MSU Benefits and IUBC Reports (Membership) (for years prior to FY05, please see Staff Senate meeting Minutes)

IUBC Meeting Sept. 19 to 20, 2017  Financial updates

FY2014-15, FY 2015-16 and FY 2016-17 results (July 1 to June 30 of following year)

<table>
<thead>
<tr>
<th>Amount</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$83MM</td>
<td>$93MM</td>
<td>$110MM</td>
</tr>
<tr>
<td>Claims</td>
<td>$85MM</td>
<td>$87MM</td>
<td>$85MM</td>
</tr>
<tr>
<td>Admin</td>
<td>$8MM</td>
<td>$9MM</td>
<td>$8MM</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$93MM</td>
<td>$97MM</td>
<td>$93MM</td>
</tr>
</tbody>
</table>

Contribution

To Reserves  ($10MM) ($4MM) $17MM

Assets-% of ACL  269%  252%  414%

Reserve Goal is 300% ACL or higher which is about 6 months of expenses/claims ACL is Authorized Control Level

Historical PEPM (Per employee per month) Claim cost

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>per chart</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>$420</td>
<td>$460</td>
<td>$500</td>
<td>$485</td>
<td>$500</td>
<td>$510</td>
<td>$624</td>
<td>$625</td>
<td>$614</td>
<td></td>
</tr>
<tr>
<td>Rx</td>
<td>$120</td>
<td>$125</td>
<td>$100</td>
<td>$110</td>
<td>$120</td>
<td>$125</td>
<td>$151</td>
<td>$155</td>
<td>$165</td>
<td></td>
</tr>
</tbody>
</table>

Large Claims= Over $100,000  (per chart)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td># claimants</td>
<td>58</td>
<td>70</td>
<td>75</td>
<td>71</td>
</tr>
</tbody>
</table>
Paid claims $MM $9.8 $17 $13.5 $12.2
Average claim cost $M $170 $240 $180 $172

**Take Control—Eat well  Stay Active  Reduce your risks**

2/3 to ¾ of annual health costs are attributable to the top 10% of health care users.

Take Control works directly with high-risk plan members to stabilize and improve these chronic health conditions. Only those meeting eligibility requirements are enrolled.

Laboratory data is collected at both the start and conclusion of the program. Aggregate results are calculated:

<table>
<thead>
<tr>
<th>Condition</th>
<th>Start</th>
<th>End</th>
<th>Change</th>
<th>Desirable Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obesity</td>
<td></td>
<td></td>
<td>- 6%</td>
<td></td>
</tr>
<tr>
<td>Total Cholesterol</td>
<td>246</td>
<td>213</td>
<td>-13%</td>
<td>less than 200</td>
</tr>
<tr>
<td>HDL</td>
<td>46</td>
<td>47</td>
<td>+ 1%</td>
<td>greater than 60</td>
</tr>
<tr>
<td>LDL</td>
<td>158</td>
<td>129</td>
<td>-18%</td>
<td>Less than 100</td>
</tr>
<tr>
<td>Triglycerides</td>
<td>140</td>
<td>123</td>
<td>-17%</td>
<td>Less than 150</td>
</tr>
<tr>
<td>Blood pressure</td>
<td>140/88</td>
<td>123/75</td>
<td></td>
<td>120/80</td>
</tr>
<tr>
<td>A1c</td>
<td>8.0</td>
<td>7.7</td>
<td>-4%</td>
<td></td>
</tr>
</tbody>
</table>

January 26, 2017, IUBC (Inter-Units Benefit Committee) meeting

1)  Financial results (Amounts in $000’s)

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD thru Nov 30</th>
<th>FY2017 Projected</th>
<th>FY2018 Projected</th>
<th>FY2019 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment</td>
<td>8,419</td>
<td>8,419</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$45,721</td>
<td>$109,588</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims</td>
<td>$33,006</td>
<td>$85,945</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin</td>
<td>$2,655</td>
<td>$5,738</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Total** | $35,661 | $91,683
---|---|---
Contribution to reserves | $10,060 | $17,905

had losses of $11M & $4MM in FY15 & FY16, respectively

Assets as % of ACL (Authorized Control Level) | 359% | 368% | 385% | 303%

---

a) Assuming no changes in benefits or state share through FY19

b) It was as low as 235% in August 2015 and at that time the projected ACL was 100% for FY16. Goal is 300% which is about 5.5 months of claims. There are still several more months of claims in this FY17, so this final ACL for FY17 could be closer to 300% because……

c) The first several months have the members paying the deductibles prior to reaching the max. Then the plan starts paying more of the claims and

d) Very expensive specialty drugs by just a few members will significantly increase the claims.

e) If the above trend of claims continues as projected in FY17 then there is possibility that premiums for actives may not have to be increased.

f) It appears that there will be no state share increase in the employer contribution (currently $1,054) from the Legislative session this year.

2) Trends

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>$598</td>
<td>$656</td>
<td>$548</td>
<td>-9%</td>
<td>19%</td>
</tr>
<tr>
<td>Rx</td>
<td>$157</td>
<td>$153</td>
<td>$137</td>
<td>2.4%</td>
<td>12%</td>
</tr>
<tr>
<td>Combined</td>
<td>$755</td>
<td>$810</td>
<td>$686</td>
<td>-7%</td>
<td>18%</td>
</tr>
</tbody>
</table>

3) Large claims are those over $100,000

<table>
<thead>
<tr>
<th>Year</th>
<th>Claimants</th>
<th>Paid Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14 YTD</td>
<td>11</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>2014-15 YTD</td>
<td>7</td>
<td>$1,900,000</td>
</tr>
<tr>
<td>2015-16 YTD</td>
<td>9</td>
<td>$1,700,000</td>
</tr>
</tbody>
</table>
4) Possible Medical Plan Design addition for FY18 - This possible addition to our medical plan allows members to reduce their annual deductible and copays by choosing a lower cost provider……which they may already be utilizing.

| Tier 1 = $500/person and $1,000/family | Tier 1 is a new level that plan members can earn by going to a lower cost provider. |
| Tier 2 = $750/person and $1,500/family | Tier 2 is the existing in-Network PPO benefit |
| Tier 3 = Separate $750/person & $1,750/family | Tier 3 is the existing out-of-Network PPO (Preferred Provider Organization) |

Tier 1 & 2 are on a “slide” and won’t go over $750

5) Copayment

| Primary Care Physicians (PCP) – Tier 1 = $20 copay | Specialty Provider visit = $40 copay |
| Primary Care Physicians (PCP)- Tier 2 = $25 copay | Tier 3 = NA |

If this is implemented, then the Choices booklet will list these Lower cost providers.

6) Pharmacy

a) Navitus will be providing our prescription drugs

b) Essentially duplicate our current URx plan

c) Probably stay with Current design: Example for Retail $0/$25/$60

7) Next IUBC meeting is March 23, 2017

8) Wellness Update as of 2/10/17

a) Spring Wellcheck: March 21 – 23 at SUB ballrooms, March 24 at Holiday Inn, April 20-21 at C’mon Inn

b) Registration is now open at [www.itstartswithme.com](http://www.itstartswithme.com), Company code MUS2017. Campus-wide announcement will be distributed soon.

c) 2017 MUS Wellness Incentive Program will begin April 1st, and will run through mid-December. You can currently still log in and participate in challenges, but points won’t begin until April. All WellChecks and wellness education occurring prior to April 1st will still count for points for the 2017 program.
2016, September 22 & 23 IUBC (Inter-Units Benefit Committee) meeting

1. Financial results (FY16 =July 2015 to June 2016)
   1. Big picture
      1. Revenue = $93MM
      2. Claims & Admin = $97MM
      3. Contribution to reserves = loss of $4.1MM
      4. Assets as % of ACL (Authorized Control Level) = 252% (Goal is 300% about $43MM)
      5. Health Care funding is expected to cover projected expenses for FY17 and FY18

2. Trends—Monthly per capita claims cost

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>625</td>
<td>624</td>
<td>55</td>
<td>0.1%</td>
<td>22.1%</td>
</tr>
<tr>
<td>Rx</td>
<td>155</td>
<td>152</td>
<td>130</td>
<td>2.1%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Combined</td>
<td>780</td>
<td>776</td>
<td>641</td>
<td>0.5%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Dental</td>
<td>56</td>
<td>57</td>
<td>55</td>
<td>(0.9%)</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

1. Large claims

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of claims</th>
<th>Amount $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>67</td>
<td>$12 M</td>
</tr>
<tr>
<td>2013-14</td>
<td>58</td>
<td>$9.8 M</td>
</tr>
<tr>
<td>2014-15</td>
<td>70</td>
<td>$17 M</td>
</tr>
<tr>
<td>2015-16</td>
<td>75</td>
<td>$13.8 M</td>
</tr>
</tbody>
</table>

1. Take Control
   1. Risk Reduction Program is an intensive one-year program focused on improving the lives and health of our plan members
   2. While heart disease, diabetes & hyper tension receive the lion share of attention, it is obesity that creates these conditions.
   3. Individuals who participate:
   4. Go to WellCheck and review any red marks from the results—LDL, Cholesterol, blood pressure
   5. Individuals taking prescription drugs
   6. Laboratory data (Total cholesterol, LDL, HDL, Triglycerides, blood pressure) from each individual is provided at the start and conclusion of this program.
   7. Data of positive aggregate results: Total Cholesterol -9%, LDL -16%, HDL +7%, Blood Pressure from 131/87 to 120/80

2. Retiree Enrollment and Education
   1. New West MAP converting to an annual policy year
2. Retreat rights for retirees leaving the MUS self-insured coverage option (non-Medicare or Medicare) ended on 6/30/2016
3. Open enrollment periods for ACA and Medicare
4. Send a letter on about Oct. 3, 2016 announcing education and informational meetings
5. Nov. 1-10, 2016 presentations across Montana

3. Marital status changes
   1. MT Supreme Court decision in 2003 required MUS (Montana University System) to provide coverage to same sex domestic partners due to equal protection clause of MT Constitution.
   2. MUS provided eligibility based on criteria develop to identify domestic partners regardless of sexual orientation.
   3. There were a few different qualifying criteria when comparing eligibility of married couples’ vs domestic partners.
   4. US Supreme Court now provides fundamental right to marry for same sex couples.
   5. Since same sex partners can now get married the MUS benefit plan will be changing. Proposed plan--by July 2018 same sex domestic partners will have to be married (common law marriage is acceptable) for the spouse of the current MUS employee to qualify for the benefit plan. Additional explanation will be provided.

4. Pharmacy changes
   1. State of Montana has elected to discontinue participation in URx Pharmacy program
   2. MUS cannot afford to maintain URx infrastructure alone
   3. A RFP will be developed and issued for pharmacy services. Scoring will occur 11/28/16 to 12/1/16.

5. Air Ambulance
   1. Out-of-Network ambulance providers billing Montana residents for tens of thousands of dollars after insurance payments are made.
   2. Possible solution—buy a membership in a service offering air ambulance. However, there is no reciprocity among membership providers and any calls requesting air ambulance are made by the hospital …not the patient.
   3. Two bills endorsed by Legislative Economic Affairs Interim Committee-leaves patients out of negotiations between insurance company and out-of-network air ambulance and another gives MT Insurance Dept. regulatory oversight

6. Wellness

7. Recap of 2016 Incentive Program, including population health data and personal success stories
   1. MUS Wellness contract with Limeade (Online Incentive site) expires Dec. 31, 2016
      1. Proposal for 2017 online platform is Fitbit Group Health Solution
      2. Less expensive-about 1/5 the cost
3. Not as robust-limited incentive ability, but excellent fitness tracking capabilities, including ability to run campus vs. campus challenges

2. Latest obesity in America report
   1. Adult obesity rate in Montana is 23.6%
   2. Significant improvement --Montana was ranked 11th in 2011 and was recently ranked 4th in 2015 by an organization (Trust For America’s Health)
   3. Montana was one of four states where obesity rate decreased in 2015.

