

Benefits Advisory Committee (BAC)

October 9, 2025

Minutes of the Meeting

These minutes reflect discussion and debate at a meeting of the University of Minnesota Benefits Advisory Committee; none of the comments, conclusions, or actions reported in these minutes reflect the views of, nor are they binding on, the Senate, the administration, or the Board of Regents. The following summary is based on notes taken during the meeting, video recording, transcript of the meeting, and an AI summary. Minutes are reviewed by OHR staff and the BAC Chair before they are posted.

Agenda: Welcome and Comments from the Chair; Approval of 9/25/25 Minutes; Wellbeing Program Year Update; Health Plan Semi-Annual Report; Open Enrollment Preview; Update on Pharmacy RFP

PRESENT:

BAC Members: Lynn Blewett, Chair; Amy Monahan, Vice Chair; Dr. Linda Bane Frizzell; Mary Blissenbach; Maija Brown; Kim Dery; Russell Luepker MD; Alexis Melder; LeAnn Micek; Ned Patterson; Shereen Sabet; Samantha Tubesing

Other Attendees: Rikita Davis (Manager, OHR Benefits Administration); Kristin Larson (OHR); Ashley Moeller (OHR); Libby Stille (OHR); Doug Swyter (OHR); Susan Trammell (OHR); Summer Tran (OHR); Greg Thurston (Director, Student Health Benefits)

ABSENT / REGRETS: Jon Dehning, BAC Member; Brian Olmsted, BAC Member

GUESTS: None

1. Welcome and Comments from the Chair

The Benefits Advisory Committee (BAC) meeting convened under the leadership of Lynn Blewett, Chair, and new attendees were welcomed: Ned Patterson, a professor in the College of Veterinary Medicine and former chair of the Faculty Consultative Committee, and Alexis Elder, chair of the Philosophy Department at the Duluth campus and representative of the University Education Association (UEA).

The committee was reminded of the five open positions on the BAC: one faculty, one professional and administrative (P&A), two civil service, and one retiree. Members were asked to relay this information to their respective groups to help recruit volunteers and fill the vacancies.

Looking ahead, it was announced that Jean Abraham, Division Director of Health Policy and Management, would present at the next meeting scheduled for November 13. Her talk would focus on Accountable Care Organizations (ACOs), including Medica's offering and broader evidence on their cost-effectiveness. This presentation was expected to provide foundational knowledge for the committee as it entered a new academic year.

2. Approval of 9/25/2025 Minutes

A link to the September 25 minutes was posted in the meeting chat, and attendees were encouraged to review the minutes for accuracy.

3. Wellbeing Program Year Update

Kristen Larson provided an update on the Wellbeing Program, noting that the previous program year ended in August and the new cycle began on September 1. Final files for incentives, which would take effect in January 2026, were being prepared.

Larson also highlighted the launch of the Wellbeing Champion Network across all five University of Minnesota campuses, with approximately 60 champions recruited so far. The network met virtually in late September and received talking points to support their outreach. She encouraged departments without a champion to contact her directly and mentioned the availability of a shared Google Drive team folder for program materials. Additionally, the Mascot Step Challenge was underway, allowing teams to virtually traverse all five campuses.

4. Health Plan Semi-Annual Report (PDF)

Doug Swyter presented the semi-annual health plan review, covering January through June 2025. He began with enrollment data, noting a 1.5% increase in both medical and dental plan participation. He clarified that the figures included employees and pre-65 retirees enrolled in the health plan, along with their dependents.

Financially, the health plan experienced a 12.7% increase in total costs during the first half of the year. Swyter broke down the expenses into medical claims, pharmacy claims, and other costs such as administrative fees and stop-loss premiums. He explained that stop-loss insurance covers claims exceeding \$1 million, though the university pays a monthly premium for this protection.

To contextualize the increase, Swyter compared current data to previous years. In 2023, the plan saw an 11.3% mid-year increase and finished the year at 8.8%. In 2024, the mid-year increase was 11.2%, ending at 10.5%. For 2025, the weekly claims analysis showed a 13.2% increase, suggesting a potential year-end rise of around 10%, though Swyter emphasized the uncertainty of projections.

Dr. Linda Bane Frizzell raised concerns about Medica being the sole vendor for the university's health insurance plan. She questioned the legality of offering only one health plan administrator, especially given the university's self-insured status. Swyter noted that vendor selection was outside his purview. Other attendees recalled that multiple plan options had been available in the past, such as Blue Cross and Medica,

and suggested revisiting the decision-making process.

Dr. Frizzell indicated she might request to be added to a future agenda to discuss further actions the university could undertake to spread cancer awareness, particularly breast cancer awareness, for its employees.

Swyter confirmed that premium increases were based on full calendar year data and explained the concept of the enrollment-based budget, which adjusts financial projections based on actual enrollment figures. He noted that the plan was currently 4.9% over budget, but emphasized that this only reflected half the year.

Cost-saving measures were discussed. The Medica RFP resulted in a reduction in administrative fees, resulting in a cost savings in 2024. Increased stop-loss reimbursements helped offset high-cost claims, and ongoing pharmacy cost reduction programs contributed additional savings.

Swyter presented a breakdown of plan costs by type, showing that the national plan remained the most expensive, followed by regional and base plans. High-cost medical claims—defined as those over \$50,000—increased in total cost by 22%, with 76 more claims than the previous year. The top contributors were chemotherapy encounters, infections not elsewhere classified (NES), and neurological disorders. Swyter shared a breakdown of claims exceeding \$500,000, noting a \$2 million claim from the previous year.

