

BENEFITS ADVISORY COMMITTEE (BAC)

MINUTES OF MEETING

September 4, 2014

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

PRESENT: Tina Falkner (chair), Dann Chapman, Pam Enrici, William Roberts, Dale Swanson, Jody Ebert, Nancy Fulton, Judith Garrard, Susann Jackson, Joe Jameson, Rodney Loper, Jody Kaplan, Theodor Litman, Amy Monahan, Fred Morrison, Karen Ross, Terri Wallace

OTHERS ATTENDING: Linda Blake, Karen Chapin, Kurt Erickson, Betty Gilchrist, Kathy Pouliot, Sandi Sherman, Teresa Shunk, Curtis Swenson

GUESTS: Ryan Gourde, financial manager, Office of Human Resources; Hattie Lindahl, OHR

REGRETS: Amos Deinard, Jennifer Schultz

[In these minutes: UPlan semi-annual review; Wellness program changes and communication; Retiree medical rates and workshops; Open enrollment communication plan; FSA 2.5 month carry forward recommendation; RFP update; Committee structure and charge review; Future topics discussion.]

1. WELCOME AND COMMENTS FROM CHAIR

Dr. Falkner convened the meeting and thanked those members leaving the committee for their service. She read a letter thanking Dann Chapman on behalf of the committee, as he is retiring after years serving as the director of employee benefits. Mr. Chapman thanked the committee and said the search for a new director of compensation and benefits is ongoing.

2. UPLAN SEMI-ANNUAL REVIEW

Mr. Gourde provided members with a PowerPoint handout titled “2014 UPlan Performance Review, January – June 2014.” Mr. Gourde walked members through the handout and noted the following points:

UPlan Medical – Summary of YTD Financial Activity

- Medical claims paid by the University decrease when out of pocket costs rise, but also due to utilization and other reasons. There was a 2.8% decrease in medical claims. The preliminary data suggests in-patient

admissions were down. Cost per admission has risen, but total admissions are down.

- Visits to professionals have increased, but the costs have decreased as users choose lower cost providers.
- Employees paid \$2.3 million more in out-of-pocket expenses, but this is expected as the deductible has been reached for many. The target savings was \$3.8 million.
- ACO Enrollment – Initially, less than 900 employees enrolled, every month enrollment has increased and now more than 1,100 employees are enrolled.
- Pharmacy claims were higher than previous years - driven by Hepatitis C medications that were not available in 2013, although we expect the cost to be reduced as users are cured. The new medications have a much higher cure rate, and much lower side-effects.
- The Medical Loss Ratio is 95.4% and has remained consistent for the past few years. This means that 95.4% of each dollar is used for claims, and 4.6% for administrative expenses, which is much lower than most programs.

UPlan Medical - Actual vs. Budgeted Costs 2013/2014

- The 2014 budget was \$13,257 per person per year, so at an annualized actual amount of \$12,371, we are below budget.

Plan and Member Paid – Medical Plan (excluding Pharmacy)

- Member paid % includes copays, coinsurance, and deductibles.
- The current member paid percentage of 7.2% will likely decrease to 5-6% after more members meet their deductible.

Per Employee per Year by Plan Paid Costs

- These numbers are expected. The HSA plan is lower than in the past, but the out of pocket maximum was increased.

Pharmacy Data – Plan and Member Paid Per Script

- Member Paid % - 11.6% is lower than prior years. The cost of drugs are rapidly rising, while the copays for most drugs are flat.
- 90% of scripts written are for drugs that the user will only pay \$10 or less.
- There are market forces that encourage the use of generics. Frequently prescribed prescriptions have gone generic in the past three years.
- The universities that have a higher generic fill rate have a more limited Formulary than Prime's overall book of business.

Top 20 Drugs by Total Cost

- Members discussed that though the cost of new Hepatitis C medication is higher, it will return users to a higher quality of life. The cure rate is

higher than drugs used in the past and this could also prevent the need for liver transplants.