8. Retirement Plan-Defined Contribution Plan (DC) with investment options through TIAA
   1. Classified employees--Prior to April 2016/after April 2016 (Plan Choice Rate Paid Off)

<table>
<thead>
<tr>
<th>Contributions</th>
<th>Employer</th>
<th>Employee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified staff</td>
<td>8.37% / 8.37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Plan Choice Rate</td>
<td>-2.64% / 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less PERS Education Fund</td>
<td>-0.04% / 0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Temp Add. Contribute</td>
<td>-1.20% / 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation to Employee</td>
<td>4.49% / 8.43%</td>
<td>7.9%</td>
<td>12.29% / 16.37%</td>
</tr>
</tbody>
</table>

1. Contract employees—faculty and professional

<table>
<thead>
<tr>
<th>Contributions</th>
<th>Employer</th>
<th>Employee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>5.956%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRS unfunded liability mandate</td>
<td>+4.72%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>10.676%</td>
<td>7.044%</td>
<td>13% = 5.956=7.044</td>
</tr>
</tbody>
</table>

Next IUBC meetings: January 26 and March 23, 2017

**IUBC meeting March 30, 2016**

1) Miscellaneous items:
   a) Co-pays, deductibles
      i) Mid-year (January 1, 2016) changes to co-pays, deductibles were appropriate. Therefore no additional changes to these areas will need to be made on July 1, 2016.
ii) The mid-year change discontinued placing $750 into any new employee’s TAA (Tax Advantage Account). As of July 1, 2016 (FY17) this general contribution will not be available to be placed in any employee’s TAA account.

b) PT, OT, ST (Physical, Occupational, Speech Therapy) 30 visits per year. For FY17 Chiropractic and Acupuncture will be added to this 30-day max visit ‘bucket’. Currently they are each 30 visits per year.

c) Wellness incentive proposals
   i) Level 1-Choice of FitBit or $80 in TAA
   ii) Level 2-$25 Amazon gift card
   iii) Level 3-Drawing for 1 of 10 $250 in TAA
   iv) Level 4-Plaque and Hoodie

d) For MUS Benefit plan FY17 (begins July 1, 2016) the employer contribution will increase $167, from $887 to $1,054.

2) Financial results

a) Monthly Per-capita claims cost

<table>
<thead>
<tr>
<th>Benefit</th>
<th>1/15 - 12/15</th>
<th>1/14-12/14</th>
<th>1/13-12/13</th>
<th>12/15 vs. 12/14</th>
<th>11/15 vs. 11/14</th>
<th>6/15 vs. 6/14</th>
<th>11/14 vs. 11/13</th>
<th>6/14 vs. 6/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>$653</td>
<td>$552</td>
<td>$521</td>
<td>18.3%</td>
<td>19.7%*</td>
<td>22.1%</td>
<td>5.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Rx (Net)</td>
<td>$161</td>
<td>$138</td>
<td>$126</td>
<td>16.6%</td>
<td>17.2%</td>
<td>16.7%</td>
<td>8.9%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Combined</td>
<td>$814</td>
<td>$690</td>
<td>$647</td>
<td>17.9%</td>
<td>19.2%</td>
<td>21.0%</td>
<td>6.0%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

Dental $57 $55 $53 3.1% 3.2% 3.7% 2.3%

*19.7%*--About 8% due to inflation

b) Large claims over $100,000

i) YTD/year 12-13 13-14 14-15 15-16
ii) # Claimants 23 21 22 36

c) Reserves Summary
   i) FY14 FY15 FY16* FY17*
   ii) Assets $49.0MM $39MM $33 MM $39MM *Projected
   iii) Reserves $36.7MM $41MM $43 MM $45.7MM (Recommended)

d) Authorized Control Level (ACL)
   i) Goal of 300% which is equal to about 6 months of claims
   ii) Projected ACL for FY16 (ends June 30, 2016) is 196%. Projected loss is $5.8MM.
   iii) Target of 200% by the end of FY17 (June 30, 2017)

e) Medical Rates (current and new) and percentage increases

<table>
<thead>
<tr>
<th>Monthly Premiums</th>
<th>Allegiance</th>
<th>BCBS</th>
<th>Pacific Source/ABP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Emp  E+Sp  E+Child E+Fam</td>
<td>Emp  E+Sp  E+Child E+Fam</td>
<td>Emp  E+Sp  E+Child E+Fam</td>
</tr>
<tr>
<td>Current</td>
<td>$624 $929 $846 $1,187</td>
<td>$610 $909 $828 $1,153</td>
<td>$682 $1,016 $1,116 $1,195</td>
</tr>
<tr>
<td>New FY17</td>
<td>$782 $1,145 $1,024 $1,387</td>
<td>$748 $1,075 $994 $1,327</td>
<td>$837 $1,225 $1,294 $1,364</td>
</tr>
<tr>
<td>% change</td>
<td>25% 23% 21% 18%</td>
<td>23% 18% 20% 15%</td>
<td>23% 20% 1</td>
</tr>
<tr>
<td></td>
<td>Aggregate increase is 19.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

f) Dental and vision rates
   i) Dental-2.5% increase
   ii) Vision-5.2% increase

g) Future possible considerations/actions
   i) These significant medical cost percentage increases have occurred in the past. In 1980’s there were increases of 15%. It is projected that these current increases will occur for another year or two and then should return to 5%.
ii) Prescription drugs—Legislature could establish controls

iii) Combine with others to purchase drugs

iv) Hospitals—costs will be “referenced based”== determined by Medicare payments

Meetings: Plan Change Subcommittee (August 25 & Sept. 23) and IUBC* (Oct. 8-9)

For several years the MUS (Montana University System) Benefit plan has enjoyed a period of stable claims and acceptable financial results. However, during the last two quarters of FY14-FY15 several large claims were paid, along with an increase in medical procedures and specialty pharmacy costs.

Financial Report—review of claims/expenses

1. There were several large medical & pharmacy claims plus other expenses for FY15 (12 months ending June 2015) which resulted in expenditures exceeding revenue by about $10MM.

<table>
<thead>
<tr>
<th>Large Claims</th>
<th>Claimants</th>
<th>Amount</th>
<th>Average Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY13</td>
<td>FY14</td>
<td>FY15</td>
</tr>
<tr>
<td>$500,000 to $1,000,000</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>$1,000,000 and over</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>

1. Reasons for some of the increased expense:
   1. ACA-elimination of life-time max of medical expenses. Previous life-time limit in our plan was $2MM
   2. Hospital questionable charges—Our Benefits staff in Helena requested and eventually received a detailed explanation of the charges. There was double billing and excessive charges. The claim was reduced about $1MM.
   3. Drug prices are increasing both generic and specialty
   4. Increased cost of Medical procedure

2. Monthly Per-Capita Claims Cost

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>$625</td>
<td>$512</td>
<td>$506</td>
<td>22.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Rx (net)</td>
<td>$152</td>
<td>$120</td>
<td>$118</td>
<td>16.7%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Combined</td>
<td>$776</td>
<td>$641</td>
<td>$623</td>
<td>21.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Dental</td>
<td>$57</td>
<td>$55</td>
<td>$51</td>
<td>3.7%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
22.1%--About 8% due to inflation

1. IUBC-Large Claims over $100,000 (from a bar chart-approximate)

<table>
<thead>
<tr>
<th># Claimants ($ thousands)</th>
<th>Paid claims ($millions)</th>
<th>Average cost/claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11-12</td>
<td>FY12-13</td>
<td>FY13-14</td>
</tr>
<tr>
<td>46</td>
<td>67</td>
<td>58</td>
</tr>
<tr>
<td>FY14-15</td>
<td>70</td>
<td>$9MM</td>
</tr>
<tr>
<td></td>
<td>FY11-12</td>
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Possible Conclusion: Cost per medical procedure is increasing

1. Reserves- Assets as a % of ACL (Authorized Control Level)
   1. Target is minimum of 300% = about 5 months of claims (Some private health insurance companies have a minimum of 500% or more)
   2. For fiscal year FY2015 had projected about 400%
   3. Actual result for FY2015 (which ended in June 2015) was 269%
   4. $10MM loss for FY15. Expenses exceeded revenue by $10MM
   5. IUBC meeting--As of August 2015 it is 235% because the plan has incurred an additional loss of $2.5MM (reduction in reserves) for July and August

2. Items to consider
   1. Are these large claims/expenses the new trend or just a 2-quarter anomaly?
   2. During FY16 the state share remains at $887 and will increase to $1,054 in FY17 (July 1, 2015) for a $167 increase
   3. The situation needs to be fixed--Reserves need to be funded. A drop below 100% will result in receivership.

3. Options which are being considered to rebuild the cash in our reserve fund--Increases based on utilization (Medical Benefit Pricing) and/or premiums.
   1. Copays
      1. Increase all non-specialty office visit copays from $15 to $20
      2. Add a Specialty Office visit copay of $35
      3. Increase ER facility copays from $125 to $250)
      4. Increase Urgent Care copays from $50 to $75
      5. Increase Rx Tier co-pays
   2. Deductibles-
      1. Increase In-Network deductibles from $500/$1,000 to $750/$1,500
      2. Our plan has had these same deductibles for 5 years
      3. Other big/small health insurance plans have: $1,000/$1,800 deductibles. Small plans can have deductibles from $1,000 to $2,500
   3. Out-of-pocket (OOP)
      1. Increase In-Network Med OOP (Out-of-Pocket) from $3,500/$7,000 to $4,000/$8,000
      2. Increase Pharmacy OOP from $1,650/$3,300 to $2,150/$4,300
   4. Premiums-
5. TAA— the benefit plan needs to preserve the cash in the reserve account. Therefore, starting January 1 2016 new employees will not have $750 placed in a TAA (Tax Advantage Account)

6. Wellness Program will continue— Wellcheck and the activities of this program are considered to be beneficial to the health of our employees/families.

7. Purchase Re-insurance: example--buy insurance which will pay for any amount over a $1MM claim

8. Final changes have not been established but increases will need to be implemented.

4. Other related items

1. MUS employees did not receive an $80.00 increase in the state share contribution, but state employees did. If we had started receiving that money in July 1, 2015 then the plan would receive approximately $8MM between July 1, 2015 and June 30, 2016.

2. All claims over $50,000 are reviewed by the benefits staff in Helena

3. Membership cost-sharing: the goal has been member/plan of 25%/75%. It has been for the past five years about 14%/86%

4. Comments from Quint Nyman (Executive Director of MPEA) regarding the recent IUBC meeting

1. Commissioner Christian attended the IUBC meeting for almost 6 hours. In Quint’s 16 years with IUBC that has never happened. It is believed that Commissioner Christian learned a great deal.

2. Quint felt comfortable that there would be no premium increases in January that would affect every employee. However, there will be some plan changes (copays, deductibles, OOP) that will affect some individuals but those individuals will have the power of choice.

3. Any ideas/changes have not been solidified yet. IUBC will meet again on October 19. Inter Units Benefit Committee

April 13, 2015 Wellness Champion meeting

1. MUS updates

1. WellChecks

1. Summer date: July 21 if you missed the spring WellCheck

2. Fall dates for Bozeman: November 3 – 6 and Dec. 1-2

3. If you attended spring WellCheck the first week, you should have received your 150 points. People who attended the second week of WellCheck should receive their points within the next 2 weeks.

2. Achieved 406 points/Scout:

1. MUS will fully subsidize the Fitbit Zip, One, or Flex.

2. You can get an $80.85 credit if you want to obtain an advanced Fitbit (Charge, Charge HR, or Surge).

3. All models except for the One will be available via an online webcart. Within two weeks of achieving Scout level, participants will be contacted by MUS Wellness via email. The email will provide instructions on how to access the online webcart.
4. If a participant would like a Fitbit One instead, they will be instructed to respond back to the email from Wellness, and Wellness staff will mail them a One.
5. If you have lost or have problems with your current Fitbit then you can contact the company and receive a new one at no cost.

2. CHOICES meeting April 17th
   1. When you attend this meeting then sign the attendance sheet and receive 20 points.
   2. You can view the podcast but you won’t receive any points.
   3. When you sign up for CHOICES, make sure you also register for the TAA (Tax Advantage Account). Registration for the TAA is required to receive the money from last year’s incentive program ($250/$500 if you achieved the Explorer level). By signing up for TAA, you will also receive $750 into your account as a contribution from the Benefits Plan.

