BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
JANUARY 19, 2012

[In these minutes: President Kaler, Open Enrollment Report, Medex Annual Report, Long-Term Care]

[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), Pam Enrici, William Roberts, Tatyana Shamliyan, Dale Swanson, Jody Ebert, Patricia Miller, Sara Parcells, Jennifer Schultz, Sandi Sherman, Nancy Fulton, Joseph Jameson, Michael Marotteck, Carl Anderson, Amos Deinard, Roger Feldman, Judith Garrard, Richard McGehee, Fred Morrison, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Karen Lovro

ABSENT: Kathryn Brown, Aaron Friedman, Keith Dunder

OTHERS ATTENDING: Karen Chapin, Tina Falkner, Betty Gilchrist, Ryan Gourde, Shirley Kuehn, Kathy Pouliot, Sheri Stone, Curt Swenson, Laurie Warner

GUESTS: President Eric Kaler

I). Gavin Watt called the meeting to order and welcomed all those present.

II). Mr. Watt welcomed President Kaler to the meeting, and provided him with information about the committee. Mr. Watt then introduced those in attendance to President Kaler.

Professor Litman began by asking President Kaler about his philosophy concerning the balance between benefits and salary. President Kaler prefaced his answer by saying that he is pleased to meet with the committee and that he values consultation. He went on to say that he will take the recommendations coming out of the Benefits Advisory Committee (BAC) under advisement and balance them carefully with other issues when making informed decisions. This will mean, noted President Kaler, that there will be times when he will not necessarily agree with the recommendations coming out of the BAC. With that said, regarding the question about benefits and salary, historically speaking, two-thirds is spent on salary and one-third on benefits. As a consequence of the recent economic downturn, the University was forced to shift a higher percentage of benefit costs to employees. President Kaler stated that it is his strong hope that further cost shifts will no be necessary. The next State of Minnesota economic forecast will be out on February 29, and, at this time, it is expected to be a robust forecast. If it is a positive forecast, President Kaler expects that benefit levels will be maintained, and that there will likely be modest salary increases as well. Keeping benefits competitive is important because it is one of a number of tools the University uses to attract good employees.

Professor Loper noted that retirees participate (self-funded) in the University's health benefit programs. Retirees also participate and contribute to the institution through volunteering, e.g., scholarship and research, and these activities are supported, in varying degrees, across departments. With that said, could or should some of these volunteer activities by supported centrally? In response, President Kaler acknowledged the great contributions that many retirees make to the University. Given the decentralized nature of the University, and for other reasons as well, President Kaler stated that he believes that the current support structure for these activities should be maintained. Professor Loper informed President Kaler about the grant program that the University of Minnesota Retiree's Association created to help support retiree research activities. President Kaler stated that he could possibly envision some University support for this grant program, but would need to learn more about it.

On behalf of a colleague, Professor Schultz asked why, despite Pulse Survey responses to the contrary, would the University choose a long-term solution of cutting benefits, and, as a result, employee's compensation, to deal with its short-term problem, a structural budget deficit. Repeatedly, Pulse Survey respondents have begrudgingly said they would be willing to take a lower salary in exchange for a substantial benefit package. President Kaler stated that the budget situation, unfortunately, is not temporary, and the trends in higher education, both nationally and in Minnesota, clearly illustrate this. The University's budget profile has been permanently reset in terms of State of Minnesota support for the University. With the trajectory for tuition increases at levels that are difficult to maintain, the University has no choice but to permanently change how it spends money. Going forward, as mentioned earlier, President Kaler stated that he anticipates modest salary increases. As a result, the balance between total compensation benefits and salary will shift with an increase in salary. President Kaler reiterated that he would not characterize the budget situation as temporary.

Professor Schultz stated that healthy food choices at UMD are minimal. With that said, Professor Schultz believes it would be in the University's best interest to offer healthier food options to employees. The University should be more aggressive when negotiating its food vendor contracts so that vendors are required to make healthier food options available. President Kaler stated that is a very good observation and that he will make sure this suggestion is folded in to future conversations along these lines. Jody Ebert added that she would like there to be more healthful food choices available at staff recognition events, education about healthy food alternatives, and better, ergonomically correct workspaces for employees. Members continued to share their thoughts about what the University can do to make a healthier work environment for employees. While President Kaler appreciated the comments, he reminded members that there is an element of personal responsibility when it comes to a healthy lifestyle. While the University can help provide the structure, it ultimately comes down to personal responsibility.

Mr. Watt asked President Kaler about his position on making the University a tobacco-free campus. President Kaler stated that this past fall he informed the Student Health Advisory Committee that he was not prepared to make the University a tobacco-free campus but encouraged them to have conversations with groups on campus in an effort to build a case for why the University should be tobacco-free. In President Kaler's opinion, enforcing a tobacco-free campus for the Twin Cities campus would be extraordinarily challenging, and, unless there is widespread support, it would not make sense to even attempt it. Instead, President Kaler prefers, absent a compelling statement from the University community to the contrary, to invest in smoking-cessation programs and to more vigorously enforce the no-smoking areas around building entrances.

