

BENEFITS ADVISORY COMMITTEE
MINUTES OF MEETING
OCTOBER 15, 2009

[In these minutes: Nurseline RFP Update, John Hancock Long Term Care Insurance Issue Update, Open Enrollment Update, Seasonal/H1N1 Flu Vaccine Update, Health Care Reform 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), Dale Swanson, Karen Wolterstorff, Jody Ebert, Sara Parcells, Sandi Sherman, Nancy Fulton, Michael Marotteck, Carl Anderson, George Green, Richard McGehee, Michael O'Reilly, Theodor Litman, Rodney Loper, Dann Chapman

REGRETS: Tina Falkner, William Roberts, Jennifer Imsande, Joseph Jameson, Judith Garrard, Fred Morrison, Joe Kelly

ABSENT: Rhonda Jennen, Sam Firoozi, Carol Carrier, Frank Cerra, Amos Deinard, Keith Dunder

OTHERS ATTENDING: Linda Blake, Ted Butler, Karen Chapin, Kurt Errickson, Shirley Kuehn, Kelly Schrotberger, Sheri Stone, Curt Swenson,

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

II). The committee went off the record and received a nurseline RFP update from Karen Chapin, manager, Health Programs.

III). Ms. Chapin reported the University and John Hancock, the University's long-term care vendor, have reached a negotiated resolution to the billing issue, which the committee was informed about at its September 17th meeting. Of the 1,626 people who originally owed John Hancock money, only 52 will still owe money, and many of the amounts are relatively small, e.g., less than \$100. Ms. Chapin also reminded the committee that there are 72 people with a credit balance at John Hancock, which they will receive back.

Beginning in November, people who owe John Hancock money and those with a credit balance will be notified. Shortly thereafter, premium deductions will be made to correct the problem. A double premium deduction is the maximum amount that will be taken out of any one paycheck.

Going forward, John Hancock is turning on an 'auto adjust' feature in their system, which will allow them to address premium discrepancy issues right away. This administrative change is expected to resolve most future issues. The University continues to explore with John Hancock the possibility of having 24 deductions per year versus 26 deductions per year; however, there is a complexity to implementing this that still needs to be resolved. Ms. Chapin noted that if the University moves to 24 deductions per year, the premium per paycheck would increase by 8%, and there would be two paychecks where there would be no deductions.

Ms. Chapin stated, in her opinion, this is a fair resolution to this problem. The committee thanked the Benefits Department for their efforts in resolving this situation

In response to a question about missing benefit payroll deductions, Ms. Kuehn stated that there would be double deductions for all missed premiums until the person is caught up.

Mr. Watt asked whether this same issue will arise in the future if the University moves to 24 deductions/year versus 26 deductions/year. Ms. Chapin stated that moving to 24 deductions/year should eliminate the problem for most individuals. However, there could still be a few instances when, for example, new employees who elect long-term care coverage that start their employment after a three pay-period month may end up owing John Hancock. This is one of the complexities of having an insurance provider that does not have filed bi-weekly premiums.

IV). Ms. Chapin distributed a handout, which contained open enrollment (hereafter OE) information, e.g., OE dates, employee health and benefit fair dates and locations. Regarding OE, Ms. Chapin mentioned the high number of appeals Employee Benefits receives every year from employees who fail to re-enroll for a Flexible Spending Account (hereafter FSA). She requested members remind their colleagues who want a FSA that they must re-enroll every year.

V). Mr. Watt called on Carl Anderson, operations director, Boynton Health Service (hereafter BHS), to provide the committee with a flu vaccine update. Mr. Anderson reported seasonal flu vaccine manufacturers are notifying their clients that they are unable to fulfill their vaccine orders. The University had placed its original flu vaccine order with GlaxoSmithKline (hereafter GSK) who later informed the University that it would be unable to fill the entire order. In turn, Novartis stated that they would honor the University's unfilled GSK order, which they started to do, but now Novartis has indicated they too are unable to fill the University's order. This is a nationwide issue that could turn into a shortage situation. Typically, when a shortage is declared, the Minnesota Department of Health (hereafter MDH) collects all the available vaccine in the state and redistributes it based on high priority. Currently, however, a shortage has not been declared, and MDH is not in a redistribution mode for the seasonal flu vaccine.