3. Summer activities
   1. Workshops: some new workshops include—Cooking on a Dime, Power Plant Proteins, Build a Better Breakfast, Training with Dumbbells, Backcountry Fitness; Submit your ideas for a workshop to our Wellness team. Summer workshop selections were Backcountry Fitness and Bear Awareness. Dates TBD.
   2. Outings: Specific days of hikes and bike rides will be scheduled.
   3. Bike to work week: May 11 to 15 with focus on May 15 as Bike to Work Day; May is Bike to work Month.
      1. Grant money
      2. Previous ideas
      3. Water bottle (metal) gift for new employees at orientation
      4. Filtered water fountains
      5. Other campus idea—5K/race for walkers/joggers/runners

4. Other comments/questions
   1. Participation—8,500 eligible, 3,500 have signed onto Limeade
   2. An individual doesn’t need to necessarily exercise 30 minutes at a time but can break it into 10-minute work-outs/walks (morning, noon, after work)

February 26, 2015 IUBC (Inter Units Benefit Committee) Meeting

1. Projected trend rates and actual rates increases for MSU Benefits plan for FY2016

<table>
<thead>
<tr>
<th></th>
<th>Projected rates-National</th>
<th>Proposed rates-MSU Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>6%</td>
<td>3% (aggregated/averaged increase)</td>
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<tr>
<td>Rx</td>
<td>9% (generic increasing)</td>
<td></td>
</tr>
<tr>
<td>Dental</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Vision</td>
<td>3%</td>
<td>0%</td>
</tr>
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</table>

2. Rate history of previous years or MSU Benefits Plan-aggregated increase

<table>
<thead>
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<th>FY14</th>
<th>FY15</th>
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<td>Dental</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Vision</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Medical Premium</td>
<td>7%</td>
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<td>3.2%</td>
<td>5.6%</td>
<td>3%</td>
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<td>------</td>
<td>------</td>
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</tr>
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<td>0%</td>
<td>-4.8%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
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<td>11.5%</td>
<td>5.2%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

3. Communication timeline for 2015/2016 CHOICES
   1. Workbooks to campuses by April
   2. Spring tour begins first week of April

4. Wellness Program
   1. MUS Wellness Incentive Program
   2. WellCheck for 2015:
      1. This is one of the required tasks towards reaching Level 1 of the Wellness Incentive Programs
      2. From March 24 to 27 at Brick Breeden Fieldhouse-North Mezzanine

January 22, 2015, IUBC (Inter Units Benefit Committee) Meeting

1. Commissioner of Higher Education Discussion- Clay Christian was present at the beginning of this meeting. These are comments and questions from our IUBC members and responses from Commissioner Clay Christian
   1. IUBC process and procedures
      1. Member of IUBC stated: The members of IUBC interact together on sub-committees and the IUBC committee with representation from all campuses by thoroughly reviewing and discussing the issues/changes, presenting them to the campus staff and faculty for discussion & their comments. After this detailed and thorough process we vote and then present the results and decisions to the COHE. This process has worked very efficiently and effectively for 16 years.
      2. Clay Christian understands and appreciates this process
   2. MUS (Montana University System) benefit plan vs State benefit plan:
      1. Member of IUBC: We are not in favor of combining the MUS (Montana University System) benefit plan and state benefit plan
      2. Clay Christian: Agrees that these two benefit plans should not be combined but kept separated.
   3. Reserves in IUBC
      1. Member of IUBC: The benefit plan reserves are in a good financial position due to the thorough and focused management of the revenue and expenses.
      2. Clay Christian indicated that these reserves are important:
      3. Due to uncharted waters of ACA (Affordable Care Act)
      4. Unexpected major claims which could be incurred in future years
   4. Pension/Retirement
      1. Member of IUBC: Attention and effort regarding our pension/retirement plan has been neglected and the employer contribution into the plan is low compared to other plans. It was suggested that a match from both employee and employer be actively considered and pursued.
2. Clay Christian: He agrees. We are about 49th or 50th with regards to contributions into a pension. He is willing to accept and review ideas from IUBC and employees.

5. HB13
   1. Member of IUBC: Benefit rates/contribution from the legislature are being delayed a year to FY17 for the MUS whereas the state benefit plan will have their contribution increased for FY16. It appears that we (MUS) are being punished for managing our benefit plan efficiently and wisely.

6. Pension /retirement
   1. Member of IUBC: The benefits in our health plan are very good. However, our pension plan doesn’t allow our employees to retire in an adequate lifestyle. Due to our inadequate pension plan it is difficult to recruit and retain for faculty positions. The business department has lost 4 faculty during the past 6 months due to low compensation and an insufficient pension.
   2. Clay Christian: Agreed that it is challenging to recruit and retain faculty. The legislature needs to review this situation. The MUS can also suggest solutions.

7. Poverty level
   1. Member of IUBC comment: Due to the low wages of our lower level (family) employees it is difficult for them to afford anything more in our benefit plan than the current $887 contribution which pays for the medical premium.

8. Tuition freeze
   1. Member of IUBC: Even though there is a tuition freeze, the university operating expenses continue to increase. Also, there is not a lot of ability and opportunity to grow and expand in the various departments due to this tuition freeze.
   2. Clay Christian: Increasing wages/compensation is his answer to this need. He is trying to get money from the legislature and raise tuition.

2. Financial results
   1. The reserves are in good condition
   2. Trends-Monthly per-capita claims cost past five years

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<thead>
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<td>$96</td>
<td>#103</td>
<td>$125</td>
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<td>Dental</td>
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<td>$52.85</td>
<td>$50.70</td>
<td>$52.91</td>
<td>$52.76</td>
</tr>
</tbody>
</table>

2. Rx: Specialty drugs are high priced. The good news is that migration to the generic drugs has resulted in that category being 86.5% of the Rx expense. However, those prices have stabilized and are now starting to increase.

3. Forecasted trends: 8% to 10% on the low side and 11% to 13% for pharmacy on the high side.

4. Proposed Plan design changes due to ACA (Affordable Care Act)-Complementary Health Care services
   1. Change Acupuncture- Member pay at $15 and 30 visits per year
   2. Change Naturopathic- Member pay at $15 and No visit limit
   3. Change Chiropractic- Member pay at $15 and 30 visits per year
   4. Add Massage (Medical necessity) Therapy- Member pay at $15 and 30 visits per year
   5. Acupuncture and Massage need a prescription. When services are not from an in-network provider then the member will have to pay 100% of the amount up-front. Then submit a claim form.

5. Cadillac Tax
   1. Cadillac tax: Calculation example---12 months X single employee monthly premium = 12 X $664. =$7,968
   2. In 2018 this premium can not exceed the threshold of $10,200 for a single employee or the Cadillac tax will be incurred by our health plan. For a family that threshold is $27,500 in 2018.
   3. If premiums continue to increase as expected then the single threshold ($10,200) will be exceeded in 2018. The family premiums won’t exceed the threshold for many more years.
   4. In order to not exceed the threshold for singles then the plan may set those premiums (in 2018 and beyond) at the threshold level.

6. URx prescription plan: An RFP for the mail order pharmacy services has been solicited.

7. Wellness Program
   1. There were 1,130 participants who earned $250/$500 incentive as of 12/31/2014

8. Vision Hardware benefit
   1. Current process is unwieldy and difficult for our members
   2. Recommendation is to go for an RFP
   3. There are two choices for a vision hardware benefit

9. Network model Description: A network model has contractual arrangements with a network of providers that agree to bill the patient for just the patient’s portion of the bill. Then the remaining cost is submitted to the Third Party Administrator (TPA) for payment. This type of model can include a provision for enhanced benefit if there are no network providers available in a selected area.

10. Scheduled benefit description: This system has a list of copays and allowances which will be paid but since there is no contractual agreement between providers the patient will have to pay the full bill up-front and then submit a claim to the TPA for reimbursement.

11. FSA/State Share Allocation Configuration
   1. Recall that the FSA is limited to $2,500 annually (goes to $2,550 on July 1, 2015) with a provision to roll over $500 annually
2. New IRS/ACA guidance limits the employer contribution to: $500 or Dollar-for-dollar match to employee salary deferral (Max of $1,275 employee and $1,275 employer)
3. No longer allows (state share-employee elections) beyond $500
4. If employee does not use money in FSA then state law requires it to be forfeited
5. Alternative Account Structure Design-Tax Advantage Account (TAA) is being explored
6. Employer contribution (no employee contribution allowed)
7. The Wellness Incentive would go into this TAA
8. No “use-it-or-lose-it” provision; Monies can be rolled over year to year if unused
9. May be portable for employees—to another job or retirement
10. Expenditures pay for same items as an FSA

Next IUBC meeting is February 19, 2015

As reported at the 12/17/14 Staff Senate meeting. Benefit Questions/Answers and MUS Wellness Program

Benefit Questions/Answers

1. Is the shingles shot (possibly at no charge) available this benefit year?

Answer: The shingles shot continues to be available at no copay. The best way to get it is to go to a pharmacy that has a pharmacist licensed to give immunization injections. Most of the big name pharmacies like Walgreens, CVS, Kmart, and Walmart etc. have them.

1. Vision hardware—there have been a couple comments regarding the vision hardware plan
2. One person asked if there was a standard form available which could be submitted (for reimbursement) for out-of-network providers.
3. Another person mentioned that her 'in-network' provider had to submit the claim at least twice because the original submitted claim had been lost/not received/no record of it

2. A couple of the members, which went to an 'in-network provider were very pleased with the handling of the claims.

Answer: There are no in-network providers for vision hardware. It has been a real source of confusion for members and providers alike. Some providers tell our members they are in network even though they are not (BCBS does not have a vision hardware network) but they have the patient (sometimes unbeknownst to the patient) sign an assignment of benefits to allow the provider to be paid directly and then they will submit the claim. There is not a universal claim form for vision hardware. We will be revisiting this benefit for next plan year.

3. Another question was sent via email.
Answer: I understand that you are on the Staff Senate Benefits Committee. I appreciate the variety of quality benefits that I get as a classified employee, but I noticed that a short-term disability plan isn’t included in the benefits package. Has the idea of a short-term disability plan been discussed recently? I think it’s a great benefit for people who have needs that fall in that gap between the FMLA leave and LTD coverage. If it hasn’t been discussed recently, are you in a position to give consideration to such a benefit, even as an optional (albeit pricier for participants) benefit?

Answer: Short term disability has been discussed but not pursued as our sick leave is really a short term disability benefit. Connie is out today but I know she has looked at this in depth and has had conversations with Cathy Hasenpflug about it.

I hope that helps. Mary Lachenbruch, Associate Director of Benefits, Montana University System

4. MUS Wellness Incentive Program-Opportunity to earn points and rewards while improving your health. Current program concludes December 31 and re-launches on January 12, 2015. Wellness Champions—individuals who promote Wellness events and challenges on campus….especially to coworkers in their own department (Contact Cristin Stokes or Neal Andrews at 994-6939 for an application)

October 2 and 3, 2014 IUBC (Inter Units Benefit Committee) meeting

1. Wellness Platform overview
2. MUS Wellness Incentive Program: flyer-earn points and rewards (Fitbit), Limeade roll-out (www.muswell.limeade.com), Some activities on the honor system and others are verified
   1. Suggest incentives for 2015 wellness program
   2. Financial Report-The plan is currently in good financial condition
3. Vendor reports
   1. Delta Dental: Network needs to expand and list more providers/dentists
   2. URx: Started in July of 2010, initially experienced significant decrease in prescription drug costs; So now the Plan is about 85% generic, However, due to (national) increase in usage of generic drugs then these manufactures are increasing their prices. Specialty drugs are increasing in price; These drugs are 33% of our claims cost but 1% of the members.
   3. Take Control: Offers compressive and confidential education and support for certain medical conditions-diabetes, tobacco user, high blood pressure, high cholesterol, overweight. One example of benefit to a member was in lower blood pressure….133/85 to 122/75.
   4. Blue Cross and Blue Shield of Montana: Hardware Vision plan
4. ACA (Affordable Care Act): requirements for compliance, responsibility, forms to be handled by Human Resources

April 19, 2014 Montana University Benefits (MUS) 2014 to 2015 Items/changes to consider - as reported at the Staff Senate meeting
1. Traditional plan is being eliminated – Default coverage for those who do not re-enroll will be BCBS

2. Implementation of New COMBINED Out-of-Pocket (OOP) Maximums
   1. Our current medical plan includes deductibles and coinsurance (but not copays) in OOP maximum—for example for in-network individual/family the deductible is $500/$1,000 and the coinsurance is $2,500/$5,000 for a total of $3,000/$6,000.
   2. Since copays will now be included in the OOP maximums (for FY2015) those amounts will be $3,500/$7,000

3. Dental – minor change-Changed the name of the “Premium” plan to “Select” plan

4. Change in the Vision benefits
   1. Vision exam is now included in the medical benefit with their medical provider (BCBS / Allegiance Managed Care / Pacific Source)
   2. Vision Hardware is a separate benefit – stand alone and the vendor is BCBS The allowance for frames will be increased, The copay for lens and contacts will decrease

5. Optional Supplemental Life and AD&D are no longer combined
   1. Those employees who had a combination of Supplemental Life with AD&D last year and do not re-enroll will be defaulted into respective coverage under each plan
   2. Ex. – If they had $200,000 combined then they will have $200,000 Supplemental Life and $200,000 AD&D

6. Supplemental Life – post tax
   1. New rules in place – different from last year regarding Supplemental Life
   2. If an employee has existing coverage they can increase by one increment of $25,000 only. If they wish to increase coverage by more than one increment then Evidence of Insurability is required
   3. If an employee wishes to add a spouse to Supplemental Dependent Life – Evidence of Insurability is REQUIRED
   4. Same Rule as last year – if employee wishes to have coverage above $300,000 Evidence of Insurability is required

7. AD&D – post tax – only rule is that for a dependent to have AD&D the employee must elect AD&D

8. Flexible Spending Accounts
   1. $500 Annual Roll-over Provision – in effect as of June 30th, 2014
   2. If an employee has up to $500 left over from this year’s plan…funds will be automatically rolled over by Allegiance on October 1st
   3. $250/$500 Wellness incentive for active employees who complete a WellCheck – not available to Foundation and Bookstore affiliates
   4. Employees can have in their Medical Flex account up to $3,500 ($2,500 annual limit + $500 rolled over + $500 Wellness incentive)
   5. MUS will be picking up the Administrative Fee and the charge for the Debit card ($10)

9. Increase in MUS/employer contribution by $81. from current $806 to $887

10. Choices re-enrollment opens April 15 and concludes May 15
1. If you have any questions then attend one of the presentations and/or if you need assistance in navigating the on-line system then take advantage of the labs in Hamilton Hall.
2. Make sure your email is current in MyInfo since automated email reminders will be sent.

