

Universitywide Employee Benefits Advisory Committee September 20, 2012 Meeting Minutes

The Universitywide Employee Benefits Advisory Committee met on Thursday, September 20, 2012 at Varner Hall in Lincoln, Nebraska. In Joe Anderson's absence, Turan Odabasi served as Chairperson for the meeting.

I. Introductions

Members Present: Diane Wasser and Kim Barrett (UNL); Robin Taylor (UNMC); Marie Lee [Polycom], Scott Dickey [Polycom] and John Erickson [Polycom] (UNO); Bryce Abbey [Polycom] (UNK); and Turan Odabasi (UNCA).

Ex Officio Members Present: Greg Clayton (UNL); Jo Watkins and Jayme Nekuda (UNMC); Esther Scarpello [Polycom] and Mollie Anderson [Polycom] (UNO); Colleen Ferguson [Polycom] and Cheryl Bressington [Polycom] (UNK); Keith Dietze, Ed Wimes, and David Lechner (UNCA).

II. Review of Meeting Minutes

Universitywide Benefits Committee minutes from the October 6, 2011 meeting were approved.

III. Retirement Plan Innovations/Health Care Update

David Lechner discussed several future retirement plan considerations and the university's health care plan.

Retirement plan discussion included 1) increasing fiduciary responsibilities, 2) fee disclosure changes, 3) simplification of plan offerings, and 4) movement to sole record-keeper.

Health updates/changes included 1) medical plan is in good shape; 2) new tax on plan effective January 1, 2013; 3) insurance cost displayed on W-2's in 2013; 4) health plans likely to "direct traffic" (knee example) to certain providers; and 5) 2% increase in FICA effective January 1, 2013.

IV. Employee Plus One Benefits

Employee Plus One benefits will be offered to employees during the annual NUFlex enrollment for a January 1, 2013 effective date. Keith distributed a summary of the Employee Plus One program which addressed the eligibility and taxation of the program. The objective of the Employee Plus One program is to improve fairness, equity and the competitiveness of the University of Nebraska for employee recruitment, retention and satisfaction.

University benefits eligibility will be extended to an Adult Designee of the same or opposite gender who 1) has resided in the same residence as the employee for at least the past consecutive 12 months and intends to remain so indefinitely; 2) is at least 19 years old; 3) is directly dependent upon, or interdependent with, the employee, sharing a common financial obligation that can be documented in a manner prescribed by the university; and 4) is not currently married to or legally separated from another individual under either statutory or common law.

Once an Adult Designee satisfies the Employee Plus One eligibility requirements, they will be eligible to enroll for the university's medical, dental, vision, AD&D, dependent life insurance, long term care insurance, health care reimbursement account, dependent day care account, tuition remission and EAP services. An Adult Designee's dependent child(ren), provided they meet certain criteria, will be eligible for the same university benefits (as an Adult Designee) except for long term care insurance and the health and dependent day care reimbursement accounts. The Employee Plus One program will be available to active, ancillary and COBRA (in limited situations) employee groups.

To enroll in the Employee Plus One program, an employee and Adult Designee must complete the 1) Affidavit of Adult Designee Relationship and 2) Certification of Tax-Qualified Dependents forms. In most cases, the university is prevented by the Internal Revenue Service (IRS) from allowing an employee to pay for Adult Designee accident or health plan coverage, such as medical, dental, and vision insurance or EAP benefits, on a pre-tax basis. The exception to this rule is if the Adult Designee meets the IRS dependency guidelines; then the individual's accident or health plan coverage may be included under the pre-tax program.

A communication will be emailed to all benefits eligible employees in mid-October which will include specific information regarding the Employee Plus One program and subsequent enrollment.

V. COBRA/FSA RFP

The university has been working with Milliman/Gallagher Grace/Mayer over the last several months to obtain Request for Proposals (RFP) for outsourcing COBRA and FSA administration. Both functions are currently administered in-house. RFP's were sent to 14 vendors with 13 vendors submitting responses. After reviewing all the RFP responses, the consultant recommended four vendor finalists which included ASIFlex Company, Conexis Benefit Administrators, PayFlex Systems and WageWorks. The four vendors selected as finalists were markedly better than the others in terms of technology capabilities, pricing and administrative processes.

Vendor finalist presentations were held on September 11, 2012. Campus benefit administrators and HR Directors attended the finalist presentations and evaluated the vendors on their overall presentation, reporting tools/capabilities, member tools/online access, customer service and administrative fees. WageWorks received the highest score with Conexis and PayFlex closely behind. ASIFlex finished last among the four finalists.

If a vendor is selected to perform the COBRA and FSA administrative functions, the programs would be rolled out early next year.

VI. Health Care Reform

Discussion was held regarding Health Care Reform changes that will take effect in 2013 and 2014. In 2013, the annual health care reimbursement account maximum contribution will be reduced from \$5,000 to \$2,500 per employee. An employee and spouse (spouse must be gainfully employed) can contribute up to \$5,000 per year (\$2,500 per individual).

A Summary of Benefits and Coverage (SBC) document will be provided to all benefits eligible employees as part of the Uniform Coverage Documents requirement. This document will be

available during annual NUFlex enrollment and to new hires beginning January 2013. All active, retiree, COBRA and ancillary employees will receive this summary which includes medical and prescription drug plan information and coverage examples for diabetes and maternity services.

The Comparative Effectiveness Research provision will require the university to pay the government \$1.00 per year (\$2.00 in 2013) for each member insured in the university's medical plan in 2012. These funds will be used to research and access the best treatments for certain conditions and disseminate that information to health care providers.

More information regarding 2014 Health Care Reform changes will be communicated at a later date.

