[In these minutes: Health benefits decision for 2002]

HEALTH BENEFITS ADVISORY COMMITTEE (HBAC)

MINUTES

THURSDAY, MAY 31, 2001
10:00 - 12:00
385 LAW SCHOOL

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus 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, Susan Brorson, Carol Carrier, Frank Cerra, Dann Chapman, Marjorie Cowmeadow, Amos Deinard, Keith Dunder, Kathy Ernst, Robert Fahnhorst, Bart Finzel, George Green, Christopher Hulla, Priscilla Pope, Gailon Roen, Harlan Smith, Anna Sommers, Larry Thompson, Barbara Van Drasek, Gavin Watt.

REGRETS: Allan Baumgarten, David Hamilton, Jason Reed, Robert Sonkowsky.

1. HEALTH BENEFITS DECISION FOR 2002

Professor Morrison began the meeting by discussing several handouts dealing with the providers who were selected from the RFP process and the list of clinics that would remain and those that will be lost under the RFP proposal. He then made the following comments about the RFP process:

- Area of residence will matter for benefits, not county of employment
- Greater Minnesota benefits and premiums will be provided at the Plan A level even though the Plan A provider will be different
- Decision on retiree plan will be made later, but proposals have been received from UCare, HealthPartners 65+, HealthPartners for Seniors, Medica HMO, and a 'coordinated' plan provider by either Blue Cross/Blue Shield or Preferred One
- Blue Cross/Blue Shield wanted 5000 active employee to work with the University; this condition would need to be removed before they were considered
- Preferred One does not have as extensive a network as Blue Cross/Blue Shield but it covers many areas
- Costs are approximate because adjustments still need to be made, the administration still needs to respond to the HBAC suggestions, and the bidders do not want exact prices released
- 2002 premiums include many one-time start-up costs such as building a 10% reserve

Professor Morrison then turned to the DOER proposal and made the following comments:

- DOER proposal includes a joint powers agreement which would create UEGIP, separate from SEGIP
- Domestic partner benefits would be possible without legislative approval
- Agreement calls for a 8 member advisory board, with 4 from the University and 4 from DOER
- Board is only advisory but state could drag its feet to delay processes
- DOER could not ensure the price given to the University
- Definity would only be an option with a strong push from the University
- DOER keeps a low-cost plan by distributing premium costs into other plans
- University is not sure what percentage of DOER premium is for building a reserve
- Current state reserve will not be shared with the University except as a loan which the University would need to repay
- DOER is willing to offer different premiums to University employees because University is cheaper since more employees are concentrated in the Twin Cities
- DOER is under political pressure to keep the University from separating
- Administrative fees are based on PMPM
- HealthPartners is not competitive in greater Minnesota because they lack health services approval
- POS could be offered across all plans to redistribute risk and avoid death spiral but AFSCME will not agree to any price increase associated with this change

Members discussed advantages to staying with DOER:

- No start-up costs
- Access to advantage plan in future
- University cannot build its own advantage plan without years of data
- University cannot foresee all possible costs

Members then discussed advantages to separating from DOER:

- University does not have to wait for the state to finish bargaining with the unions
- If DOER makes a better proposal in the future, the University could rejoin
- Claims data will be the same in either option
- Create own database for current claims data and ask Deloitte and Touche to do the same analysis as it does for the state
- University would be self-insured in either option
- If the University does not separate now, then it will not happen again in the near future
- University cannot continue to bluff the state and the bidders

- Other areas can be addressed once the health insurance is in place, such as dental and disability
- Competition
- Autonomy
- Benefits structure can be changed each year or with each RFP

Members then discussed the state's advantage plan, but then stopped since this plan was not offered by the state for this year.

Q: What is the Regents' position on this issue?

A: The President will make a recommendation and the Regents will likely agree and not second-guess the work that has gone on. The Regents are also not being lobbied or called about this issue.

A member noted that employees will likely compare their new cost with what other employees will be paying and be upset by their increased OOP. This issue will need to be addressed.

Members expressed thanks to the Selection Committee for preparing the plan analysis documents.

A motion was then made to support separation from the State, with the condition that the HBAC charge is approved and there is assurance from central administration that the HBAC's role will not be circumvented. A vote was taken and the motion was approved with 11 in favor and none opposed.

Professor Morrison noted that the President has expressed support for the HBAC, but that the revised charge now needs to be brought back to the three constituent groups for approval. He then thanked everyone for attending and adjourned the meeting.

Rebecca Hippert
University Senate