11. Wellness Program-
1. Participate in Wellness activities: newsletter, webinars, and monthly challenges. Go to www.wellness.mus.edu

12. Bozeman campus WellChecks—March 25 to 27 (finished) and April 29 to 30.

March 4, 2014 IUBC meeting

1. FY 2015 Changes
   1. Eliminate Traditional Plan (If member takes no action then that member will be enrolled in BCBS Managed Care)
   2. Eliminate annual maximum--per ACA (Affordable Care Act) requirement
   3. Eliminate pre-existing conditions for all-per ACA
   4. Include all copays in OOP (Out Of Pocket) maximum: per ACA
      1. Our current medical plan includes deductibles and coinsurance (but not copays) in OOP maximum—for example for in-network individual/family the deductible is $500/$1,000 and the coinsurance is $2,500/$5,000 for a total of $3,000/$6,000.
      2. Since copays will now be included in the OOP maximums (for FY2015) then those amounts will be $3,500/$7,000

5. Vision Plan
   1. Vision exams will be moved to/covered in our medical plan
   2. Enhance the vision hardware benefits (no increase in rates for FY2015)
      1. The allowance for frames will be increased (in Network) from $125 to $175
      2. The copay for lens & contacts will decrease: Copays--$20/$85/$15 to $5/$25/$5
   3. Increase in MUS/employer contribution of $81. from current $806 to $887

2. Wellness Program
   1. Incentive program for members who participate in WellCheck (fall of 2013 or spring of 2014)
      1. $250 contribution to the medical flexible spending account (FSA) for each active member
      2. Another $250 for a covered member (18 or older) of the household; not to exceed $500 per household
      3. Bozeman campus WellChecks—March 25 to 27 and April 29 to 30
   2. Participate in other Wellness activities: newsletter, webinars, and monthly challenges. Go to www.wellness.mus.edu

January 31, 2014 IUBC Conference call

1. Incentive for WellCheck (fall 2013 or spring 2014) participation
1. $250 for employee & $250 adult spouse; not to exceed $500 per household
2. These funds were originally going to be deposited into newly established HRAs (Health Reimbursement Accounts). However, after receiving input from HR directors and considering the necessity of programming the new process for HRAs it was voted to place the funds into FSAs (Flexible Spending Accounts).

2. Maximum Out of Pocket (OOP) limits
   1. Current in-network deductibles and coinsurance levels for the managed care (MC) plan
      1. In-network deductible = $500/$1000
      2. In-network coinsurance maximums = $2,500/$5,000
      3. Combined = $3,000/$6,000
   2. Current out-of-network deductibles and coinsurance levels for the managed care (MC) plan
      1. Out-of-network deductibles = $750/$1,750
      2. Out-of-network coinsurance = $4,250/$9,500
      3. Combined = $5,000/$11,250
   3. Under ACA, our plan can no longer exempt cost-sharing from counting toward total in-network maximum out-of-pocket (OOP) limits. Specifically, our co-payments will now accumulate toward OOP maximums. Therefore, two options include:
      1. Keep current deductibles and coinsurance limits (listed above) the same but increase premiums OR
      2. Increase (combined) out-of-pocket maximums to:
         1. $3,500/$7,000 for in-network
         2. $6,000/$12,000 out-of-network
         4. This is recommended

3. Items not on Conference call
   1. WellCheck schedule for Bozeman is March 25 to 28 and April 29-30
   2. Visit the Wellness website for videos, newsletters, webinars: www.wellness.mus.edu

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December 11, 2013 IUBC met:

1. Financials
   1. Slight increase in claims with a projected loss of $897,000 for FY2014, but Assets as a % ACL would still be above 300% at a projected 399%.
   2. Increase in claims is due to increase in utilization which could be happening because members are concerned about access to doctors after implementation of ACA (Affordable Care Act).

2. Trends
   1. Rx increases due to:
   2. Specialty Drugs
   3. Generic drug manufactory are increasing their prices +20%, since more individuals are being steered toward and utilizing these types of medications.
   4. Termination of federal drug program rebate

3. Monthly per –capita claims cost comparing Medical, Rx and Dental
<table>
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<tr>
<th>Benefit</th>
<th>Oct 12-Sep 13</th>
<th>Oct 11-Sep 12</th>
<th>Oct 10-Sep 11</th>
<th>% of Change Sep 13 vs. Sep 12</th>
<th>% of Change Sep 12 vs. Sep 11</th>
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<td>Medical</td>
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<td>$489.49</td>
<td>$497.47</td>
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<tr>
<td>Rx (Net*)</td>
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<td>$102.78</td>
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<td>$585.15</td>
<td>$600.24</td>
<td>10.2%</td>
<td>(2.5%)</td>
</tr>
<tr>
<td>Dental</td>
<td>$50.86</td>
<td>$50.70</td>
<td>$52.91</td>
<td>.3%</td>
<td>(4.2%)</td>
</tr>
<tr>
<td>Rx (Gross)</td>
<td>$123.87</td>
<td>$113.52</td>
<td>$110.87</td>
<td>9.1%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

*Net prescription drug costs include Medicare Part d reimbursement and URx rebates

4. Funding vs. Expenses
   1. Noticing an increase in cost of claims so rates may have to be increased
   2. Even with the state 10% + 10% increase in funding there is a projected loss for FY15 and FY16

5. EyeMed Vision Plan (self-insured)
   1. Current Plan
      1. Vision Exam benefit
      2. Hardware benefit
   2. Proposed Plan (Motion Passed)
      1. Vision Exam benefit moved to a medical plan; A significant amount of vision expenses are currently in the medical plan, It would be classified as preventative and all members would have access to a vision exam, a projected increase of .4% in medical rates and decrease of $3.90 in current base rate of $10.67
      2. Hardware Benefit administered in the medical plan TPA (third Party administrator) RFP
      3. Consider reviewing and revising the voluntary scheduled hardware benefit. Possibilities include:
         1. Co-pay & allowance
         2. Receive an established dollar amount

6. Life Insurance, AD&D Options (Motion Passed)
   1. Current Plan year FY2014 has optional supplemental life and also bundles optional supplemental life coverage with AD&D
   2. Proposed Plan is to have the rates unbundled and therefore permit a stand-alone AD&D benefit effective July 1, 2014;
   3. Each of the above could then be purchased separately

7. UNUM Contract Extension for LTC (Long Term Care)
   1. UNUM had sent a letter to campuses regarding a rate increase effective January 1, 2014; which was not an appropriate notice per the state Insurance Commissioner.
2. Our benefits team in Helena convinced UNUM to delay Until July 1,2014 and reduce the rate increase

8. HRAs (Health Reimbursement Accounts) for WellCheck Participation  (Motion Passed)
   1. Establish and provide HRAs beginning July 1, 2014 for those individuals who have had a WellCheck in the fall of 2013 or spring 2014 (March 25 to 28
   2. HRA description
      1. Can be used to reimburse same expenses as covered by Flex/FSA
      2. May be used to pay for certain premiums (including cost of dependent coverage)
      3. Non-forfeiture—HRAs may be rolled over year-to-year
      4. Only employer funds may go into them
      5. Same expense can’t be reimbursed from both FSA and HRA
      6. Members must utilize the account balances in their HRA prior to accessing funds in their FSA
      7. Members will be notified (letter mailed by Jan. 6) in January 2014
   3. The account will be funded with $250 for the employee and an additional $250 for any adult dependent (spouse or adult child; not to exceed $500 per household)
   4. First year reimbursements would come from the plan’s excess reserves and Flex forfeitures
   5. Depending on various participation scenarios the Annual HRA contribution could range from $1.16 million to $2.0 million. Current employee participation rate is 35%. Projected employee participation ==60% to 68%.

9. Health FSA Rollover Option (Motion Passed)
   1. In October 2013 the IRS issued a regulation permitting FSA plan rollovers of up to $500 per year
   2. Therefore the MUS benefit plan will be amended to permit rollovers on the flexible spending account (FSA) balances of up to $500 annually. This will apply for the FY2014 plan year with a rollover into FY2015.
   3. The member will have 24 months to use this money (for acceptable medical expenses) or lose it.

10. Retiree subcommittee reviewed the ACA (Affordable Care Act) and our MUS Benefit plan (Motion passed)
    1. The ACA marketplace/Exchange offers a potential for Non-Medicare MUS retirees to access coverage as well as premium assistance in the form of subsidies
    2. A couple examples (at the silver level) were provided which took into consideration various Annual incomes and the subsidies available. A comparison between an MUS plan vs ACA calculated the monthly and annual savings.
    3. Qualified retiree members will be provided a letter outlining a Special Enrollment Period and Retreat Right process which will provide them the opportunity to participate in the ACA Marketplace/Exchange beginning in April 1, 2014.
    4. Items to consider when evaluating the ACA
        1. What is the prescription drug plan?
        2. Which doctors and hospitals are included in the network or not participating?
        3. What are the deductibles, copays, coinsurance, OOP max and drug costs.

11. Pension and Retirement Task Force
1. This task force reviewed current 403(b) administrative architecture, considered different solutions to retirement plan consolidation and...

2. Submitted a recommendation---Bid out 401(a) and 403(b) plans with a single record keeper
   1. Allow appropriate Pension Taskforce oversight of fees and investment line-up
   2. Greater control of investments offered
   3. Greater fee negotiation power
   4. Coordinate education program for employees
   5. Consolidate reporting of all accounts on one form

October 3 & 4, 2013 Inter Units Benefit Committee met:

1. Focus on Keeping members well and healthy vs. attention to illness; Attention to Wellness, exercise and being active (Sitting is the New smoking—prolonged sitting is unhealthy)
   1. Studies showed that a sedentary, low activity lifestyle contribute to higher cardiovascular, etc. illnesses. A high level of activity for short periods of time doesn’t affect that risk
   2. Don’t just participate in 30 minutes of (moderate or high) activity but be active every day during the day each hour
   3. A 1953 study—seated bus drivers had twice the risk of illness/health problems as standing bus conductors
   4. Sitting results in absence of skeletal muscle contraction and reduce movement of joints
   5. Replace some sedentary minutes with light activity and standing
      1. Become more aware of the minutes during the day when you can stand instead of sit, walk instead of ride
      2. 2 minutes of walking (stretching) every 20 minutes
      3. Stand during phone calls
      4. Stand up and stretch
      5. Park further away
      6. Use stairs rather than elevators
      7. If you work in a multi-level building then use the restroom on a different floor

2. Proposed 2-tier program—
   1. Complete certain criteria (WellCheck, etc.) to qualify for Premier (lower rates) vs. the Standard plan
   2. The proposal is to begin this 2-tier program in July 2015 instead of July 2014
   3. WellCheck—November 5th to 8th

September 18, 2013 Questions about the proposed 2-tier Benefit plan:

1. To qualify for the Premier/lower premium will there be certain criteria/qualifications?...Yes
1. The first year (July 1, 2013 and June 30, 2014) MUS employees will have to attend one free WellCheck/blood screen to qualify for the Premier premium during the Benefit plan year of (July 1, 2014 to June 30, 2015).

2. See additional answers to question #2 and #3

2. Will spouses and/or children be included? Proposed plan includes:
   1. In the second (or third) year (July 1, 2014 to June 30, 2015) both the MUS employee and spouse will have to attend one free Wellcheck to qualify for the Premier premium (in benefit year July 1, 2015 to June 30, 2016)

3. In the second (or third) year any children over 18 covered by the plan will need to attend a WellCheck.
   1. Would it be possible to choose, for example, 3 out of 5 criteria? In future years there is a proposal to have a point system with incentive levels such as dental visits, physician visit, Workshops, vision exam, participate in disease management and/or various activities. Each item (WellCheck, dental visit, etc.) will earn a certain number of points.

