

BENEFITS ADVISORY COMMITTEE (BAC)
MINUTES OF MEETING
December 11, 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), Amos Deinard, Jody Ebert, Pam Enrici, Nancy Fulton, Judith Garrard, Susann Jackson, Joe Jameson, Jody Kaplan, Theodor Litman, Rodney Loper, Amy Monahan, Fred Morrison, William Roberts, Dale Swanson, Karen Ross, Jennifer Schultz, Terri Wallace

OTHERS ATTENDING: Linda Blake, Karen Chapin, Betty Gilchrist, Cherrene Horazuk, Ken Horstman, Kathy Pouliot, Ryan Gourde, Teresa Shunk

REGRETS: Roger Feldman

[In these minutes: Comments from chair; Open enrollment update; Salary based premium discussion; Prior authorization process subcommittee report; Pharmacy program cost modifications; Affordable Care Act fees update; Employee shared responsibility]

1. WELCOME AND COMMENTS FROM CHAIR

Dr. Falkner called the meeting to order and invited Mr. Horstman to share his thoughts on his first months at the University. Mr. Horstman said that not only has he enjoyed his time so far, he was impressed with the level of commitment shown by the Employee Benefits team to aiding employees in making the best decisions to meet their needs and help them to use the resources available.

Mr. Gourde announced that he is leaving the University and reflected on the dedication of the committee to advocate for change. He has been impressed with the committee's hard work and noted the achievements of shaping the wellness plan, increasing the Dental Plan maximum, and protecting the sick.

Professor Garrard announced that she is retiring after 42 years as a faculty member. She has greatly enjoyed her time on the committee and noted the importance of the fact that the committee does not blame the circumstances of the victim and she has appreciated the helpfulness and dedication of the staff.

2. OPEN ENROLLMENT UPDATE

Ms. Pouliot reported the following regarding the progress of the Open Enrollment period:

- The largest increase in contacts was in emails. The volume was consistently high and employees responded to the emails immediately after they were sent.
- Ms. Pouliot expects that many members with Insights will choose the Health Partners Elect Essential plan.
- Although open enrollment is over, they are still speaking with employees on open enrollment issues. Those that have a spouse or Insights and have not changed plans are being contacted via email, and they have been mailed an application and information.
- There are approximately 18,000 total possible people to be enrolled; 11,506 enrolled online, but there is another segment that will result from paper enrollments and follow-up communications. Paper enrollments have decreased. Approximately 6% of those eligible choose not to enroll. A number of other employees are continuing with their current plans and do not need to enroll.
- There will be additional resources available online with the completion of the Upgrade.

Dr. Falkner thanked Ms. Pouliot for her presentation.

3. SALARY BASED PREMIUM DISCUSSION

Mr. Gourde distributed a handout for the salary based premium discussion. The handout compared the U of M to three peer institutions. He first explained the current structure and then members discussed:

- The chart compared the percent that the employee only, employee and child(ren), employee and spouse, and employee and family pay and the percent that the University pays.
- A member suggested that the percent that employees would pay without the Wellness Rates also be displayed by salary band. Mr. Gourde agreed and added that approximately 32% of users participate in the Wellness Program, and this number is increasing.
- What type of coverage do the other universities have? Not all of the information is readily available, and the whole picture is needed to accurately compare.
- Mr. Horstman explained that the standard rates are competitive and added that taking advantage of Wellness Rates and/or eligibility for the Medical Cost Relief Program make our rates favorable against the lowest salary tiers at other universities.
- Mr. Jameson explained that he opposes a salary based premium because healthcare would no longer be a “benefit” to the employee, as a higher percent of a person’s salary would be extracted from certain tiers. He said that this would require an examination of the total household income of the employee to be accurate.

- Mr. Horstman responded that the administrative challenges and costs are significant to implement any salary-based tiered premium program. Basing the premium on each biweekly payroll could mean that premiums would change each pay period, and this would require changes to the PeopleSoft system. System modifications are very expensive and require ongoing maintenance.
- There could be unintended impacts for UMP physicians who have a very low base salary through the University, but high total compensation through both University and UMP salaries.
- Variances between A and B appointment Faculty would also need to be considered.
- Members commented that Oklahoma is clearly incentivizing not covering families. The Purdue health plan has higher deductibles and an 80/20 HSA share.
- One member added that healthcare is not income dependent. Salary based premiums should be based on total family income. How would an employee with a spouse that also works at the University be measured? Unless this is true family or total income it does not address the entire issue.
- Ms. Horazuk explained that the salary increases are percentage based, while the premiums are a flat rate increases. The flat rate premium increases have diminished the actual percentage of pay increases that employees on the lower end of the pay scale have received. Wellness participation data by salary band would help determine if there is a divide in participation between salary ranges. She is anecdotally aware of employees that are unable to earn the wellness points because they are at an income level that requires them to have a second job.
- Mr. Gourde emphasized that this is only a discussion on salary-based premiums and it is not currently being considered. They have not asked other Universities if the household income is taken into consideration, but it is standard that only the income of the individual is considered.
- Ms. Enrici pointed out that when comparing the institutions, it is important to consider that Florida does not have an income tax, while California has a high income tax.
- Have embedded deductibles been explained to users? Mr. Gourde responded that someone on a base plan that has a family plan would have a \$200 deductible; each family member would have \$100 deductible. If one person in the family meets the family deductible then it is satisfied. This can be confusing on the EOB because children meet deductibles at different times, depending on their care.
- Professor Monahan agreed that family income should be considered, but it is nearly impossible to implement. Employees react very negatively when asked for their total family income. In her experience, many employers consider this but receive extremely negative reactions. There are often living arrangements and assets that further complicate the situation.