Mr. Gourde said that if trends remain, they are looking positive for the impending excise tax. FSA expenses will need to be included, and dental expenses may or may not have to be included. If they (dental) are included, we may have to move to an insured dental plan. This is one interpretation of the rules, so this will require future discussions. Consultants are saying that the whole of the dental expenses, including children, will be subject to the excise tax. If we moved to an insured plan, this could possibly be prevented, but the University has saved significant dollars by being self-insured for dental coverage.

3. WELLNESS PROGRAM CHANGES AND COMMUNICATION PLAN

Ms. Lindahl provided a handout for members titled “Wellness Program Changes – 2014-2105 Academic Year Program.” Ms. Lindahl highlighted the following changes beginning October 1, 2014:

Wellness Incentive Changes

- Employee only and employee plus children who earn 400 points will save \$400 on their 2016 premiums. Employee plus spouse with or without children that earn 600 points will save \$600. Spouses will be able to contribute 200 points as opposed to the previous 100.
- The point values have been increased for areas such as the Wellness Assessment, Biometric Screening, Condition Management, Next-Steps, Tobacco Cessation, and the Healthy Pregnancy Program.

Wellness Program Changes and Additions

- Bike Commuter Program will have an increased point value
- Healthy Foods, Healthy Lives: Cooking for Wellness
- Group Strength Express will now be offered at UMD
- Visit wellness.umn.edu for registration in early October

Wellness Program Operational Changes

- Spouses can be reimbursed for Weight Watchers if they attend on campus. Spouses are not reimbursed if they attend community meetings.
- Single sign on using X.500
- Password reset now every 365 days
- New StayWell Portal
 - Mobile friendly

The 2014-2015 Wellness Points brochure will be available and sent to home addresses in early October.

Members discussed the changes:

- Dr. Falkner said that at the AWG discussion, it was suggested that a follow-up be done with those that started the Wellness Program but did not finish.
- One member suggested that preventive dental visits should be explored as possibly being included in the points system.
- A member said that coaching experiences in the past offered somewhat elementary information. Ms. Lindahl said that face-to-face coaching might be a better option for some. Ms. Chapin added that she has observed fewer complaints with the coaching offered by StayWell as opposed to HealthWays.

4. RETIREE MEDICAL RATES AND WORKSHOPS

Ms. Chapin explained that there have been concerns from retirees regarding cost. There is a lower rate plan now offered, though it will have more out of pocket fees. This was developed in response to many retirees reporting that they sought outside plans due to cost. They expect that more people will choose this plan in the future.

2014-2015 Retiree Medical Premiums Comparison – U of M Retirees Age 65 or Over

- There can still be changes in the premiums and this is not a final listing.
- Blue Cross Blue Shield (BCBS) – They were able to reduce rates slightly. The Pharmacy is being transferred to CVS because they anticipate that they can get lower rates. Users will get new cards.
- HealthPartners – They did not ask for any plan changes.
- Medica Plan 1 – adding a Non-Preferred Generic tier with \$30 copay versus current overall \$10 generic copay.
- Medica Plan 2 – adding a Non-Preferred Generic tier with \$20 copay versus current overall \$10 generic copay.
- UCare Plan 1 – No changes. Rate increase applies.
- UCare Plan 2 –\$100 copayment for Ambulance Services and \$20 to \$25 increases on Urgent Care copayment.

Ms. Chapin responded to member comments and questions:

- They are all fully-insured plans, but only BCBS Plan 1 is experience rated. The rest are community rated and can vary based on the coverage and the ages of the population.
- Users can move from one plan to the other, your spouse can be on a different coverage level within the same plan, but if you opt-out you cannot opt-in later.
- Three plans are available outside of the Minnesota/Wisconsin area: Health Partners 1 and 2 and BCBS plan 1.