4. Would an annual doctor visit (with a health screen) meet the WellCheck criteria?....No
   1. The doctor visit would cost more. It could qualify as one of the criteria but it would not replace the WellCheck.
   2. The data (from the doctor visit) would not be available for review and possible follow-up suggestions and assistance.

5. How would the collected information from the WellChecks be utilized? Could that member’s or all our premiums be increased if the results are outside of the acceptable ranges?
   1. No, that member’s or our group premiums would not be increased just because of the data collected from WellCheck.
   2. If some of the data collected is outside of the normal ranges then, depending on the specific results, that individual:
      1. May decide to show the data to his/her doctor for further analysis; and/or
      2. May receive a letter from the MUS Benefits team suggesting enrollment in our disease management programs—High Blood Pressure, High Cholesterol, Weight Loss, Diabetes, and Tobacco Cessation.
   3. The data in aggregate may be utilized to determine if we need additional programs or determine if changes need to be made to existing programs.

July 17 2013 IUBC Meeting

1. Financial Update
   1. Trend

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<tr>
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</thead>
<tbody>
<tr>
<td>Medical</td>
<td>$506</td>
<td>$476</td>
<td>$510</td>
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<tr>
<td>Rx</td>
<td>$115</td>
<td>$98</td>
<td>$112</td>
<td>17.7%</td>
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<td>Combined</td>
<td>$621</td>
<td>$574</td>
<td>$622</td>
<td>8.2%</td>
<td>(7.7%)</td>
</tr>
<tr>
<td>Dental</td>
<td>$49</td>
<td>$52</td>
<td>$53</td>
<td>(5.9%)</td>
<td>(1.0%)</td>
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</tbody>
</table>
2. Rx increasing due to:
   1. Specialty medication prices increasing
   2. Infusion medication
   3. Encouraging members to use Walgreens (when ordering medication) instead of doctors so the expense is now charged to Rx instead of medical
   4. Generic market has been increasing so some prices increased but a pharmaceutical manufacturing company in India was closed due to unacceptable quality so prices of generic drugs have increased more.

3. ACA (Affordable Care Act)-Exchange rates are less than expected but benefits may also be less and the members may be allowed to only attend certain selected hospitals

4. Large claims of MUS benefits Plan—YTD between July 1 to March 31 of each benefit year

<table>
<thead>
<tr>
<th>Year</th>
<th># of Claims</th>
<th>Paid Claims</th>
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<tbody>
<tr>
<td>09-10</td>
<td>31</td>
<td>$4.7 MM</td>
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<tr>
<td>10-11</td>
<td>38</td>
<td>$6.4 MM</td>
</tr>
<tr>
<td>11-12</td>
<td>28</td>
<td>$5.5 MM</td>
</tr>
<tr>
<td>12-13</td>
<td>42</td>
<td>$7.1 MM</td>
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2. **Situation:** Elimination of Life-Time Maximums has resulted (on a national basis) in more $5MM to $6MM claims since the insurance companies can’t negotiate down to a (for example) $2MM life-time maximum which had been the standard before ACA. **Possible solutions:** 1) Build up our reserves 2) Buy reinsurance with a $1MM deductible. This situation will affect our reserves and premiums.

5. Per Employee per year expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>National</th>
<th>MUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$9,800</td>
<td>$6,800</td>
</tr>
<tr>
<td>2013</td>
<td>$14,000</td>
<td>$9,900</td>
</tr>
</tbody>
</table>

6. There are lower expenditures due to the efficiency of our MUS plan and educated members.

3. Proposed Incentive and Tier design-Prospective plan offerings

1. Premier Tier
   1. Best benefit level for deductible, copayments, coinsurance and maximum out-of-pocket
   2. Lowest premium
   3. Requires certain activities under the Wellness Program
4. **Year 1: Participatory Program**—mandatory for an employee to attend one WellCheck (and complete an online HRA-Health Risk Assessment form per year); specific outcomes not required only participation.

5. **Year 2-5: Incorporate Health Contingent Program.** In addition to an annual WellCheck other activities, which will earn points to qualify for Premier, will include:

6. Prevention and education of our members to the associated risk linked to our 6 health categories—cancer, diabetes, cardiac, renal failure, orthopedic and neo-natal

7. Nutrition education assessment

8. Stress management assessment and education

9. Physical activity and education

10. Some specific examples include: Physician visit, dental visit, eye exam, flu shot, individual case management, Take Control programs (high blood pressure, weight loss, diabetes, tobacco cessation), workshops/webinars (track who watches), Exercise (fitness activity tracker-Fitbit can be purchased at a WellCheck), Nutrition plus other programs and activities offered by the wellness Program

11. Wellness Program website: [www.wellness.mus.edu](http://www.wellness.mus.edu)

2. **Standard Tier**

   1. Does not require members to participate in any Participatory or Health-Contingent Programs

   2. Default election if fail to meet minimum Wellness Program requirements

   3. Higher deductibles, copayments, coinsurance and maximum out-of-pocket totals

   4. Higher premiums

3. **Other comments & considerations**

   1. Participate in WellCheck: 1st year-employee, 2nd year- spouse, 3rd year-dependent (on the plan) over 18

   2. Tobacco usage—not focused on the first year except to offer a tobacco cessation program.

   3. Communication (email, meetings) to the members about the need to attend a free WellCheck between now and April 2014 in order to qualify for the Premier Tier premium for the benefit year of July 1, 2014 to June 30, 2015.

4. The MUS benefit plan is not just an insurance plan but is offering prevention, wellness and a healthy lifestyle programs which becomes the responsibility of each MUS employee to make a decision:

5. If I actively participate in the listed programs then a lower premium will be available to me (and my family).

6. If I choose not to participate then a higher premium will be incurred.

3. **Vision Benefit**—we became self-insured in FY2013. A couple options being considered

   1. Issue an RFP

   2. Restructure our vision services benefit

   3. Move the vision exam into the medical benefit

   4. Have a hard-ware only benefit schedule
May 6, 2013, Benefits Committee met.

1. Pension and Retiree Task Force had their initial meeting on May 2. Several options and issues will be considered to include:

   • Maintain current arrangement—TIAA-CREF for ORP and four approved vendors for 403(b)
   • Consolidate 403 (b) under one provider
   • Consolidate ORP and 403(b) under single provider

1. All active MUS employees are covered by Montana Teachers Retirement System (TRS) or Montana Public employees Retirement system (PERS) or Optional Retirement Plan (ORP) through TIAA-CREF. These are 401a retirement plans
2. ORP will now be referred to as MUS Retirement Program (MUSRP)
3. 403(b) is an optional/supplemental retirement plan which has four approved vendors
   1. Management/service fees
   2. It is the opinion of several members on the benefits committee that current management fees are rather expensive for these passively managed funds
   3. Expense ratio—comparing a management fee of 1% to .2% may not appear to be a noticeable figure but when spread over 20 to 30 years there is a significant difference in the amount available to the employee.
   4. TIAA-CREF determined that they could decrease their fees by 10 basis points (a 1% decrease is a 100 basis point decrease) because they are moving the shares to a lower cost share class
4. Comparing performance results has shown that actively managed funds don’t provide much better gains than the passively managed funds. Items for the task force to consider
   1. Provide more (pension, options) education for employees
   2. An independent advisor who would review and make recommendations after analyzing several financial/brokerage providers.
   3. Offer more funds but not so many that it becomes too challenging to make a choice
   4. Employee can choose between a Financial provider who offers counseling services which would be more expensive or a lower priced provider which has no counseling services
   5. Offer life-cycle plans
   6. Have the expense ratio more transparent
   7. Provide historical resul

2. Wellness
   1. Wellchecks are going fine with the ISWM approach
   2. Several workshops have been given throughout the state during April
   3. Webinar on May 22 at 12:05…Sitting is the New Smoking
February 21, 2013, IUBC meeting

Wellness Program

- **Cost Drivers:** 95% of our MUS population results in 33% of expenditures. The other 5% of our MUS population results in 67% of our claims/expenditures. The six top Cost Drivers (not in specific order) of these type claims and the management of these include:
  - Cardiac—Take Control Program
  - Cancer
  - Diabetes-Take Control
  - Newborns-Well Baby
  - Renal (pertaining to the kidneys)
  - Other (orthopedic-knees and spines)

- **Contributing Factors to the above cost drivers**
  - Lack of Proper Nutrition
  - Lack of physical exercise
  - Stress
  - Lack of compliance with DM (disease management) programs physician orders, Rx drugs dosage
  - Financial pressures

- **Intervention strategies, provided by the Wellness Staff, include:**
  - Nutrition: provide education, recommendations on how proper nutrition benefits health, dietician services
  - Physical Exercise: raise awareness about the need for and benefits of physical exercise, physical activity counseling

- **Five year strategic plan for Wellness**
  - One of the goals is to minimize the flow of people from the healthy category into the cardiac, diabetes etc. categories (listed in paragraph 1); individuals keep progressing in steps toward a healthier lifestyle.
    - Provide Education- Montana Moves and Meals, Webinars, Live On-campus workshops,
    - Raising awareness-WellChecks, Re-launch & recruitment of Wellness Champions on campuses, nutrition & physical activity challenge of the month, Facebook
    - Gather data-survey, claims data,
    - Implementing activity-Health Club membership with ability to track participation, offer a ‘device’ to monitor activity (walk, run) outside of a gym
    - Begin to build incentives-free Wellcheck /health screenings
    - Assist with implementing improvement in member’s nutritional & exercise habits/practices

- **Actual results of improved quality of life and reduced health care costs**
  - Marinson study-Adults over 50+ had reductions of $2,220 in average annual medical charges with increased activity from 0-1 days per week to 3 or more days per week.
  - Anderson(2005) study -Over a 3-year period there was a difference of $1,543 in costs between physically active and inactive members in the 40+ population
Larson—Noticeable link between physical activity and lower rates of dementia and depression among seniors.

- **Financials, trends and rates**
  - Financials—are currently in good condition with Assets as a % of ACL (Authorized Control Level) at 361% YTD through Dec. 2012. Projected for FY 2013 is 348%
  - Trends are good
    
    | Benefit          | Dec 12 | Dec 11 vs Dec 11 | Dec 11 vs Dec 10 |
    |------------------|--------|------------------|------------------|
    | Medical          |        | 0.2%             | 0.9%             |
    | Rx               | 8.8%   | (11.3%)          | Speciality drugs (arthritis) going up |
    | Combined         | 1.6%   | (1.4%)           |                  |

  - Premium rates are calculated based on the previous 3 years of expenses/claims
  - There are charts which display years of actual and projected expenses compared to revenue. These projected expenses take into consideration just the previous 12 months of claims.

- **FY2014 Changes**
  - Adopt Minimum Essential health benefits per PPACA (Patient Protection and Affordable Care Act)
  - Cover all contraceptives at 100% per PPACA
  - Increase specialty drug copay to $50/$200
  - Allow two free WellChecks per year to non-MAP plan members
  - Allow durable Medical Equipment out-of-pocket costs to apply toward coinsurance maximums
  - No monthly fee ($2.50) for FLEX accounts

- **FY2015 Assumptions**
  - Retiree subsidy—target FY2014 loss ratios of no more than 150% for Non-Medicare and 100% for Medicare retirees.
  - Dependent Subsidy
  - Reduce active subsidy from 65.6% to 60.6%
  - Reduce retiree subsidy from 48.9% to 43.9%
  - Traditional Plan/Managed Care The traditional premiums will be used in measuring whether or not our plan (in 2018) is classified as a Cadillac plan and therefore required to pay a tax

- **FY2014 Projected trend rates**
  - Medical & Rx— 8%
  - Dental 2%
  - Vision 3%
  - Administration-5%

- **FY2014 Medical, dental and vision premium rates**
Medical for Actives--If the state increase of 10% is approved then that additional $73 will offset the preliminary premium increases for most of the active employees. The average premium increase is currently estimated to be less than 5%. MAP increase to $180PMPM

- Dental-Decrees of 4.8% for actives and 11.5% for retirees
- Vision-5.2% increase, self-funding as of this FY13

- RFP announcements
  - Flex administration—will be Allegiance Flex Advantage
  - Life/LTD/AD&D—The Standard

- Interim Work Plan
- Joint subcommittee (Admin & Plan) on pension, Wilshire will assist
  - Campus benefit reps training on March 27 & 28
  - Case Management—MAHCP will terminate the services of Knova on March 31, IUBC will do so also. Knova will notify our members.
  - Disease management: Take Control will which now services our diabetes program will add WellWeight and WellHeart

Example of a Wellness Champion email informing employees of Wellness Program activities—WellCheck, workshops, webinar

There is a team of individuals on each of our campuses called “Wellness Champions”. This organization is part of the MUS (Montana University System) Wellness Program of our Benefits Plan. These are individuals in various departments who will periodically inform their fellow employees about resources available within MUS to maintain and/or improve their health. Some items include:

1. Reminding employees to attend WellCheck on campus (Bozeman March 26 to 29). This is a benefit to you which includes blood screen, blood pressure check, body weight/BMI
2. Offering access to educational and informational resources online:
   1. Wellness Facebook page (www.facebook.com/MUSwellness)
   2. Check out our wellness team and the two new programs they are sponsoring called, “Montana Moves” and “Montana Meals”. Each month there is a health challenge in these areas and you can win prizes if you participate. For January the Montana Meals focus was “Try one new healthy recipe each week. Montana Moves and Montana Meals Blog updated weekly (www.montanamovesandmeals.com)
3. Attend workshops being offered on general health, nutrition and exercise. I’ll email specific titles at a later date.