VII. Health Risk Assessment (HRA)

Keith updated the committee with information regarding the 2013 Health Risk Assessment (HRA) program. The survey period begins Monday, November 19 and ends Friday, December 7, 2012. The program will be offered to active and ancillary employees who possess an FTE of .5 or greater and retired employees who are enrolled in the university's medical plan. HRA surveys will only be offered online as paper surveys will not be available. Employees must possess a valid email address in SAP as of October 1 in order to access the HRA survey. Employees who complete the HRA survey will receive the enhanced wellness and preventive services benefit in 2013.

This year, the HRA survey may be accessed directly through ESS instead of logging on to the Wellstream HRA website. This approach will eliminate the need for an employee's ID and password as this information will be automatically prepopulated by SAP.

VIII. NUFlex 2013

NUFlex Schedule

The 2013 annual NUFlex schedule was distributed. The NUFlex enrollment period will begin on Monday, November 19 and end on Friday, December 7, 2012.

NUFlex Miscellaneous

Several new communication methods will be introduced for 2013 NUFlex. They include:

- Postcards announcing the upcoming NUFlex enrollment will be mailed to the employee's home on Thursday, November 1.
- Robo telephone calls will be made to the employee's home, cell and work phones on Wednesday, November 14 to announce the upcoming NUFlex enrollment. In addition, a follow-up robo call will be made on December 5 to remind employees of the NUFlex December 7 enrollment deadline.
- A pre-recorded NUFlex video will be emailed to employees on Tuesday, November 13.
- Paper confirmation statements will no longer be mailed to employees after the NUFlex enrollment deadline. Instead, electronic statements will be emailed to employees after they complete their NUFlex enrollment. The confirmation statement will also be available on the employee's personal ESS page.

Medical and Dental Insurance

The 2013 university medical and dental insurance contribution and employee premium has not yet been determined. Premium and contribution increases will be communicated to the committee at a later date.

Blue Cross Blue Shield is reintroducing the “myblue” (previously called “Accessblue”) website which allows insureds to review the status of their annual deductible, coinsurance and stop-loss amounts. In addition, insureds will be able to obtain treatment and cost estimates for services by comparing hospitals and physicians.

Prescription Drug Plan

Formulary Management Strategy – The CVS Caremark Formulary Management Strategy program will be expanded in 2013. This strategy impacts the preferred drug list utilized by insureds enrolled in the Caremark prescription drug plan. A preferred drug list is a list of drugs recommended by CVS Caremark to be afforded more favorable coverage than other non-preferred drugs.

This program was initiated in April 2012 and impacted brand name drugs and products by requiring prior authorization. The prior authorization process requires physician documentation to demonstrate the medical necessity for the member to receive a specific brand name drug and/or product. Failure to demonstrate medical necessity results in the drug not being covered by the prescription drug plan. If the drug is not covered by the plan, insureds may purchase the drug at 100 percent of the retail cost. These non-formulary brand name drugs and products fall within drug classes that offer multiple, lower cost generics and/or brand alternatives. CVS Caremark will communicate with those insureds who currently take one or more of these new non-formulary brand name drugs.

If the insured’s physician requests that the member remain on any of these brand name drugs without providing documented medical necessity (and approval by CVS Caremark), the drug will not be covered by the university’s prescription drug plan and the insured would be responsible for the full cost of the drug. If medical necessity is documented and approved, the insured would pay the brand non-formulary copay (third tier) which is currently \$52 for a 30 day supply.

Below is a summary of the Formulary Management Strategy:

- The preferred drug list includes medication access restrictions for some prescription drugs and products.
- A total of 51 non-formulary brand drugs and products are subject to prior authorization which will require physician documentation demonstrating the medical necessity for the member to receive this specific brand name drug or product.
- Failure to demonstrate medical necessity will result in the drug not being covered by the prescription drug plan.
- If medical necessity is documented and approved, the insured would pay the brand non-formulary copay (third tier) which is currently \$52 for a 30 day supply.
- CVS Caremark will work with insureds to proactively transition to a generic or preferred brand alternative.

High Performance Step Therapy Program – The High Performance Step Therapy Program will also be expanded in 2013 to encourage the use of a generic or non-preferred brand drug. The preferred drug is a well-supported treatment option and represents the most cost-effective drug for a given condition. Simply put, a step therapy preferred drug strategy enhances the use of safe, equally effective, and less expensive drugs before "stepping up" to a more expensive therapeutic alternative.

The program was implemented in 2012 for the Proton Pump Inhibitor (PPI) drug class. Generally, members are required to try a generic or preferred brand drug before a non-preferred brand is dispensed. CVS Caremark will send correspondence to members impacted by the step therapy program.

Specialty Preferred Drug Program – The Specialty Preferred Drug Program will also be expanded in 2013 to include several drugs within the Multiple Sclerosis (MS) drug class. This program is similar to the High Performance Step Therapy program as it requires insureds to try a preferred brand drug before the non-preferred brand drug can be dispensed.

Vision Care Insurance

The EyeMed Vision Care Explanation of Benefits (EOB) will now be provided to insureds in electronic format through the EyeMed Vision Care website. Paper EOB's will no longer be mailed to members. Members who prefer a paper EOB may change their delivery preference by accessing the EyeMed website.

Life Insurance

A new "proof of insurability" process will be implemented during annual NUFlex enrollment. Employees who increase their voluntary or dependent life insurance coverage will be able to complete the proof of insurability form online through the Assurity Life Insurance secure website. Paper proof of insurability forms will no longer be available.

IX. Campus Representative Input

Per a member's request, Keith provided cost information regarding the addition of bariatric services to the university's Blue Cross Blue Shield medical plan. Blue Cross has estimated that bariatric services would cost \$3.5 million per year.

X. Next Meeting

April 2013

XI. Adjournment

There being no further business, the meeting was adjourned.