In light of another commitment, President Kaler thanked members for their input and advice, which he found helpful.

III). Mr. Watt introduced the next agenda item, the 2011 - 2012 open enrollment report. Copies of the report were distributed and Ryan Gourde, health programs financial manager, walked members through the report highlighting the following:

- Enrollment in Medica Elect & Essential increased by approximately 59%.
- Enrollment in Insights by Medica increased by 297.7%.
- Enrollment in Medica Choice National decreased by 6.5%.
- Enrollment in Medica Direct HSA increased by 19.7%, from 203 members in 2011 to 243 in 2012.
- Grand total enrollment for 2012 was 17,808 with 1,052 waivers, which is in line with the number of employees that have historically chosen to opt out of coverage.
- The Retirees Over Age 65 Plan saw very little movement with HealthPartners increasing slightly and Medica and Blue Cross Blue Shield membership decreasing slightly.
- Delta Dental increased its membership by 3.7% from 15,246 to 15,807.
- HealthPartners dental plan enrollment decreased by 11.4% from 4,499 to 3,986.
- Of the 5,733 members enrolled in HealthPartners in 2011, 3,710 chose Medica Elect & Essential in 2012, 2,294 went with Insights by Medica, 97 chose Medica Choice National, 43 Medica Direct HSA, 34 Medica Choice Regional and 95 Medica Elect & Essential (Duluth).
- Of the 2,114 members enrolled in HealthPartners Dental in 2011, 1758 kept the same plan for 2012. Of the 1,598 members enrolled in HealthPartners Dental Choice in 2011, 1,290 retained this coverage for 2012.
- Employee only coverage in 2012 increased by 52 members, employee plus spouse/same sex domestic partner (SSDP) coverage increased by 37, employee plus child/children coverage increased by 53 and employee plus spouse/SSDP plus child/children coverage decreased by 142.

Questions/comments from members:

- How many employees who opt out of health insurance coverage have other insurance? Mr. Chapman stated that the University has no way of determining if employees have other coverage or not. Employee Benefits makes a massive effort every year to contact every employee who does not make a benefit election to inform them that unless they make an election that they will default to no coverage. The purpose behind doing this is to make sure that this was an intentional choice as opposed to a mistake. Shirley Kuehn, support services manager, reported that at the end of the 2012 open enrollment period, 85 people did not make an active election. Employee Benefits made every effort to contact these individuals to verify they did not want UPlan coverage. In the end, 21 of the 85 people were unable to be reached due to out-of-date contact information. From the people that were contacted, many indicated that they were going on their spouse's coverage.

- How many HealthPartners members moved to another clinic system other than HealthPartners? Mr. Gourde stated that Employee Benefits does not have enough data at this point to answer this question. Once the University receives feedback from the clinic systems later in the year, Employee Benefits will be in a better position to answer this question, stated Mr. Chapman.
- With time, given the aging employee population, retiree coverage and benefits will become a bigger issue. Having said that, what percentage of all retirees are in the Retirees Over Age 65 Plan? Employee Benefits does not have this information, stated Karen Chapin. Some retirees elect to go with private plans as opposed to the University's retiree plan. Mr. Chapman added that the University does not track University retirees.
- HealthPartners dental plan options were not clearly represented on the online open enrollment form. Please be sure to make it more clear next year. The decreased enrollment in HealthPartners dental plans is likely attributable to this and that some people thought all HealthPartners products were no longer going to be offered by the University. Ms. Kuehn explained that there had been a coding change in PeopleSoft to describe HealthPartners dental, which was not caught until after open enrollment started. She added that HealthPartners dental participants were not required to make an active election in order to retain their coverage.
- Please explain why more employees signed up for dental coverage than medical coverage. Ms. Chapin stated that one reason for this is that retirees over age 65 are eligible for dental coverage through the UPlan and many sign up for it.
- What is the correlation between coverage and number of employees? Has the University's employee population declined over the last couple years? While the number of employees can have an impact on UPlan membership, it is important to remember, noted Mr. Chapman, that University employees do not necessarily leave the UPlan quickly, e.g., 18 month COBRA and RIO options. Coverage and number of employees do not necessarily correlate.
- How many employees applied for the 2012 Medical Premium Relief Program? Ms. Kuehn stated that, to date, 831 employees have qualified to receive the premium relief. Less than 10 people who applied, did not qualify for the program. Mr. Gourde stated that people can technically still apply for this program.

