

Health Benefit Review Recommendations

Overview

The most recent review of the UI health benefits structure for faculty and staff was conducted in 2009-2010. Since then, a number of changes have occurred in the health care industry and in federal legislation. Within the UI environment, the most recent change is the transition of AFSCME covered Merit staff to UI self-funded health plans. Given these factors, University Human Resources (UHR) led a review of health plans.

The review focused on developing our benefits philosophy, guiding principles, and a plan design strategy that provides high-quality health benefits to support recruitment and retention of faculty and staff, and is financially sustainable for the institution. A specific area of focus included the potential need for a second health plan option at a lower premium.

Review process

The review process began with the formation of a campus advisory group that included broad based representation from faculty and staff shared governance, specific staff groups and key stakeholders. (see Appendix for advisory group membership)

The advisory group began meeting in November 2017 with monthly meetings through 2018. Initial work of the group focused on the development of guiding principles for the review process. Additional evaluation focused on a review of health plan data, both historical and present state. Aon, the actuarial consultant contracted to assist with the review, provided information on benchmark health plan design and actuarial modeling of potential changes including a second health plan option. The Funded Retirement and Investment Committee was consulted throughout the process.

Feedback from campus obtained through a health benefit survey to all benefit eligible faculty and staff further informed the process. Survey results indicated a high satisfaction with current plan design and a desire for more than one option for health coverage. (see <https://hr.uiowa.edu/health-benefit-review-survey-results-summary>)

Guiding Principles

The advisory group developed the following guiding principles and used them throughout the review process for the identification of recommendations.

- Promote choice, flexibility, accessibility, and inclusiveness for employees and their families in responding to their health needs.
- Emphasize quality and value in plan design.
- Be recognized by a majority of potential and current employees as competitive health benefits in comparison to specific peer groups.
- Promote positive behaviors by employees relative to personal health and well-being.
- Design plans for ease of use by employees; ease of administration by the university.
- Recognize and balance the role of the university as an employer, provider of health care services, and an educational institution for health professionals.
- Offer competitive benefits that support the recruitment and retention of faculty and staff;
- Offer competitive benefits that have comparable (to peers) cost sharing between the employee and UI.

Case for Change

The recommendations take into consideration a large amount of complex information that can be distilled into two themes that support a case for change in the university's health benefit design.

- Per the faculty/staff survey, employees are satisfied with current offerings and have desire for a choice in plan options to meet specific individual/family needs.
- The university is focused on offering quality health benefits that provide flexibility and choice while being financially sustainable for the individual and the institution.

Supporting information includes:

- Based on higher education peer and geographic labor market peer comparison:
 - Peer organizations provide options for coverage vs. limiting choice to a single plan design.
 - Options among peers differ on network design, premium structure, employee cost-share, and plan design.
- The Affordable Care Act (ACA) excise tax is a consideration. Beginning in 2022, high dollar health plans will be "taxed" at 40% (institutional cost). The national landscape regarding the ACA, specifically the excise tax, remains uncertain. University Human Resources continues to monitor this issue on an on-going basis.
 - According to the most recent plan review, the UI Choice Employee Only health plan is projected to meet the excise tax threshold as early as 2023.

Recommendations

Through continued discussion, review of all relevant information, and the use of the guiding principles, the advisory group developed a set of recommendations that focused on plan efficiency, plan options, premium cost share, plan design, and access to care. The advisory group also noted that it was important to maintain high quality health plans that support well-being, prevention, condition management, and education of participants. Additionally, while the advisory group initially reviewed both the medical and the dental plan, it decided to pursue recommendations related to the medical plan only. Last, the advisory group provided a recommendation related to the use of potential cost savings generated from implementation of these recommendations.

Plan Efficiency

1. Pursue an RFQ for a Pharmacy Benefit Manager vendor as a financial efficiency measure.
2. Continue to consistently review new opportunities for plan efficiency related to plan administration.

Access to Care

1. Aim to ensure reasonable and timely access within the designated network(s) of quality providers across plans.

Plan Options and Design

1. Expand the choice of health plan options for employees by offering distinct options for medical plan coverage.
 - a. Provide a lower premium cost medical plan option. This option's design would be aligned with higher education benchmarks and geographical benchmark comparisons as they relate to out of pocket costs and other identified design features.
2. Utilize specific provider networks across medical plans where feasible and appropriate.

Premium Cost Share

1. Double Spouse Family Option
 - a. Maintain a free Double Spouse Family option for premium cost share between the employee and employer in a new lower premium cost medical plan.
 - b. Transition to a discounted Double Spouse Family option for premium cost share between the employee and employer in the current plan (UI Choice) that is set at the following levels:
 - i. 5% employee cost share in 2020; 10% employee cost share in 2021 and beyond.
2. Employee Only Option
 - a. Maintain a free Employee Only option for premium cost share between the employee and employer in a new lower premium cost medical plan.
 - b. Transition to an Employee Only cost share that is similar to other family status options in the current plan (UI Choice) and set at the following levels:
 - i. 5% employee cost share in 2020; 10% employee cost share in 2021 and beyond.

Potential Savings

Last, the advisory group provided a recommendation related to the use of potential cost savings generated by the implementation of these recommendations. Funds should be redirected to support faculty and staff covered by the health plans. Options to explore include:

- a. Faculty and staff well-being and preventive health services
- b. Financial assistance for out of pocket costs associated with catastrophic illness for those employees with demonstrated need
- c. Cost control of fringe rate expenses to allow for greater salary increases

The evaluation of these recommendations should be on an on-going basis. It is recommended that an annual summary report on progress and overall impact be provided by University Human Resources to the Funded Retirement and Insurance Committee.

Appendix

Advisory Group Membership

Joni Troester
Committee Chair, Assistant Vice President for Total Rewards, University Human Resources

Cheryl Reardon
Chief Human Resources Officer, University Human Resources

Rebecca Olson
Director of Benefits, University Human Resources

Susan Klatt
Director Financial Management and Budget; University Secretary

Jon Garfinkel
Funded Retirement and Insurance Committee, co-chair for faculty; Professor of Finance, Tippie College of Business

Nancy Davin
Funded Retirement and Insurance Committee, co-chair for staff; Administrative Services Manager, College of Medicine

Katherine Tachau
Funded Retirement and Insurance Committee, faculty member; Professor of History, College of Liberal Arts and Sciences

Michael Schueller
Funded Retirement and Insurance Committee, staff member;
Assistant Director of Environmental Operations, State Hygienic Laboratory

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Jana Wessels
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Daniel Fick
Campus Health Officer

Julie Hostager
Support Staff, Office of Student Financial Aid, Merit staff member

Quintin Bryant
Clerk IV, Engineering Services, UI Health Care, Merit Staff Member

Barbara Van Gorp
Clinical Specialist, Rehabilitation Therapies, UI Health Care, SEIU staff member