Dr. Falkner closed the discussion by saying that this will be brought back to the committee and she emphasized the importance for employees to be involved in the discussion.

4. PRIOR AUTHORIZATION (PA) PROCESS SUBCOMMITTEE UPDATE

Mr. Swanson, a member of the subcommittee, informed members that the goal is to make the prior authorization (PA) process easier and more efficient. The current process is manual and involves several faxes. He then explained aspects of the PA process:

- Your pharmacy benefits manager uses PAs, in this case it is Prime Therapeutics. They are typically needed for expensive drugs and for those with safety concerns.
- He distributed a list of drugs that require PA, but warned that it is constantly changing. More information can be found here:
https://www.myprime.com/content/dam/prime/memberportal/forms/2015/FullyQualified/Other/ALL/UMN/COMMERCIAL/ALL/UMN_Prior_Authorization_Program_Info.pdf
- There is an appeal process through Prime if a PA is not granted.
- There is an upcoming electronic process to make it easier for providers to submit PAs, which is expected to reduce 90% of the processing time.
- Prime is expecting an increase in electronic PAs from providers in the next year, as there will be a requirement from the state of Minnesota in 2016. Patients will be able to see the status of their PA online.

Ms. Chapin added that in some cases, when step-therapy is involved a PA is not required. Pharmacists are able to see when the PA is going to expire and they can inform the patient. A notification of the expiration is built into electronic PA system. There will be communications to providers and members regarding this process.

5. PHARMACY PROGRAM COST MODIFICATIONS

Ms. Chapin said that they have looked at their overall medical trend and the significant increase in use of generic drugs has had a positive impact. However, there has been an increase in the cost of generics and new medications being developed are more often specialty drugs that are costly.

- Historically, pharmacy costs have helped control overall UPlan trend.
- UPlan generic rates have increased from 50.4% in 2005 to 83.5% currently.
- Generics will max out in high 80%, but costs for generic medications are increasing. Professor Steve Schondelmeyer testified before Congress on this issue recently. Pharmaceutical manufacturers counter the impact of generics by working to retain people on brands with coupons, cards, etc.
- Pharmaceutical research is focused on developing specialty medications, versus other brand medications.

- Specialty costs are excessive; health plans, PBMs, and employers have somewhat limited negotiating power.
- Compound medication costs from some compounding pharmacies – especially those outside of Minnesota - are increasing to amounts that are not reflective of ingredients being compounded. Claim submissions require regular auditing, for non-Minnesota pharmacies.

Ms. Chapin said that Prime Therapeutics and Fairview Specialty are helpful at regularly proposing new initiatives. The UPlan Clinical Committee, including Professor Schondelmeyer, strongly recommends that we should proceed with all of the initiatives listed below.

- Pharmacy Split Fill program
- “FAST TRACK” Prior Authorization Programs for Specialty Medications
 - Purpose: To assure new expensive medications are taken appropriately.
 - New PA programs will be introduced within one week after new specialty medications are available. PA programs will be shared with the College of Pharmacy and Employee Benefits, and not wait for quarterly Clinical Committee meetings. Currently in place with Prime Therapeutics.
- Compound Medication Audits and Prior Authorizations
- Free Blood Glucose Meter Offering with ongoing Test Strips for diabetic patients
 - Professor Garrard suggested the test strips be offered to those taking Warfarin, as it requires test strips also.

Ms. Chapin noted that Prime has many ideas on creating cost savings, while not decreasing the benefits to the members. She will continue to bring these ideas back to the committee.

6. AFFORDABLE CARE ACT FEES – UPLAN

Mr. Gourde provided members with an update on Affordable Care Act Fees and distributed a handout. He explained that these fees are built into the UPlan rates paid by employees. He then highlighted the following points:

- Patient Centered Outcomes Research (PCORI) – 8-year fee, inflation adjusted.
- Reinsurance fee is a three-year federal fee that is paid to the federal government, which then pays insurance carriers that cover high-risk individuals through the public exchanges.
 - Professor Morrisson commented that the Reinsurance fee is scheduled to go away after three years, because it was designed for the first implementation of the ACA.

7. EMPLOYEE SHARED RESPONSIBILITY

Ms. Chapin reminded members of the testing that was completed to reveal those that were working 30 hours without coverage. The report found that there were 127 employees in this situation and they will be offered coverage.

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

Jeannine Rich
University Senate Office