

DRAFT Minutes: Faculty Staff Benefits Committee August 30, 2011

Members Present: Frances Wilkinson, C. Randall Truman, Hans Frederick Barsun, Carol Bernhard, John Vande Castle, Loretta Serna, and Sharon Scaltrito

Members Excused: Karin Retskin

Members Absent: Marsha Baum, Nancy Beck, Richard Goshorn, and Elena Plis

Ex Officio Members Present: Helen Gonzales, Elaine Phelps, and Raqui Martinez

Ex-Officio Members Absent: Cenissa Martinez and Josie Ruybal Abeyta

Guests: Suzanne McConaghy, and Tom Rolland

1. **Election of Faculty & Staff Co-Chairs:** Fran Wilkinson (faculty) and Hans Barson (staff) were elected Co-Chairs of the Committee.

2. **Establish regular meeting schedule:** The routine meeting of the committee will be the second Tuesday of the month at 2:30 PM in the Latin Reading Room at Zimmerman Library.

3. Updates

A. **New charge for the FSBC** will be voted on at the 8/30/2011 Faculty Senate meeting.

B. **Short Term Disability Insurance:** The RFP is out and is in the final stages of review.

C. **ERB Investment Oversight Committee Meeting** will be held on 8/31/2011 from 8 AM - 5 PM. A request was made for a committee member to attend the meeting and report back on the FSBC.

4. Health Care Insurance 15% co-insurance

A. Helen Gonzales shared a draft response letter being prepared by HR to correct errors in a related Lobo article. Discussion followed.

B. Meeting attendees expressed faculty and staff concerns over the communication and employee understanding of the personal impact of the health benefit plan change to add a 15 % co-insurance for Lobo Care. The impact of the changes on employees at the lower end of the salary scale was discussed in detail as the timing did not allow for Flexible Spending Accounts or individual savings to be used as an

alternate to the increase in out-of-pocket expense. Most employees did not understand the financial impact and could not find easily accessible information on the HR website to explain the changes which caused requests for accommodation and negative feedback post implementation.

C. Helen Gonzales provided the following process/market information:

1. HR sent 11 related e-mails to employees on the benefits list serv. A letter was sent to the home of each employee on the benefits list-serv. Notices were published in the UNM Today and UNM News Minute. HR shared information at Faculty Senate, FSBS and Staff Counsel meetings.
2. UNM provides employees with three provider choices (PHP, LHP and Lobo Care) in its self-funded Health Benefit Program. The cost of Lobo Care went up as UH adjusted charges that had not been modified in several years. The HMO as a model of care is being replaced by a PPO/indemnity model which bypasses the gatekeeper and allows for direct client access to specialists which increases utilization. UNM has a unique additional expense in that it participates in the provision of health insurance to early retirees. The split on early retiree health benefit premium payments in FY 11 was 60% UNM and 40% early or under 65 retirees. The result of these factors is that UNM was not able to contain costs under the prior benefit plan and had to make adjustments to provide the dollars need to cover the cost of claims and retain reserves. The only options UNM had to control cost are to either increase premiums and/or to adjust the benefit plan design.
3. Through the work of several committees, our benefits consultant, HR and Administration the following changes were made.
 - a. Effective 7/1/2011 early retiree's contribution to their health benefit premium was adjusted from 40% to 45% with an additional 1% to be added per year until the cost is split 50%/50% between UNM and the early retiree.
 - b. Effective 7/1/2011 Premiums for UNM faculty and staff groups were adjusted net zero to align premiums with actual usage which meant that some premiums (individual and individual plus spouse) went down while premiums for Individual plus children and families went up. A 15% co-insurance (which already applied to PHP, LHP and out-of-plan providers) was also applied to LOBO care. Concurrently out of pocket expense was capped at \$1750 for individuals and \$4750 for a family for care across all three providers (Lobo Care, PHP and LHP). Prior to this a separate and higher co-insurance or out-of-pocket expense cap was applied to PHP, LHP and out-of-network care. There was no co-insurance for Lobo Care.

- c. Statistics show that 60% of faculty and staff do not use Lobo Care. The change in the cap on out of pocket expense applying to PHP, LHP and Lobo Care will allow more faculty and staff to try Lobo Care without added out-of-pocket expense.

D. How to move forward with changes

1. The FSBC committee advised that the timeliness, content and accessibility of communication going forward needs to be improved. Information on the HR web site needs to be available to users within 1 to 2 clicks. Year to year comparisons should be available. All information shared needs to be worded in language that is understandable to most employees and includes examples of the individual impact so employees can appreciate the effect on their budget. Using language like, “This is Important to your out-of-pocket expense” should get employee’s attention. Timing changes so flexible spending contributions, personal savings, and alternate decisions can be adjusted is important. Doing timely presentations and providing depth of information to Staff Council, Faculty Senate and the FSBC will allow them to participate in getting the information out to constituents, assist in answering questions and getting feedback.
2. Helen noted that, contracts permitting, HR is looking at changing the program year for the Flexible Spending Program from a calendar year to a fiscal year to align it with changes in health care benefits. She also committed to keeping the FSBC current on anticipated changes and related information as it becomes available and that HR would look at its web site with an eye toward improved communication.
3. Helen asked the FSBC to provide feedback on the following: best methods for communicating information to and educating benefit eligible employees on issues and changes, advising HR on issues, standing behind endorsed decisions, and participation in post mortems to assess roll outs and evaluate options for improvement going forward.
4. The FSBC requested that UNM push back on the state, as appropriate; to fund expenses such as increased out-of-pocket costs to employees in an environment where personal income growth is either stagnant and/or decreasing due to increased retirement contributions, etc.

5. Express Scripts

- A. Express Scripts is renegotiating its contracts with providers. Negotiations with Walgreens (who is sticking firm to a 20% rate increase) are not going well to the point

that effective 1/1/2012 Walgreens may not be a provider for Express Scripts. Note that fifty percent of the scripts filled in NM are filled at Walgreens.

- B. Express Scripts is working on a communication plan to advise UNM employees what other resources will be available on 1/1/2012 should their contract with Walgreens term. Employees will be able to transfer scripts to participating pharmacies such as Cosco, Target, CVS and Wal-Mart.
- C. The issue was raised and discussion occurred on the “pre-authorization” needed for some medications where Express Scripts contacts a physician ordering a high cost drug to recommend a generic alternative or alternate drug choice. HR advised that this is a cost containment practice of Express Scripts and that the patient’s doctor has the final word on choice of drug. They are working with Express Scripts to make it clear which drugs are on the pre-authorization list and train their staff to handle urgent situations better.

6. Next Meeting/Agenda

- A. Next meeting is scheduled for Tuesday, September 13, at 2:30 PM in the Latin Reading Room at Zimmerman.
- B. Inclusions on the September agenda include: an HR presentation on the status of UNM’s self-funded benefit plan, new premium, 15% co-insurance, Lobo Care/LTC and STD updates, the status of fall bonuses, and items not covered on this month’s agenda.