BHS will be going into high-risk delivery mode for seasonal flu vaccinations. With its remaining doses, BHS will prioritize people in high-risk categories using an on-line pre-registration process, and will run two mass clinics for high-risk individuals on

Wednesday, October 21 and Thursday, October 22. In addition, BHS will also offer by appointment flu shot clinics for high-risk people on Monday, October 26, Wednesday, October 28, Thursday, October 29, and Monday, November 2nd. Mr. Anderson stated that once these clinics are over, BHS anticipates most, if not all, of its seasonal flu vaccine will be gone.

The University has also placed its order for the H1N1 vaccine. MDH is controlling the distribution of this vaccine. The University expects to receive its order in the next few weeks. MDH plans on doing a randomized distribution of this vaccine across the state. The government is supplying the vaccine for free. BHS will not bill for the vaccine, but it will bill for the administration of the vaccine.

A member asked why seasonal flu vaccine production has stopped. Mr. Anderson stated that he has heard anecdotally that seasonal flu vaccine production was curtailed because priority was given to developing the H1N1 vaccine. Other factors that could be impacting the availability of the seasonal flu vaccine are manufacturing issues, batch approval issues, etc. Dann Chapman, director, Employee Benefits, noted that he also heard that seasonal flu vaccine manufacturers have switched production to H1N1, and that they may return to production of the seasonal flu vaccine later in the year but there are no guarantees.

Will the H1N1 vaccine be available to retirees age 65 years and older in the UPlan asked a member? Yes, stated Mr. Anderson, subject to vaccination prioritization. So far, older people seem to have some type of acquired immunity, and are not being stricken with the same level of severity as younger people.

A member asked whether the BHS health care workers have been prioritized. Mr. Anderson indicated that BHS health care workers have been vaccinated with seasonal flu vaccine and that H1N1 vaccine, when it is available, will be offered to them as well. Another member asked whether the vaccination is mandatory for BHS health care workers. No, the vaccination is not mandatory, but BHS will likely be developing a hard waiver they will have BHS health care workers sign. The purpose of the waiver, noted Mr. Anderson, will be to make people think twice before declining the vaccine.

What are the vaccination plans for the coordinate campuses asked a member? Ms. Chapin said that seasonal flu clinics had been scheduled on the coordinate campuses, but she would need to check as to whether these flu clinics will still be offered given the scarcity of the seasonal flu vaccine. She volunteered to report back to the committee whether these clinics will still be held or not. Mr. Chapman added that flu shots will not be given at the employee health and benefit fairs on the Twin Cities campus this year, but this could vary from coordinate campus to coordinate campus.

With regard to the public health of the University community, a concern was voiced about the lack of sick pay for student workers. When students become sick, they are faced with a difficult decision of staying home until they are symptom free for 24 hours without pay, or coming to work sick in order to collect a paycheck. Something needs to

be done to provide for students who become sick given that most need this money. Mr. Watt stated that on November 19th the committee will receive a report from Joe Kelly, chief of staff, Human Resources, and Dr. Edward Ehlinger, director, BHS, on the flu/pandemic. This presentation will address the Human Resources' implications of the flu/pandemic.

Mr. Watt asked Mr. Anderson what kind of statistics BHS is seeing with respect to the flu. According to Mr. Anderson there has not been an exponential curve, but rather it has been a flat line trend, which is trending up. Most of what BHS is seeing is people with H1N1 because the seasonal flu has not started yet. The CDC has selected BHS as a Sentinel Site. As a result, BHS is reporting its influenza-like illnesses as a percentage of the University population based on daily visits. While BHS is not seeing a huge increase in daily visits, this could be because people are heeding communications, which advise them to stay home and socially isolate themselves. BHS is in regular communication with the Health Advocates in the residence so they monitor that people are complying with the isolation requirements.