5. OPEN ENROLLMENT COMMUNICATION PLAN

Betty Gilchrist, communications coordinator, Office of Human Resources, provided members with a handout that outlined the Open Enrollment Communication plan. She highlighted the following information:

- These benefit changes for 2015 require action from the affected employees during Open Enrollment:
 - Insights by Medica will be eliminated as a plan choice.
 - Same-sex domestic partner benefits will end on December 31, 2014.
 - Employee plus spouse tier is fully merged into the employee plus spouse plus child/children tier.
- Employees are offered the opportunity during Open Enrollment from November 1- December 1 to:
 - Select a different UPlan medical or dental plan
 - Add or cancel medical or dental coverage
 - Elect \$25,000 of supplemental life insurance without evidence of good health if they have never been denied for life insurance in the past
 - Increase amount of short-term disability by up to \$200, not to exceed the maximum, if currently carrying short-term disability
 - Add or increase amount of long-term disability (available to civil service and labor represented employees)
 - Elect a health care or dependent daycare flexible spending account

Ms. Gilchrist then outlined several different communications by type, audience, delivery method, and expected date to be sent.

Members then had the following questions and comments:

- Those changes that will require the employee and spouse to take action could come as a surprise to some.
 - Ms. Chapin emphasized that letters will be sent in addition to emails to ensure that those affected by changes are aware of action needed. There will be communication at the start of Open Enrollment and also in the middle.
 - There will be an appeal period, but those that need to re-enroll will be dropped if they do not enroll during Open Enrollment or have an approved appeal.
- Information is available now for those that have Insights by Medica. They have been notified that they will need to select a new plan. HealthPartners Medical Group as a whole is going into Medica Elect Essential, so this plan is a logical alternative. More information will be added on October 14, 2014.

6. FLEX SPENDING ACCOUNT (FSA) CARRY FORWARD RECOMMENDATION

Mr. Gourde explained that the federal government is allowing employers to choose a \$500 carry-over for an entire year instead of offering a 2 ½ month grace period. Currently the grace period ends on March 15 and employees with an FSA must “use

it or lose it.” The recommendation is to continue to offer a grace period for the following reasons:

- The dependent care plan does not have any carry-over funds, so this plan would be especially disadvantaged.
- There are additional communication and administrative issues.
- The grace period is very popular with employees.
- FSA contributions must be part of the calculations for the excise tax.
- ADP does not have any clients who previously had a grace period option that are switching to the \$500 carry-over.

7. RFP UPDATE

Ms. Chapin announced information related to several RFPs and explained the following are being considered for the future:

- Informed Enrollment – A program that enables users to view different plan offerings, list their usage, and evaluate a lowest cost choice. She then asked for BAC members to volunteer to be involved:
 - Members Jody Kaplan and William Roberts volunteered
- Stop Loss
- Pharmacy – need to be issued by the end of 2015 and they will need volunteers in the future

8. COMMITTEE STRUCTURE AND CHARGE REVIEW

Dr. Falkner called for introductions, as time did not permit at the start of the meeting. She asked members to consider whether the BAC should have membership term limits. Though the BAC is not a senate committee, Finance & Planning, for example, is an example of a senate committee that has four-year term limits. After the first term is completed, the member is eligible to be reappointed based on their engagement as a member and their willingness to continue. Members had the following comments:

- Dr. Morrison said that a two consecutive term limit for the future would be a positive change because he believes that more voices within the University should be represented and knowledgeable. In the past, the BAC served a different role due to a different structure of the Employee Benefits Office.
- Ms. Ebert said that this seems to be a concern for the personnel groups to decide, not the BAC.
- Mr. Loper said that a balance is needed between new perspectives and those with an understanding of institutional history.

Dr. Falkner emphasized that this was proposed to balance new perspectives with institutional memory.

9. TOPICS FOR FUTURE MEETINGS

Dr. Falkner then announced some of the topics that will be discussed at future meetings:

- Results of the explanation of benefits subcommittee with Medica
- Prior authorization subcommittee work with Prime Therapeutics
- Salary-based premiums
- Monitoring pharmacy and pharmacy trend as the cost of specialty drugs increases

Members suggested that the following topics be discussed:

- Student communication
 - Ms. Chapin added that there are student focus groups being conducted and the feedback gathered could be discussed with the committee.

Hearing no further business, Dr. Falkner adjourned the meeting.

Jeannine Rich
University Senate Office