Pharmacy costs rose by 11.5%, with non-specialty drugs—particularly weight loss and diabetes medications—driving the increase. Specialty drugs, while comprising only 1.3% of prescriptions, accounted for nearly 56% of total pharmacy costs. Dr. Frizzell voiced concerns about Prime Therapeutics, citing a past HIPAA violation and questioning their role in specialty drug approvals.

Summer Tran clarified that Fairview Specialty Pharmacy dispenses and counsels on specialty medications, while Prime Therapeutics manages the pharmacy claims process. She explained that specialty drugs often require special handling due to their biological nature and provided examples such as Humira and cancer treatments. Tran emphasized that Prime does not oversee Fairview but does manage prior authorizations to ensure medications are prescribed appropriately.

Swyter and Tran highlighted significant savings from biosimilars becoming available using Humira as an example with costs dropping from \$7,600 to around \$1,000 per prescription. Additional savings came from generic versions of oral cancer drugs, including Revlimid and a leukemia medication, resulting in hundreds of thousands of dollars in reduced spending.

Non-specialty pharmacy trends were led by increases in weight loss and diabetes drugs such as Zepbound, Wegovy, Mounjaro, and Jardiance. Swyter noted that Zepbound was relatively new, contributing to its sharp cost increase.

The medical portion of the presentation concluded with data on employee and university contributions to the health plan. Historically, the university covered about 81.4% of costs, but in the current period, it paid 82.3% due to higher claims cost. Employee contributions were slightly lower at 17.7% compared to the average of 18.6%. Swyter briefly reviewed dental plan data, noting a modest 1.7% increase in claims during the first half of the year. He explained that dental expenses tend to be more stable and may rise slightly in the second half depending on appointment scheduling.

In the appendix, Swyter provided detailed breakdowns of clinical conditions driving high-cost claims, cancer-related expenses, and cost distributions. He noted that 97.7% of spending was attributed to medical and pharmacy claims, with the remainder going to administrative fees and the Wellbeing Program. He also shared data on member-paid versus plan-paid costs, explaining seasonal variations due to deductible timing.

5. Open Enrollment Preview (PDF)

Ashley Moeller announced that open enrollment would run from October 28th to November 26th, a slightly earlier start than in previous years, which allowed the final day to fall on a business day when the OHR Contact Center was open. She reminded the attendees that this was the annual opportunity for employees to make changes to medical, dental, Flexible Spending Account (FSA), Health Saving Account (HSA), disability, and life insurance benefits. If an employee took no action, all benefits would remain the same, with the exception of the FSA which requires annual re-enrollment.

Regarding medical plans, the university will continue to offer the same five plan options. The only design change was an increase to the HSA plan's deductible due to IRS regulations, raising the single deductible from \$1,650 to \$1,700 and the family deductible from \$3,300 to \$3,400.

A participant asked a question about short-term disability enrollment, to which Rikita Davis confirmed that an employee could increase existing coverage by a small increment without a physical, but would need to complete a health form to enroll for the first time.

Moeller reported that medical rates for 2026 would increase by 9.7%, which was noted as the largest increase the university had seen in a long time, though still lower than what many other large Minnesota employers were experiencing. She explained that the increase was primarily driven by significant increases in overall claims, particularly in pharmacy spend, as Swyter had alluded to previously. Moeller shared that, due to strategies implemented to reduce pharmacy costs, the initial projected increase of 10.2% was lowered to 9.7%. She added that the team has been looking at a longer-term strategy, including a request for proposal process for pharmacy benefits and potential future plan design changes, to try and mitigate large increases moving forward.

For dental insurance, the two existing Delta Dental plans would continue with no design changes. Rates would see a slight increase, ranging from seven cents up to \$1.23 per pay period, which equated to a 3.4% increase, depending on the plan and coverage tier an employee has.

FSA and HSA updates were also reviewed. The annual limit for the health care FSA would increase from \$3,200 to \$3,300. Additionally, the Dependent Care FSA limit would increase for the first time in approximately 40 years, jumping from \$5,000 to \$7,500 annually, a new limit the university planned to adopt. For the HSA, the IRS also raised the annual election limits by \$100 for single coverage and \$200 for family coverage. The university's contribution to the HSA would remain unchanged at \$750 for single coverage or \$1,500 for those with dependents.

Moeller outlined upcoming employee communications, including postcards, a live webpage, an all-employee webinar on October 28th, and November reminders for FSA re-enrollment and 'click submit' reminders.

Dr. Frizzell asked about the university's vendor bidding process. Moeller explained that the university used an RFP process for vendors and was required to issue one every six years. Susan Trammell clarified that these were Requests for Proposals, not traditional bids, and therefore the statute requiring the lowest bid to be accepted did not apply to services of this sort. Ashley noted that the Medica contract was currently in year two and would be up for RFP in 2030, while the Delta Dental contract was up for bid for 2027.

6. Update on Pharmacy RFP

Summer Tran provided an update on the pharmacy RFP process, stating that they were finalizing the scope and working with the Office of the General Counsel to complete the legal review. Tran reported that the target for releasing the RFP was in November, an improvement over the previous year's release in January.

Shereen Sabet asked whether a university entity, such as the new Mobile Health Initiative that could function as a pharmacy, would be eligible to respond to the pharmacy RFP. Sabet wondered if utilizing a University of Minnesota mobile unit as a pharmacy could potentially generate revenue that would return to the university. Tran and Sabet agreed to set up a follow-up meeting to discuss the Mobile Health Initiative further and determine if the mobile unit was a retail or specialty pharmacy, noting that setting up a specialty pharmacy would typically take three to four years.

7. Adjournment

The meeting concluded with a general sentiment that things were on track, although the differences in stability between the dental plan and the increasing costs of the medical/healthcare side were notable. The attendees thanked the presenters for the information.

Steffanie Berg
Office of Human Resources
University of Minnesota