).

Funds from the 1998 State Tobacco Settlement fund this program. Offering the program to the University faculty and staff is not expected to cost the University anything aside from the cost for NRT against the UPlan. Blue Cross Blue Shield of Minnesota covers the cost of the prize money and marketing costs.

At least initially, the recommendation is to rollout the program on the Twin Cities and Duluth campuses. When employees enroll in the program they will be required to provide a urine sample. Only drawing winners' urine samples are tested against their original sample to ensure that they were smoke-free for the month.

Gavin Watt noted that smoking cessation programs may not be available through all the health plans, but are available through the University's Wellness Program (Harris HealthTrends). Ms. Chapin added that Medica offers a smoking cessation program called Free & Clear.

Generally, the University offers programs that are available to all employees; however, Quit & Win would only be offered to faculty and staff that smoke.

Questions/comments from members:

- Are program participants followed-up on a regular basis to determine if they are still smoke-free? Mr. Golden stated that 3, 6 and 12-month follow-ups are conducted.
- Will any effort be given to making participants' physicians aware that they have enrolled in the program as a means to reinforce the participants' desire to stop

- smoking? Mr. Golden stated that this is a good idea. After some discussion members agreed that giving the participant a letter that he/she could give to his/her physician would likely be the easiest way to do this.
- Will this program be offered on an annual basis? Mr. Golden stated that the program has been offered for two consecutive years for students. The World Health Organization offers the program every two years. Because interest in incentive-based programs can wane after a few years, Mr. Golden recommends the program be offered annually for the first two years, and then go to an every other year schedule.
 - Are students that participate in the program asked why it is important not to smoke? Mr. Golden stated that initially time is spent convincing many students that they are even addicted to nicotine. Thirty-four percent of the students who are regular smokers do not identify themselves as such. Many students do understand that smoking is bad, but do not realize the quality of life implications as people age and the link to cardiovascular disease.
 - How would this program be integrated to what is being offered through Harris HealthTrends? Ms. Chapin stated that the programs would not be integrated other than to have Boynton Health Service staff remind employees that health coaching is available through Harris HealthTrends.
 - Will the drawing include participants from all the campuses? Yes, all University campuses participating in the program will be included in the drawing as well as other schools participating in the program - Augsburg, St. Mary's – Winona, Winona State, Alexandria Technical, Normandale Community College, Lake Superior Technical, Century College and Hamline University. Roughly 200 – 300 successful participants are expected to be eligible for the first drawing. The drawing for faculty and staff is separate from the drawing for students.
 - What percentage of the University's faculty and staff smoke? Mr. Golden stated that this figure is really unknown, but the estimate of 15% is often used. He added that the higher level of education a person has attained the less likely that person will smoke.
 - Explain why the program will not be offered for faculty and staff on the Morris and Crookston campuses. Mr. Golden stated that it is a logistical problem requiring an overnight stay for purposes of collecting urine samples. Currently, the University does not have the financial resources to cover this.
 - Will expenses for offering this program eventually be folded into the regular University budget if the program proves itself? Mr. Golden did not know. He stated that incentive-based programs have a somewhat checkered history among worksites and tend to lose steam after awhile.

Realizing that the program will, at least initially, only be rolled-out to the Twin Cities and Duluth campuses, members unanimously agreed that offering this program would be a good idea.

IV). Mr. Watt reported that two RFPs were issued this past summer, long-term care (LTC) and disability insurance. He thanked BAC members Professor Morrison and Michael Marotteck for their involvement in both these RFP processes.

a). Ms. Chapin noted that with regard to long-term care, the University received 4 – 5 RFP responses of which two vendors were interviewed, CNA, the University's current long-term care insurance provider, and John Hancock. The University selected John Hancock to be its long-term care insurance provider as of April 1, 2007 for the following reasons:

- Lower price.
- Enriched benefits set.

A full open enrollment will be conducted for those not currently purchasing long-term care insurance. For individuals currently enrolled in the long-term care insurance program, they will have the option of moving from CNA to John Hancock or staying with CNA. For those that choose to move to John Hancock, CNA reserves should be available to current long-term care participants (details are being worked out) to reduce their new rates. For those that remain with CNA, the University will continue to take payroll deductions for this program. Additionally, for those that decide to transfer from CNA to John Hancock, they do not enter the new program at the age they originally enrolled in CNA, but at their current age with a discounted premium using reserves from CNA. Generally, but not always, this rate will be lower than what these individuals are currently paying.

More information about the John Hancock long-term care program is forthcoming. Ms. Chapin reminded members that LTC open enrollment will not take place until after the first of the year.

Ms. Chapin noted that the University's decision to move away from CNA had, in part, to do with CNA's evasiveness around whether they were in the long-term care insurance market for the long run.

b). Professor Morrison reported that that an RFP was also issued for a disability insurance vendor this past summer. The University currently has three types of disability insurance policies:

1. A faculty and P&A policy, which has been provided by Minnesota Life.
2. A long-term disability insurance policy (6-months or longer) for Civil Service and Bargaining Unit employees, which has been provided by Hartford.
3. A short-term disability insurance policy, which has been provided by Hartford.