- Is there anything in the peer-reviewed literature that indicates that premium relief programs exist elsewhere? It might be worthwhile for interested faculty to consider writing a journal article. Mr. Chapman stated that the University is not the only employer to offer a premium relief program, but the University's program is very different from most in terms of requirements, etc.
- Are there plans to continue the medical relief program into 2013? There has been no further discussion about this, stated Mr. Chapman. The plan was intentionally set up to help employees in a year when there were no raises. Ms. Chapin reminded members that the wellness incentive payments will continue through 2012 so employees can use that money to help offset premium increases.
- How much does the University pay Staywell to manage the University's wellness program? Is the University evaluating the success of its wellness programming? Mr. Gourde stated that he believes the University will pay Staywell around $1.5 million. In terms of evaluation of its programs, the University has been evaluating the wellness program overall for a number of years. The return on investment numbers indicate that the University is getting $1.09 return for every $1.00 it spends on wellness programming, and this does not include quite all of the programs yet. This will be an ongoing evaluation.

IV). Mr. Watt called on Karen Chapin to share with the committee the University's 2011 FrontierMEDEX Utilization Report. Highlights from Ms. Chapin's presentation included, but were not limited to:

- In 2011, MEDEX was contacted for some type of service in 19 countries, 3 Canadian provinces and 11 states.
- There were nine hospitalizations in 2011.
- One person needed to be transported with a medical escort.
- A total of 163 people used MEDEX in some fashion in 2011.

The University feels strongly that it made the right decision to add MEDEX to the UPlan because it provides important benefits. Parents, in particular, seem to really appreciate the MEDEX coverage, noted Ms. Chapin. She also reminded members that MEDEX serves as the case manager for the person needing care, but that the person's medical plan actually pays for the claim. MEDEX coverage is included in the UPlan, Student Health Benefit Plan, Graduate Assistant Health Plan, and the Residents and Fellows Health Plan.

In response to a question about whether MEDEX covers political evacuations, Ms. Chapin explained that the University chose not to include political evacuations as part of its coverage, primarily due to the cost. Ms. Chapin agreed to look into whether the cost for political evacuations has gone down since the last RFP, and will report back.

Three items are insured through the FrontierMEDEX plan and the remainder of services are self-insured. The three insured items are:

1. Repatriation of remains.
2. Return of dependent children if they are left unattended as a result of a parent's illness or injury.
3. Transportation to join hospitalized member.

V). Next, Ms. Chapin reported that some issues have arisen with respect to long-term care insurance. She then provided background information and noted that before contracting with John Hancock, the University offered long-term care insurance through CNA, and currently 448 people continue to have CNA coverage. Then, in 2007, the University issued a long-term care insurance RFP and selected John Hancock as the University's vendor and currently 1,303 people are on payroll deductions for the John Hancock plan. Having said all that, the two issues are:

- John Hancock has notified the University that it will have a significant rate increase effective April 1, 2014 (end of 7-year contract period). The rate increase is expected to average about 45%, and has been approved by the State of Minnesota. Participants will be given options to reduce benefit coverage and features to mitigate the rate increase.
- John Hancock also notified the University that it will no longer accept new entrants into their program effective March 1, 2012. Current participants will have all of the benefits and rights that the policy allows.

The University will be notifying impacted employees of these changes beginning next week. In addition, Employee Benefits will be talking with its Towers Watson long-term care consultant about what options the University has available.

Copies of the draft letter that Employee Benefits intends to send to impacted participants were distributed. Members were encouraged to review the letter and send any feedback/suggested changes to Ms. Chapin.

Questions/comments from members:

- Do people interested in signing up for long-term care have to go through underwriting? Yes, stated Ms. Chapin.
- Did CNA awhile back also institute a sizeable rate increase similar to what John Hancock plans to do? No, stated Ms. Chapin, CNA has never had a rate increase to the degree that John Hancock is proposing. One of the reasons CNA was not selected as the University long-term care vendor in 2007 when it went out to bid was because CNA was not accepting new entrants at the time the RFP was issued.
- In the letter that Employee Benefits intends to send notifying participants of the changes, it should express its concern over the substantial rate increase. Ms. Chapin stated that the letter she distributed earlier is actually John Hancock's suggested letter; however, Employee Benefits has added information about the rate increase, which John Hancock elected to leave out.

VI). Announcements:

- The February 2, 2012 BAC meeting has been cancelled.
- An RFP has been issued for health plan consulting and data warehousing services.
- The Flexible Spending Account (FSA) RFP has concluded, and the selected vendor is SHPS. With this new vendor, it is anticipated that UPlan members will be able to use debit cards for FSA transactions beginning around May 1, 2012.

- Plan reviews will take place again this spring. Ms. Sherman suggested having the Medica plan review take place later rather than earlier in the spring to give participants more time to have experience with their plans.
- Please submit ideas for future agenda items.

VII). Hearing no further business, Mr. Watt adjourned the meeting.

Renee Dempsey
University Senate