You will be getting occasional emails from me throughout this next year regarding the above wellness and health items.

You can also contact the wellness team----Kelsey (Wellness Coordinator), Cristin (diet, nutrition) and Neal (exercise, fitness) at : wellness@montana.edu.

January 24, 2013, IUBC Meeting
Plan status

1. Financial redcap - With no funding increase from the legislature for FY14 the projected revenue will equal projected expenses but there will be deficit in FY15.
2. With a 10% increase in employer contribution for FY14 & FY15 the revenue will exceed projected expenses.
3. Reserves - MUS (Montana University System) plan target is 300%. Currently the plan has about 400% in reserves. In December 2013 the Legislative Fiscal Analyst determined that the plan likely had insufficient reserves, if there is no increase in premiums or state share contribution. Other health insurance companies (like the “Blues”) target 500%. A couple PPACA expenses (reinsurance fee) will be funded from the reserves during the next three years.
4. Pay Plan; Proposal is 10% increase to $806 in FY14 and another 10% to $887 in FY15

Looking under the Hood

1. 1% of the members account for 38% of the plan costs
2. 2-5% of the members account for 28% of the plan costs
3. MUS Health Strategies being utilized
4. Wellness Strategies (WellCheck, active Wellness Program) for 85% of the plan members who use 16% of plan costs
5. Disease Management Programs (Tobacco Cessation, WellBaby, WellHeart, WellWeight Diabetes support Program) for 10% of the plan members who use 18% of the plan dollars.
6. Case Management Programs for 5% of the Plan members who use 66% of the plan dollars
7. Focus on personal responsibility to maintain and improve health
8. MUS High cost claims include: Cardiac, cancer, diabetes, Newborn, renal, orthopedic

Wellness Strategies - There is a team of individuals on each of our campuses called “Wellness Champions”. This organization is part of the MUS Wellness Program of our Benefits Plan. These are individuals in various departments who will periodically inform their fellow employees about resources available within MUS to maintain and/or improve their health. Some items include:

1. Reminding employees to attend WellCheck on campus (Bozeman March 26 to 29). This is a benefit to you which includes blood screen, blood pressure check, body weight/BMI
2. Offering access to educational and informational resources online
   1. Wellness Facebook page (www.facebook.com/MUSwellness).
   2. Check out our wellness team and the two new programs they are sponsoring called, “Montana Moves” (exercise) and “Montana Meals” (nutrition). Each month there is a health challenge in these areas and you can win prizes if you participate. Montana Moves and Montana Meals Blog updated weekly (www.montanamovesandmeals.com).
   3. Attend workshops being offered on general health, nutrition and exercise. Examples include Move your Body, Eating for your heart.
4. You can also contact the wellness team Kelsey (Wellness Coordinator), Cristin (diet, nutrition) and Neal (exercise, fitness) at: wellness@montana.edu.

Some Benefit changes for FY14

1. No fee for flex accounts
2. Increase in specialty drug copays
3. Flu shots administered by nursing students
4. Permit 2 free WellChecks per year

Proposed Health club membership and related activities-- This program is still being developed and will continue to be enhanced during the next 3 to 5 years. The first year cost would be funded from the reserve account. A company (Active & Fit) has a network of gyms who participate in this arrangement. Attendance is recorded.

January 9, 2013, Plan Change Sub-Committee meeting.

Reserves

- The legislation doesn’t consider our current reserves to be excessive.
- Costs that may be incurred due to implementation of PPACA could have an impact on our reserves.

PPACA required changes

- PPACA Essential Health Benefits-Can leave day and visit limits but can’t state a dollar limit. Day limits can be extended if a special situation exists.
- Eye Exams: MUS vision plan is self-funded and doesn’t require eye exams but PPACA may require eye exams for children. Leave our plan as is until 2013/14 plan year
- Women’s preventative care/contraception: Generic is available at no cost
- Add 30 day residential treatment benefit for Mental Illness and Chemical Dependence: Suggest case by case assessment rather than a specific benefit, No change

Decided or in-progress changes for FY14 to date

- Flex Admin charge: currently have $1.9M balance so probably won’t need to assess this fee for a few years.
- LTC offering or carrier (UNUM): No change
- Increase specialty copays from $0/$150 to $50/$200
- Flu shots will be administered by ISWM (It starts With Me), with assistance from nursing students: less than current costs
- Permit 2 free WellChecks per year so individuals will be more inclined to attend and a base line is established
  - Incentive could include a reduced premium payment. This may result in a 2-tier payment within each category. Or still have 1-tier and those who qualify would have an amount subtracted from the premium.
Participate in the WellChecks now to possibly receive a gift card this year and also to qualify for the reduced premium during the following health plan year.

Notification would be conducted by email and letters

Proposed Changes for FY14

- DME (Durable Medical Equipment) to apply to coinsurance maximum
- Health Club membership reimbursement ($40/individual and $90/family maximum)
- Two payment models:
  - Reimburse the member
  - Pay the health club PMPM (Per member per month)
- Keep track of visits/activities at the health club. How verify and reward those physically active individuals who exercise/run outside?
  - A couple reasons for supporting the reimbursement of health club dues:
    - A survey indicated that members would join a health club if they had the money.
    - Instead of having the premiums pay for ill health or sickness claims, it can also be used to reward people who are currently physically active and healthy by exercising at a gym.
- The total projected cost will increase the premiums by about 1.5%
- Life/LTD-Addition of an Option 3 term life for $5.00, increases to $600,000 and changes to dependent spouse who can only have ½ the coverage of employee.
- MAP renewal from New West
  - Letter of agreement
  - Members will have a gym membership
  - Drug plan is with MedImpact with a 33% increase but a $2,000 max

December 6, 2012, IUBC Meeting
Some of the issues discussed at this meeting were included in the Plan Change Sub-Committee report

Health Insurance Reform (PPACA) and Healthcare Issues (AON Hewitt presentation)

1. PPACA (Patient Protection and Affordable Care Act)--Under this system ‘everybody’ has insurance/coverage but who pays for it?
2. Family health insurance premiums rose annually between 3% and 13% from 2000-2011.
3. Health risks—There are 8 common risks and behavior (Physically inactive, Poor diet, No health screening) which can cause 15 chronic conditions (diabetes, Coronary Artery disease, Obesity, High cholesterol) which account for about 80% of the cost of chronic illnesses world wide.
4. Possible sources of reducing the deficit— not allowing a deduction for mortgage interest, charitable, state/local taxes and ……taxing of health insurance premiums which are contributed from employer.
5. Reinsurance fee-for 3 years beginning in 2014, Projected amount would be $63.11 per covered life. Explanation: Reinsurance contributions will be used to make reinsurance payments to health insurance issuers that cover high risk individuals in the individual
market (excluding grandfathered health plans) for the three year period beginning January 1, 2014. The transitional reinsurance program is intended to reduce the uncertainty of insurance risk in the individual market during the first three years of operation of the state health insurance exchanges, i.e. 2014 through 2016, by making payments toward high cost cases as a result of adverse selection.

6. House money means House Rules: Possible future items that may be considered—Since the employer is paying all or a portion of the insurance premium the employees may have to quit smoking, have a wellcheck, change/improve their lifestyle.

7. Several other future issues covering PPACA (Patient Protection and Affordable Care Act) provisions.

8. State exchanges-carriers compete, different levels

9. Minimum essential coverage

10. Full time employee equals over 30 hours

Possibility of paying for a portion of a Health Club membership

1. Rewards active individuals who are members of a health club

2. Encourages individuals to join a health club. A wellness survey indicated that the price of a membership is a barrier to individuals who would like to join.

3. There would/could be an increase in the premium, but there are……

4. Long term benefits—healthier members, reduce the increasing costs of health care

November 20, 2012 Plan Change Sub-Committee Meeting

1. Financial Update

2. Trends

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Sep 12</th>
<th>Sep 11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>vs Sep 11</td>
<td>vs Sep 10</td>
</tr>
<tr>
<td>Medical</td>
<td>-2.3%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Rx</td>
<td>-6.9%</td>
<td>-17.8%</td>
</tr>
<tr>
<td>Combined</td>
<td>-3.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Dental</td>
<td>-4.2%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

The trend is still going down, which is desirable.

There have been no large medical claims yet; which have occurred in previous years. Also, the use of generic prescription drugs is increasing which results in lower Rx expenses.

1. Reserves

Our target reserve is 300% ($34,220,000). Due to less large claims, lower Rx expenses the actual reserve is 401% ($41,659,000). However, a portion of these reserves will be needed to pay for PPACA (Patient Protection and Affordable Care Act) costs and other projected expenses.
If we do not get an increase in the state share ($733) for the next two years, then based on projected increases in medical and Rx expenses the plan will have a projected 7% to 15% loss by FY15 and our reserves could significantly decrease.

1. FLEX
2. Issues with PEAK1

There have been reports of documentation to PEAK1 having been lost
Their address is not on the forms

1. RFP

Responses due date is Dec. 3
RFP committee is meeting Dec. 5
Contract finalized Dec. 31 (which may result in a new vendor)

1. MAP New West—rep (Ryan) was present
2. MUS had a guaranteed rate ($140) for three years, which will soon expire,
3. Included in the bid is a membership to a health club which New West pays
4. Rx-Changing to Med Impact with 5 tiers
5. Possibly switch to a calendar year vs the current fiscal/benefit year which may be advantageous to our retired members
6. There are different MAP programs available which offer lower monthly fees, but they also have higher co-pays and/or less benefits.
7. The new monthly premiums (from New West) could go to $220/month

Some Benefit Changes/issues

1. FLEX admin fee to $0 for FY14
2. Rehabilitative & habilitative services—These services could have a significant impact of increased medical claims
3. Eye exam requirements under PPACA—It is possible that individuals could double-dip by submitting expense forms to both EyeMed and Medical.
4. Change under consideration
   1. Incentive Payments for participation in WellCheck—What would be an acceptable and reasonable amount to reduce a members monthly medical premium by a certain amount each month for participating in WellCheck once a year? $5.00 per month or $10 per month or____?
   2. For Basic life/AD&D the plan offers two choices of $10,000 ($1.55/month) and $20,000 ($3.10/month). Possibly offer a 3rd option at $5.00/month.
5. VALIC presentation
6. Propose offering a mutual fund plan to our members vs the current annuity plan
7. Admin plan cost: currently 1.25 basis points vs proposed .48 basis points
8. Total plan cost: current 1.75 vs proposed .88 basis points
9. Can choose from 25 mutual funds
10. Three options for our members who are currently with VALIC
1. Stay with the annuity
2. Keep current money in the annuity and have future contributions placed in the mutual fund program
3. Convert all annuity funds and future contributions to mutual fund program
   f. Comment from committee members after presentation
      1) These proposed basis points are still too excessive
      2) An RFP should be prepared for our 403(b) program
      3) Wilshire could be utilized as an independent consultant

11. Introduce Amy Berry-MUS Pensions
12. She will basically be a liaison between the vendors and MUS benefits & campus HR
13. A letter will be sent to the campus reps. She won’t be a front-line contact to the employees

New benefit for consideration—Health Club Membership

1. PPACA is focusing on preventative health care. Therefore, our benefit plan may consider reimbursing a portion of the participating employee’s club membership fee.
2. There would be a requirement that the employee would be required to actively participate at the health club 2 or 3 or 4 times per week. A system would be established to verify this participation.