A member commented that the accuracy of the H1N1 test is said to be only about 50%. As a result, given the accuracy of the test and the fact that people are staying home and socially isolating themselves, it will be impossible to know the scope of outbreak.

VI). Next, Dann Chapman provided the committee with a health care reform update. Since the last meeting, the Senate Finance Committee passed its health care reform bill, but, to the best of Mr. Chapman's knowledge, the language of this bill has not yet been released. As discussed at the October 1 meeting, the Senate Finance Committee bill that was passed was conceptual (intent) language, which now needs to be converted into legislative language before it goes to the floor of the Senate floor later this month for debate. After the Senate, the bill will go to the House.

Mr. Chapman shared 3 health care reform developments, which would have implications for the University:

- The timeframe for imposing individual penalties for not having health care coverage has been pushed back.
- Language has been added to allow parents to keep their dependent(s) to age 27 as opposed to age 25.
- Language has been added that would eliminate 'limited duration' insurance products. Eliminating 'limited duration' insurance products would prohibit the University from offering student health insurance plans. While this is likely an unintended consequence of this bill that will be remedied with communication to the bill's sponsors, Mr. Chapman stated he just wanted to alert the committee to this issue of concern for the University.

A member asked about the status of the "Cadillac Tax" the committee discussed at length at the last meeting. Mr. Chapman stated that this is still in the Backus Bill. He added that the House has taken the position that they would not support such a tax.

A committee member stated that the AFL-CIO announced that it would not support the Backus Bill as written with the inclusion of the “Cadillac Tax.” One of the reasons people choose to work at a public university or for state government is not for the pay, but for the benefits. Over the years, the unions have played a significant role in making government benefits better.

Hypothetically, asked a member, if the bill is passed with the “Cadillac Tax,” what would the University do? Mr. Chapman stated that this would be a tax on the University. The University would be responsible for determining what it owes, and reporting it to the administrator, and the Secretary of Health and Human Services. To be perfectly clear, noted Mr. Chapman, the University has not planned for what it would do if the bill passes with the “Cadillac Tax.” The purpose of the “Cadillac Tax” is to raise revenue to pay for the other parts of the health care reform program. Mr. Chapman clarified that the tax is not calculated on a person-by-person basis, but rather it is calculated based on the value of the plan offering on an actuarial basis.

Mr. Watt stated that the intent of this tax is to cap the untaxed portion of an employee’s compensation at \$8,000/single and \$21,000/family. Then, the remainder of the money that the University spends on health care would be taxed so that the government has tax revenue to help pay for other parts of the health care reform program. Mr. Chapman added, as currently written, the “Cadillac Tax” would shift costs to the very population that the government is supposedly trying to protect. It simply does not make sense.

Mr. Watt turned members’ attention to a draft letter the committee indicated it wanted to send to Minnesota’s Senators and Representatives in the U.S. Congress. At the request of Mr. Watt, members were asked for their feedback on the letter. Members spent time wordsmithing the document.

In terms of next steps, it was suggested this letter be forwarded to the University’s legislative liaison in Washington, D.C. The recommendation was made to contact Donna Peterson in University Relations because she would know how to go about bringing this issue to the attention of the appropriate people. The “Cadillac Tax” has a price tag to the University that is non-trivial.

Mr. Watt volunteered to revise the letter based on the feedback he received today, and circulate it via email to the committee prior to the next meeting. Once a final version of the letter is crafted, Mr. Watt and Mr. Chapman will bring it to Donna Peterson and discuss where it should go from there.

VII). Mr. Watt announced that the November 5 meeting has been cancelled.

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

Renee Dempsey
University Senate