Based on RFP responses, the University will be shifting all three of its disability insurance policies to Standard Insurance Company out of Portland, Oregon as of January 1, 2007. Standard Insurance Company purchased all the TIAA-CREF group disability insurance, and, as a result, is no stranger to the academic world. In addition, its pricing was lower than that of its competitors.

In 2008 the University is considering shifting to a percentage of pay as a replacement or in addition to the current fixed dollar coverage.

V). Karen Chapin distributed an over 65 retiree medical plan rate sheet, which illustrated the rate changes from 2006 – 2007. Currently, retirees over 65 years of age have four medical plans to choose from:

1. Medica Group Prime Solution
2. University of Minnesota Retiree Plan through Blue Cross and Blue Shield
3. HealthPartners Freedom Plan
4. U Care for Seniors

With respect to rates for 2007, Ms. Chapin noted that there was a very nominal adjustment to the Blue Cross Blue Shield Plan and a rational adjustment to the HealthPartners Freedom Plan and a slightly higher increase to the U Care for Seniors plan. Medica rates will be forthcoming.

Next, Ms. Chapin noted that minimal changes were made to the program for 2007. She reminded members that last year Medicare Part D was incorporated into the retiree medical program and that there were fairly significant decreases in retiree rates across the board, particularly Blue Cross Blue Shield. Benefit changes for 2007 include:

- Expansion of the U Care for Seniors service area.
- Blue Cross Blue Shield will improve upon its enhanced benefit drugs, which are currently not covered by Medicare Part D. Certain drugs e.g. Valium, Xanax, Ativan, etc. will be available with a 30% co-insurance payment.
- Improvement to the HealthPartners' eyewear benefit.
- All plans will likely slightly increase their catastrophic coverage for prescription drugs.

VI). Mr. Watt announced that the dental insurance, life insurance and retiree medical insurance RFPs will be issued in 2007. He noted that with respect to dental insurance, consideration is being given to changing the dental insurance benefit structure. Handouts to facilitate this discussion were distributed to members and their input was sought.

Professor Morrison reviewed the University's 2006 dental benefit benchmark data, and compared it against CUPA (College and University Professional Association for Human Resources) data, Delta's major employer's data, HealthPartners' book of business and the state dental program.

Professor Morrison noted that one element of the program that should regularly be reviewed is the annual out-of-pocket maximum. He asked members whether some inflation measure should be applied to the annual out-of-pocket maximum. Professor Morrison turned member's attention to a handout, which contained examples of maximum allowable dental procedure charges. In his opinion, the University's dental plan should cover at least two crowns, or a crown and a root canal plus regular dental check-ups in a typical year.

Members on both sides of the issue of whether the annual out-of-pocket maximum should be raised or not briefly exchanged their views on this subject. Some members took the position that raising the out-of-pocket maximum would not benefit enough people, and

for those that it did benefit, it would do so only modestly. Others took the position that raising the annual out-of-pocket maximum would have a smoothing effect on people's expenses and would help to ensure the affordability of dental care. Professor Morrison noted that a more in depth discussion of the dental insurance benefit structure would take place at a future meeting and that the primary purpose for introducing this topic today was to get members to start thinking about it. Before concluding the discussion on this topic, a member mentioned that dental insurance is a very different type of benefit from medical insurance.

VII). Karen Chapin provided members with a wellness update and highlighted the following:

- The last day for the 2006 farmer's market was August 30th. Most vendors are interested in returning next year. The University is trying to recruit fruit vendors, but, because many operate pick-your-own businesses, finding fruit vendors has proven to be challenging.
- Employee Benefits is close to hiring a new wellness program manager.
- The fall health action program will be HealthPartners' 10,000 Steps Program. This program will be available to all University employees, and the spouses/same sex domestic partners of UPlan members as well as retirees, disabled, COBRA participants in the UPlan and their spouses/same sex domestic partners. For UPlan participants that have not already received their second incentive payment, the 10,000 Step Program would be a way for these individuals to qualify for this second incentive payment.
- New UPlan members hired between May 1 and November 1 can complete the wellness assessment through November 30, 2006 and receive a \$65 incentive payment.
- Health Connections will remain available to UPlan members for 2007. Employees will be able to earn two \$65 incentive payments, one when they complete the wellness assessment, and the second when a spouse/same sex domestic partner completes the assessment. Both payments will be paid to the employee.

A member asked whether the University is considering subsidizing individuals' membership dues at health clubs. Ms. Chapin noted that Employee Benefits is exploring this possibility. Before making a decision, Employee Benefits is waiting to see the outcome of a research study being conducted by HealthPartners, which is expected to indicate whether employers that subsidize membership due to frequent fitness programs have a return on investment. The results of this study are due out later this fall.

VIII). Gavin Watt reported that monthly meetings are held with RxAmerica. The topics of yesterday's meeting were:

- How to incent people to use generic drugs.
- Discussion around the lawsuit over the generic release of Plavix.
- Should the University change its co-pay structure for the contraceptive Plan B (Levonorgestrel) now that it is available over-the-counter? The decision was made to keep Plan B at its current \$20 co-pay.

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

Renee Dempsey
University Senate