September 27 & 28 2012, IUBC Fall Retreat

1. Financials

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Jun 12</th>
<th>Jun 11</th>
</tr>
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<tbody>
<tr>
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<td>Vs. Jun 11</td>
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<td>(11.5%)</td>
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<tr>
<td>Combined</td>
<td>(4.6%)</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

2. Projected shortfalls vs Actual results
   1. Projected a shortfall for FY12
   2. Therefore Implementation of several initiatives for FY11/12 included Plan design changes, Dependent Premium waiver, Dependent subsidy reduction (5%), employee premium increases
   3. Actual medical expenses for FY11/12 were less than initial projected expenses (which had been based on FY10/11 medical expenses); Therefore the plan was able to contribute money into reserves.

3. Reserve target
   1. Keep it between 300% to 350%
   2. Currently reserves are 378%
   3. Expected future medical related expenses/issues will/could reduce this reserve to less than 350%

4. GASB
1. Calculates forecasted future health care liability for retirees based on the members today
3. Significant decrease due to:
4. Prescription Drug claim experience--$67.7MM decrease
5. Medical claims experience--$15.5MM decrease
6. Spouse contribution changes--$19.9MM decrease
7. But an increase of $19.9MM due to elimination of lifetime max due to PPACA
8. Strategic Planning
   1. Promoting an increase of employer contribution, which is currently $733
   2. Retiree Planning
   3. *MAP-Projected rate increase from $145 to $180/$220 in FY2014
      * MAP could discontinue in 2 years
      * PPACA Cadillac Plan (applicable to medical rates not vision or dental)--Effective 2018
         * $10,200 limit per year for single
         * $27,500 limit per year for family
         * Employer (MUS) pays 40% over the limit as penalty
         * An 8% increase in MUS single rates between now and 2018 will result in those rates exceeding the Cadillac plan limits
         * PPACA dictates that by 2018 the family premium rates must be 2.7 times a single rate. Currently MUS family rates are 1.7 times the single rates. Therefore the family rates would have to be increased by an average of 11% each year to reach the 2.7 times per PPACA requirements; unless some changes are implemented.
9. RFP (Request for Proposal) Roundup
   1. FLEX—
   2. RFP in 2 weeks
   3. Admin fee-Plan had paid this fee ($2.50/month), this fiscal year the employees are paying it, Propose to not have members pay this fee for Fy13/14
   4. RFP being completed for Life/LTD/ADD
   5. Future RFP’s—403b (supplemental retirement account)
10. Employer Clinics—Report from State of Montana and CareHere
    1. Results from state health screening indicated health problems in:
    2. High blood pressure
    3. High cholesterol
    4. BMI
    5. Diabetic
    6. Payer is employer; Patient is employee; Provider is Medical Doctor
    7. RFP required that three services be provided by the Work Site Health Center
    8. *Administrative/Management services
       * Medical service….some same-day services
       * Wellness and health coaching (dietician, behavioral, nurse)
          1. Four Pillars of Long term cost containment
             * Core Health Care Plans
* Employee wellness and engagement—get employees more involved
  * Comprehensive care management
  * Best purchasing practice

2. Benefits to the state employees (and University system, if implemented)
9. More patient focused—Allows more time with provider/doctor to cure/solve medical problems, 20 minutes vs 6 to 7 minutes
10. Improves quality of health care to employees
11. Reduce claims cost and savings on lab tests
12. Recruitment of new employees
13. Wellness program
14. Medical records
15. Kept confidential at Health Center
16. Provide some data aggregation to MAHCP (Montana Association of Health Care Purchasers)
17. Current status of health center for state
18. Waiting list of 3 weeks
19. Adding doctors and extra hours
20. Future expansion sites being evaluated for Miles City, Billings, Bozeman, Missoula

8. Wellness Presentation
1. Mission is to help our plan members stay healthy by
2. providing and incentivizing preventative health screenings,
3. health lifestyle education and support;
4. disease preventative/management programs
5. Objectives
6. Wellness education
7. Create opportunities for employees to participate
8. Endorse healthy habits
9. Help participants to reach their health and fitness goals
10. Meet objectives
11. Communicate with traditional, Socia, video media
12. Incentive strategies
13. Wellness Champion program
14. Wellchecks
15. Education
16. Montana Moves/Montana Meals
17. Full time dietician and trainer

September 18, 2012, Plan Change Sub-Committee

1. FLEX Plan Administration
   1. MUS had been sending a flat amount of $100,000 per week to cover cost of claims and administration.
2. A reconciliation of these advances vs actual claims had not occurred for some time. Therefore, approximately $1.4MM was in the account.

3. Proposal--MUS pay the administration fee ($2.50/month) for FY13/FY14

2. Certified Professional Midwives
   1. The letters from Sara Rushing (MSU Faculty Advocate) and Stacey Haugland (CPM) promoting the benefits and advantages of CPMs were presented and discussed
   2. Other items and issues regarding CPMs were presented which included:
      1. No degree is required for a CPM
      2. CNMs have access to hospital services but CPMs do not
      3. CNMs don’t provide in-home birth services due to liability
      4. CPMS don’t carry liability insurance
      5. The MUS benefit plan would be liable if a child dies during CPM home birth
      6. Neither Montana Medicaid nor BCBS cover CPMS
      7. PPACA doesn’t cover CPM home birth but does cover CNM
      8. A chart was presented which compared the education and certification requirements of CNM (graduate degree required) and CPM (no degree required)
   3. It was decided to not include CPM home birth in the MUS benefit pla

3. Day/dollar Limits
   1. Day/dollar limits are not permitted on essential benefits
   2. This includes (page 7) Mental Illness services and Chemical Dependency
   3. The maximum of 30 days/year of 40 visits/per must be removed
   4. These day/dollar limits do not apply to non-essential benefits (yet), which include (page 8) Rehabilitative, Complementary, Extended Care services

4. LTC (Long Term Care)
   1. Our consultant Aon told us there is no indication that UNUM will not leave their existing LTC business
   2. Our existing policy with UNUM is with a rate guarantee and can’t be canceled as long as the policies are paid.
   3. If MUS chose to discontinue the group policy with UNUM then the current participants could remain with UNUM and keep same rates and coverage.
   4. The policies don’t have a cash surrender features

5. Plan Structure--Consider regional rates?
   1. Can we administer it?
   2. Offer different rates to people by region?

6. Plan reserves
   1. Target ratio of General Reserves to Authorized Control RBC (Risk Based Capital)=300%
   2. Total Adjusted Capital relative to RBC ACL (Authorized Control Level) = 378%

7. PPACA (Patient Protection and Affordable Care Act) requires self-insured health plans to pay two assessments
   1. Comparative Effectiveness Research Fee: $1.00 per covered life per year for 2012/2013, = $18,000. Then $2.00 in following years == Estimated $18,000 + $18,000
2. Transitional Reinsurance Program: $80.00/ covered life/year == $1,440,000
3. Required reserve to cover PPACA Assessments = $1,500,000

May 9, 2012 the Benefit Committee met. Participants in Attendance: Connie Welsh, Dennis Defa, Frank Kerins, Doug Young, Ken Hapner, Don Mathre, Bob McKenzie, Rachel Rockafellow, Jim Mitchell, Ron Brekke. Connie Welsh (Director of Benefits) was the guest speaker. She presented and discussed the following items:

Communication

- MUS Benefits is working to redesign the benefits website. The goal is to enhance the website so that any relative and new Benefit-related information will be available for viewing on a regular basis. This will be in addition to presenting the Benefits Plan once a year during the annual CHOICES sign-up.
- If there are any issues with the performance of a vendor (such as Delta Dental, Eye Med, Allegiance, BlueCross BlueShield) then the following reporting procedure is suggested:
  - Initially contact the campus Human Resources or a Benefits representative from Staff Senate;
  - The Montana University System (MUS) Benefits office in Helena (on the back of the CHOICES handbook)

HIPAA requirements and communications with advocates

- “Covered Entity” – These are groups and individuals who are authorized to talk to members about their specific and personal medical situation. This would include the three areas of treatment, payment and operation. This group includes the campus HR and the Benefits office in Helena
- HIPAA waivers-If the member initiates the conversation, then it is also acceptable to bring these issues to the attention of the Benefits rep (at Staff Senate) and/or Benefits Committee. If the answer is not known at that time then the rep or the member can contact the Benefits office in Helena. In general, the rule of thumb is that if the member wishes to have information about their personal medical situation communicated to any third party, the member must tell us who is authorized to receive it.

Assignment of Benefits

- This is where the patient authorizes insurance benefits to be paid directly to the provider rather than to the patient. This is usually indicated on a form which the patient has signed agreeing to have any payment, which is due from the medical plan, go directly to the provider (doctor, dentist, hospital). This type of arrangement is preferred by both the medical plan administrator and provider. The members sometimes do not realize that they have signed this type of form. Most of us are used to having payment transferred in this manner and do not generally expect the insurance benefits to be paid directly to us.
- A potential problem occurs when the patient pays the provider at the time they receive services (a common example is a dentist) and then submits a form to be reimbursed. The administrator (Delta Dental) sends the check to the provider because most payments do
go to the provider. This then requires the doctor to turn around and refund money to the patient, which is generally frustrating for both the doctor and patient. The easiest way to avoid this is to indicate that the claim should be paid to the patient when the claim is filed.

- Another problem could occur when a procedure is miss-coded, which affects the reimbursement amount.

Delta Dental issues—reimbursements not being set in a timely manner or not the correct amount

- A (self-audit) service level report was provided from delta dental for 2011
- Results included--Financial Accuracy = 99%; Average number of days to pay claims = 3.7 days
- Separately, the Legislative Auditor conducts an audit of claims administrators for the MUS plan every two years. This is prepared by an independent firm hired by the Legislative Auditor and reported to the Legislature.
- Based upon the number of complaints received from members (at Staff Senate and the Benefits Committee on the Bozeman campus) there appears to be a discrepancy between the reported annual service levels vs the experience of our Bozeman members. MUS benefits asked that the benefits committee and staff senate assist them in researching the issues by noting specific complaints and the situations they arose in. They will continue to work with Delta to improve service and will also continue to ask other campuses what their experiences are. The specific information will help them to diagnose and correct problems.

Alternate IDs instead of SSNs

- SSNs are required federally (Medicare) and must be collected by MUS benefits for every member on the plan (including dependents). It must also be provided to each plan administrator as part of the eligibility information for Medicare auditing.
- MUS benefit needs to obtain the member’s SSN, but does not permit it to be printed on any medical cards.
- Claim system capabilities/challenges of plan administrators
- Each plan administrator collects the SSN within their claims and eligibility system. (see a.)
- The administrators also typically have a unique identifier for each individual within their eligibility and claims systems. There is no standard for what the identifier should be (i.e. how many characters, alpha or numeric, other characters, etc.) So, each administrator could have a different computer system than another administrator and they use completely different identifiers.
- The plan must have a way to ensure that a member’s eligibility and enrollment data is correctly attributed to the participants, that claims pay correctly, and make sure benefits are paid correctly among multiple administrators and often multiple years.
- It might also be necessary to have a different alternate number for each family member
- The MUS system has a block of numbers set aside for alternate numbers but that block does not have the capacity to handle alternate numbers for all 18,000 members.
403(b) and ORP (Optional Retirement Plan)

- 403(b) current financial retirement management companies—Metlife, Valic, TIAA-CREFF, ING
- There is the option of continuing with the current companies or submitting an RFP (Request for Proposal) to consider and add other companies/vendors. Two of the reasons for this consideration are:
  - Offer our members more options. The current vendors don’t offer as many funds to choose from as other vendors (Wilshire, Vanguard).
  - The historical rate of return is lower when compared to other funds according to some members, so we need to look at the market periodically
- Currently IUBC is responsible for pension matters also. We may want to look at an Investment Advisory Council, or some other expertise.

ORP and TRS (Teachers Retirement System)

- Most of the current and new faculty/professors are paying into the ORP
- However, there is a financial gap (unfunded liability) in TRS as a result of the university system pulling out of the system and into ORP. To fund the ongoing costs incurred by university employees who are still in TRS and drawing benefits, there is an assessment
- Therefore an amount equal to 4.72% of payroll for the MUS ORP members goes to TRS to fill this gap. This funding is not available as employer match for ORP retirees and they will not receive nor have access to this money when they retire.
- Members expressed concern that this arrangement is detrimental to hiring and retention
- The amount of employer matching money from MSU is low when compared to contributions (matching funds) provided by other universities in our western region.
- Questions: How much is still owed to fill this financial gap? Doesn’t the University owe this money, instead of taking it from the MUS match? (Currently it shows up as a deduction on paychecks when in reality they are university system funds which are just calculated as a percentage of payroll.)

April 11, 2012 MSU Benefits Committee met.

