

UBC Minutes - September 12, 2014

The University Benefits Committee met Friday, September 12, 2014 in the Human Resources Conference Room.

Members in attendance: John Rovers (Chair), Tricia Atterberg, Gretchen Beckley, Trenton Grundmeyer, William Garriott, Chrystal Stanley, John Stacey, Venessa Macro, Teresa Krejci, Gary Johnson and Jana Peterson.

Members not in attendance: Matt Dore

Drake Benefit Consultants, Mark Becker and Brenda Plantz, were also present.

J. Rovers opened the meeting at 11:05 a.m. Following member introductions, Mark Becker provided an overview of projected medical and dental premiums for the upcoming plan year.

Dental Plan Review

Drake's Dental Plan has experienced a slight reduction in paid claims during the most recent twelve months. Because the trend continues to run flat, Mr. Becker suggested the premium could remain unchanged during the 2015 Plan Year.

Medical Plan Review

Drake's Medical Plan has experienced a dramatic increase in paid claims within the past three years. M. Becker reported long-term trend (since June 2003) is 9.28% while short-term trend (most recent three years) is 19.58%. He provided a history of Drake Medical Plan rates compared to statewide averages from 2001-2014, as well as a historical overview of plan changes made since June 2006.

Mr. Becker also presented benchmarking data for Drake's medical and dental plans. Comparison to median statewide data (David P. Lind Survey) and median national data, (College and University Professional Association for Human Resources Survey), indicates:

- The medical deductible remains lower than benchmark data
- The medical out-of-pocket maximum remains lower than benchmark data
- The medical co-payment remains equal to, or lower than benchmark data
- The medical premium remains competitive with national data; slightly above statewide data
- Prescription drug co-payments remain competitive with benchmark data
- The dental maximum benefit remains slightly lower than benchmark data
- The dental premium remains lower than benchmark data

Required Benefit Enhancement

Per the Affordable Care Act, the medical plan must implement an out-of-pocket maximum limit for prescription drugs effective January 1, 2015. Mr. Becker recommended the plan impose the following out-of-pocket Rx limits: Single - \$2500/Family - \$5000

Flexible Spending Account Enhancement

B. Plantz informed members Health Care FSA participants will be allowed to carryover up to \$500 of their current 2014 election into the new, 2015 Plan Year. This provision will reduce forfeiture of unreimbursed contributions and increase overall participation. M. Becker suggested Drake make a concerted effort to increase participation in the FSA Plans.

Recommended Medical Plan Changes

Mr. Becker informed members Drake's Medical Plan will require an 8-9% increase for the 2015 Plan Year. He presented three scenarios which could reduce or negate premium increases with plan design changes:

Scenario One. Consists of the following plan design changes with a 5% premium increase:

- Increase annual deductible from \$400/\$800 to \$750/\$1500 (single/family)
- Increase annual out-of-pocket maximum from \$1250/\$2500 to \$1500/\$3000 (single/family)
- Increase office visit co-payments from \$20 to \$25
- Increase monthly premiums from \$125.46/\$426.56 to \$131.73/\$447.89 (single/family)

Scenario Two. Consists of the following plan design changes with a 3% premium increase:

- Increase annual deductible from \$400/\$800 to \$750/\$1500 (single/family)
- Increase annual out-of-pocket maximum from \$1250/\$2500 to \$2000/\$4000 (single/family)
- Increase office visit co-payments from \$20 to \$25
- Increase monthly premiums from \$125.46/\$426.56 to \$129.22/\$439.36 (single/family)

Scenario Three. Consists of the following plan design changes with no premium increase:

- Increase annual deductible from \$400/\$800 to \$1000/\$2000 (single/family)
- Increase annual out-of-pocket maximum from \$1250/\$2500 to \$2000/\$4000 (single/family)
- Increase office visit co-payments from \$20 to \$25

M. Becker informed the Committee the proposed scenarios are designed to shift cost to the participants. He reminded the Committee Drake has consistently limited the out-of-pocket maximum to protect participants. He indicated the proposed out-of-pocket limits remain below market and continue to protect participants. M. Becker indicated proposed increases to the deductible will likewise affect participants who use the plan. Alternately, an increased co-pay would affect most participants, while an increased premium would affect all participants.

Mr. Becker stated the willingness of Drake to consistently make plan design changes has kept rates below market trend since 2006. In an effort to limit disruption, he suggested the Committee make modifications to plan design rather than affect participant paychecks. Mr. Becker stated the challenge is to share costs equally, while making it minimally disruptive to the population.

Committee Discussion

W. Garriott asked if the scenarios were equally viable; whether one was more focused on a short-term solution versus a long-term solution. M. Becker indicated scenario three would serve the Plan best in the long-term. Making significant plan design changes would improve stewardship, behavior and utilization changes, making it less likely to address plan changes in the near future. V. Macro indicated that from a recruitment standpoint, Drake's premiums have consistently been

higher due to the richness of the Plan. Making plan design changes would help hold premium increases to single digits in the immediate future.

J. Rover inquired about a decision deadline. B. Plantz stated final pricing must be obtained from Wellmark, and Summary Benefit Comparisons must be created prior to the open enrollment period. She recommended the renewal process be completed by the end of the month.

G. Beckley asked which scenario would best decrease Drake's current 19.58% trend. M. Becker reported most plans are implementing plan design changes such as increased deductibles and out-of-pocket maximums to keep cost sharing in line. G. Beckley inquired about the likelihood of needing to make plan design changes next year if the premium is increased for 2015. M. Becker asked the Committee how often participants will want to experience plan design changes.

C. Stanley suggested an increase to premiums this year will be carried forward in future years. M. Becker agreed, and asked the Committee whether it would be better to ask a few participants to pay more – or ask all participants to pay more.

J. Rover stated that because he views insurance as protection against catastrophic loss, he prefers the first scenario. G. Beckley indicated the choice is emotional; she does not want low-income participants to experience a large out-of-pocket increase. C. Stanley suggested premium increases paid during the year will off-set the increased out-of-pocket maximum.

M. Becker stated that when benefits remain profoundly better than market, utilization and behavior issues systemically increase. V. Macro asked the Committee to not lose sight of the market, and Drake's need to recruit and retain. She indicated premium is an important factor when recruiting.

J. Stacey reported that bargaining unit staff members are expecting a premium increase. He stated they prefer continued small percentage increases as opposed to unpredictable increases.

T. Krejci asked how plan changes would be conveyed to employees. M. Becker suggested Human Resources provide benchmark data to illustrate how Drake's Plan is better than the market.

After much discussion, the Committee agreed to meet at 11:00 a.m. Friday, September 19, 2014.

The meeting was adjourned at 12:50 p.m.

Respectfully submitted by Marlene Heuertz.