New Business

Spring 2012 WellCheck

- Some of the members were asked for their ID and others were not at the sign-in desks.
- Some of the members expressed their interest in having the vendors present
- Providing a SSN as ID is questionable. Dennis Defa indicated that SSNs should only be used for payroll and tax purposes. See item #4
- Frank Kerins talked to the CEO of ItStartsWthMe about getting more members signing up for these health screening sessions.
- Another Employee WellCheck is scheduled for May 24 at the SUB.

Certified Professional Midwives (CPM) and Certified Nurse Midwives (CNM)
• CPMs are experts in physiologic birth and are trained and primarily practice out-of-hospital (home and birth center settings). CPMs are not currently covered by our medical plans. This is basically due to safety and liability reasons.
• CNMs are trained for hospital and birth center deliveries. They are not specifically trained for homebirths. CNMs are covered by our plans but are most likely out-of-network.
• These issues (CPM, CNM) will be presented to the IUBC Plan Change sub-committee. Any changes, which might be implemented, would not occur until the next plan year.

Delta Dental issues

• Complaints (reimbursements not being sent in a timely manner and/or being sent to the dentist instead of the patient) mentioned at the Staff Senate were discussed. An email has been sent to the Benefits office in Helena. See paragraph c
• A member mentioned that 2 of the 3 reimbursements he had received were not the correct amounts, but he did eventually receive the proper payment.
• Updated information—An email has been received from the Delta Dental rep:
  • Indicating that he has been made aware of these complaints and has requested a service level report to be provided.
  • Suggesting that the enrollees contact the Employee Benefits office (Benefit tech in HR on the Bozeman campus) with an explanation of the issue, date of service and claim information. If the Benefit tech is unable to provide an answer or obtain a resolution then the issue will be referred to the MUS Benefits Office in Helena.

Old Business

Alternate ID vs SSNs for MSU Benefits - Our medical cards use either a SSN or the last 4 digits. An alternate number can be obtained from Human Resources. It has been suggested that banner numbers could also be used for all members in the Montana University System.

Retirement providers-- Discussion of modified 403(b) and/or ORP

• New RFP (Request for Proposal) will be sent next fiscal year regarding investment providers.
• The issue was raised about the difficulty of getting funds from one of the managed 403(b)s.

March 21, 2012 update from Staff Senate meeting:

1. The CHOICES handbook should be mailed the first week of April.
2. Enrollment for CHOICES benefits is April 16 to May 16.

February 22, 2012 Inter-Units Benefit Committee meeting

1. Financials—
Based on current projected revenue and claims it is calculated that contribution to reserves should be $7.0MM.

However, there is always the possibility that the plan could incur some unexpected large claims in the future. For example, there are a couple recent large claims of $1,000,000 plus which haven’t been processed and paid yet.

2. URx-The URx plan began in July 1, 2010

The monthly Per-Capita (annualized) claims cost when comparing December 2010 vs December 2011 is -11.3%.

3. Funding vs Expenses

- Projected FY13 claims and revenue is currently looking good….small increase in premiums.
- Projected FY14 claims and revenue (based on current $733/month) is not looking so good….3% to 10% increase in premiums.

4. Miscellaneous Financial Data

- Large claims over $100,000—last year had 22 at this time of FY11 vs 16 YTD for FY12.
- Admissions in hospital per 1000 members/Year dropped from 55 to 50.
- Elective surgery—It is possible that this type surgery is not being performed due to the recession; but it may surge in a few years.
- Scripts—some drugs which had been expensed thru the medical plan are now being listed thru the URx plan. This could be the reason for the increase in scripts. Also, more script utilization now may help reduce future medical expenses.

5. FitKik System is being reviewed and considered.

- It was designed to provide employees with a simple, engaging and motivating way to a healthier and more active lifestyle.
- A small device called an ActiPed that can be clipped onto any shoe and it tracks a user’s activity.
- Remote access points (at different locations on campus) can upload the user’s activity information (miles) as he/she walks by an access point.
- ActiPed knows the difference between general movement, walking and running and is able to accurately measure number of steps taken, calories burned, active minutes and miles burned.
- This information is then sent (wirelessly and securely) to the user’s personal FitKik web account.

6. Long Term Care (LTC)—UNUM

- UNUM recently announced that it was ‘exiting’ the group long-term care business for coverage of new groups.
• UNUM will still continue to offer LTC to new employees of the Montana University System (MUS) and service our group as normal.
• It is making this change due to lower investment returns and higher than anticipated payouts due to longevity and rising costs.
• This program functions as an annuity—if a person or group walks away then all money previously put into it and any benefits will be forfeited.
• All long term offers are risky because costs can’t be controlled. MUS will continue to monitor the status and health of UNUM and the LTC product.

7. Plan Change Update

• Hearing aid and Cochlear Implant—Not offer it
• 19 states have some hearing benefits—17 for children and 2 for adults,
• MUS hasn’t had much interest or request from members
• Generally it is not offered by other medical plans
• Annual Dependent Subsidy Adjustment—This is projected to be less than 5%
• Flex Admin Fee—Charge $2.50/month
• Several years ago members were charged a Flex Admin Fee.
• During the past few years that fee has been paid by forfeitures. However, members are using their money in Flex instead of leaving it in that account, so the monthly charge needs to be reinstated.
• Flex adoption benefit—Members can put up to $12,650 into this program for adoption expenses during the 12 months of the medical plan. But this money will be forfeited if it is not spent for adoption related costs.
• Communication Plan—An introduction letter from our Traditional and Managed Care administrators will be included in the FY13 Benefits packet

8. FY2013 Changes

• Managed Care Plans
• Add acupuncture/naturopathic benefit
• Change “Alternative Care” to “Complementary Care”
• Add bariatric surgery benefit
• Add travel benefit
• All Plans
• Provide breast pump to new moms
• Cover generic oral contraceptives at 100%
• Discontinue offering colon cancer screening kits
• Dental Plan
• No change in dental rates
• Update fee schedule for diagnostic and preventative codes
• Premium—Add diagnostic and preventative (cleanings) code waiver from applying to annual ($1,500) maximum
• Program changes
• Terminate QCC Oncology program
• Replace Peak with First Choice and New West with Pacific Source.  (Updated status as of early March—The timing of First Choice’s acquisition and merger relative to the MUS rating period did not permit sufficient time to have their provider negotiations finalized so that we could reflect the total picture in our rating process. Therefore, it was recommended to not offer First Choice during FY12-13. We will talk to them later in the year when they have completed their provider contracting and analyze how their network would serve the MUS in the future. It was also recommended that the 57 existing Peak plan participants be defaulted into the (lowest cost) BCBS managed care plan).

• Wellness Budget—Set at $796,349
• Dependent Premium Waiver—Earmark $100,000 for Hardship Fund
• Vision Plan—
  • Becomes a self-insured program with benefits staying the same
  • Rates decrease by 11.5%

9. Projected trends for FY2013

• Medical and Rx === 9%
• Dental === 2%
• Vision === 3%
• Administration === 5%

January 26, 2012Inter-Units Benefit Committee meeting

1. Financials—

1. Based on current projected revenue and claims for FY12 it is calculated that contribution to reserves should be $2.9MM.
2. For FY13, if there are no changes to benefits, rates, dependent subsidies, etc., projected net income/loss is a negative $1.3MM to $4.9MM; depending on claims.
3. $10MM from reserves has been invested in longer term (6 months to 1 Year) investments thru the State Board of Investments

2. Health Care Reform (HCR) Excise Tax—

1. This excise tax on “Cadillac Plans” is based on the medicalrates which are charged to the employee (and dependents).
2. The employer/MUS benefits plan is responsible for paying this 40% excise tax (in 2018) on excess amounts over the thresholds for a year of:
3. $10,200 for a single employee
4. $27,500 for an employee plus dependents
5. The single rate/premium will exceed the $10,200 limit in 2018 based on an 8% annual increase in Traditional medical rates/premiums for employee only
6. The Family (traditional) projected rates won’t exceed the limit until 2025
7. One of the reasons for this possibility occurring is because the Employee Only is being ‘overcharged’ while subsidizing the member and family.
3. URx- The URx plan began in July 1, 2010

1. It is a pleasant surprise that the plan is still experiencing reduced costs
2. Members are calling Ask-a-Pharmacist to determine the ‘best’ drug after they have received their doctor’s recommendation
3. Pharmacy companies have been told to reduce their drug cost to Medicare patients by 50%. Therefore, it is forecasted that other plans (MUS Benefit Plan) will have their drug costs increased.
4. Members are continuing to migrate to lower cost tiers. Tiers A & B now account for 79.6% of scripts vs 68.7% in 2009

4. Managed Care Plan Offerings-

1. Pacific Source in lieu of New West as our third party administrator, until at least June 30, 2012. They are very interested and can work with our current providers and maintain the discounts. Connie will visit them
2. First Choice is a third party administrator located in the Seattle/Spokane areas. MUST (Montana Unified School Trust) utilizes them. MUS may utilize them at some time in the future.
3. Plan offerings:
   4. Could be reduced by eliminating one of the administrators or
   5. Continue with four administrators to allow for more competition

5. Consider Self Funded Vision plan

1. 60% of the members are enrolled
2. Low risk since there are no million dollar claims; only $100 to $200 claims
3. Network remains the same-benefits, vendor, network
4. Estimated annual savings of about $100,000
5. IUBC could add more optometrists

6. Wellness Program—

1. Health Screening: Comprehensive biometric tests could cost $350 from a doctor and about $100 when conducted at our Health Screening during WellCheck
2. Proposal to offer one free health screening at WellCheck per member (and spouse)
3. Proposal is to have the members receive a health screen in FY13. Then when they receive a health screen in FY14 they will receive a $5.00 (plus $5.00 for spouse) discount per month from their medical premiums.
4. A risk analysis can be conducted on this data and has the potential to assist in reducing future health care expenses.

7. Plan Change Recommendations --
1. Recommend terminating the QCC (Quality Care Choices) Oncology Program with Billings Clinics as of July 1, 2012. No new members will be enrolled into the program after March 1, 2012.

2. Complexity of managing the program-MUS and the Billings clinic were not able to manage the program as effectively as originally planned,

3. The pricing of this program was higher than expected

4. Waive of deductibles and co-pays was more than expected

5. It was not possible to accurately quantify results

6. The infusion program with Walgreens will continue

8. Recommend discontinuing offering the colon cancer screening kits.

1. Vendors responding to the Wellness RFP (Request for Proposal) indicate that it is not recommended.

2. No longer industry standard; not very effective

3. Costly since individuals aren’t returning the kits

4. PPACA is including colonoscopy as a preventative requirement

5. Preventative screening is best

9. Recommend changing the funding mechanism for the vision program from fully-insured to self-insured.

1. Number of members-Yes, MUS has high enough quantity of members

2. Risk—there is some financial risk but history has shown that it would be negligible,

3. Potential for savings-yes; Data from July 2010 to June 2011 indicated about $100,000 savings

10. Recommend not re-bidding the auto/home insurance coverage contract.

1. There is some enrollment at Kalispell but if this benefit were not provided it is still offered from alumni associations

2. This type of coverage is not a group product - there is no single premium because each individual has different considerations which affect the premium

3. Members which are currently enrolled can continue their coverage which will be deducted from their paycheck

4. The Benefits committee won’t have to do anything since each campus will handle this ongoing deduction

11. Add acupuncture and naturopathic benefit to the managed care plan offerings. It will be limited to $25 per visit and 15 visits per year.

1. It will be in addition to the chiropractic benefits currently in place.

2. Can provide long term health benefits

12. Change ‘Alternative Care’ category name to ‘Complementary Care’.
1. Add bariatric surgery benefit to managed care plans.
2. Covered procedure limited to lapband and Roux-n-Y bypass.
3. Potential candidates must qualify
4. Psychology testing in Missoula, Billings or Great Falls
5. 3 month strict program—must lose 10% of weight to be eligible for surgery, and visit one of the three medical centers
6. There is after-surgery care
7. Total cost is about $20,000 per person
8. Individuals have a better quality life and lower health care costs due to reduced possibility of becoming diabetic and other medical problems associated with obesity
9. Add Travel benefit (other than for transplants) to managed care plans
10. Cochlear implants—for FY13 initiate a pilot program to determine price and utilization ($75,000 maximum benefit)
   1. Actual cost is about $50,000
   2. Other developments of child can be impaired
11. Cover generic oral contraceptives at 100% of allowed cost.
12. Enhance Well Baby Program by providing a breast pump for new moms.
13. Continue Dependent Premium Hardship Waiver Pool for FY13 and set aside up to $100,000
14. Dental Benefit changes
   1. Waive the diagnostic and preventative benefit costs (two cleanings per year) from applying to the $750 and $1,500 yearly maximums
   2. The idea supporting this proposal is that when the maximum is reached then the family may forgo the cleanings. Less than 5% of members reached the maximum in 2010/2011.