

Retiree Health Task Force Minutes - January 16, 2008

The University Retiree Task Force Committee met on Wednesday, January 16, 2008, in the Human Resources Conference Room.

Members in attendance: Donald Adams, Robert Hoehle, Lon Larson, Kenneth Miller and Avis Shuck. Others present: Vicky Payseur, Mark Becker, Brenda Plantz, Gary Johnson and Marlene Heuertz. The meeting began at 2:00 p.m. with introductions.

Overview of Current Situation

Drake benefits consultant, Mark Becker, presented an overview of the current situation: prominent medical clinics no longer desire to accept some Medicare Advantage Plans. He indicated that both doctors and hospitals are not bound to accept Medicare plans/participants.

Accordingly, many Iowa Clinic physicians reject to Medicare being implemented in the private sector via Advantage Plans, and dislike being subject to insurance companies. Frustrated with administration costs, The Iowa Clinic physicians have taken a stand on principal. The Iowa Clinic has, however, agreed to continue providing service to Drake's participants in the Humana PFFS plan through December 31, 2008.

Des Moines Orthopedic Surgeons have also rejected various Medicare Advantage Plans. Unlike The Iowa Clinic, however, DMOS has not agreed to extend coverage to Drake's Humana participants. K. Miller indicated that Humana participants would be denied service because DMOS couldn't receive full payment from Medicare participants. M. Becker agreed to research this issue.

Review of Medicare/Medicare Advantage Plans

Benefits consultant, Mark Becker, reviewed Medicare, Parts A, B, and D. He also reviewed three types of Medicare Advantage Plans:

- 1) Private Fee for Service Plans (PFFS) - Drake's current plan
- 2) Preferred Provider Organizations (PPO)
- 3) Health Maintenance Organizations (HMO)

M. Becker indicated that the current fully-funded Humana PFFS Plan has served Drake retirees well. He encouraged members to pursue another fully-funded group plan for legal protection and leverage.

M. Becker asked committee members to consider two questions:

- 1) Does Drake need to make a change in providers/plans?
- 2) If so, what options exist?

M. Becker indicated that because Drake retirees are enrolled in a group plan, they are not required to make a change prior to March 31, 2008. Thus, Drake could make a plan change at any time during the year.

M. Becker then presented the following options to members:

- 1) Members could select traditional Medicare coverage - Parts A, B and D.
- 2) Members could continue coverage under a PFFS Plan.
- 3) Members could select an HMO Plan.
- 2) Members could select a fully-insured supplemental plan, providing choice to retirees.
- 3) Members could select a Medicare Advantage PPO plan with a local network.

M. Becker suggested that the Task Force provide choice to Drake's retirees. If a choice is presented, the following factors will apply:

- 1) Increased administrative burden to Drake
- 2) The need to educate retirees about the choice
- 3) Probable cost increase to retirees and Drake

M. Becker suggested that Drake University conduct a Request for Proposal (RFP), soliciting options from various vendors in order to allow participants choice. If Drake were to conduct an RFP, he indicated that because United Healthcare, Wellmark/BCBS and Humana have a strong presence within the state of Iowa, they would present the best alternatives for Drake retirees. M. Becker stated that the committee members must be good stewards, and make the best changes for the lowest possible cost.

Member Questions/Concerns

K. Miller: Will providers ultimately reject the PPO Plans? M. Becker: More dollars are attached to PPO Plans, allowing hospitals to increase their revenues. Most likely, most hospitals will continue to accept Medicare Advantage PPO Plans. M. Becker also indicated that while all clinics and hospitals should accept Medicare supplement plans, they may not be recruited into the PPO plans.

K. Miller: What is the difference between Drake's current plan and the Humana PPO plan which is offered to individuals at no cost? M. Becker reported that the PPO Plan requires the use of network providers, and that Humana's current list of providers is limited. He also indicated that the Humana PFFS Plan offers increased coverage.

D Adams: What if additional clinics discontinue accepting the current Humana Plan? Can we have a quick solution? V. Payseur suggested the task force consider June 1st as the earliest possible effective date, in order to provide enough time to make the best decision. M. Becker suggested that we provide a range of possible effective dates to the vendors in the RFP; that Drake may have to abide by a January 1, 2009 date due to possible CMS requirements. He will research this issue.

D. Adams: How transparent can the Task Force be? He indicated that retirees will want to know what is happening; that there are many different options in the market.

K. Miller: Why does private insurance pay more than government-sponsored insurance? Does Drake's active plan pay providers more than the Humana plan? M. Becker explained how provider networks are established and leased to insurance companies. L. Larson reminded task force members that Humana was initially selected due to the financial burden on Drake University. He also noted that additional alternatives may not be affordable to many retirees.

D. Adams indicated that the task force needs to know how many retirees are on the plan; how much of the premium Drake University pays. M. Heuertz will provide the information at the next meeting.

The task force agreed to meet as a group prior to RFP respondent presentations.

The committee elected to determine a subsequent meeting date at a later time, and adjourned at 4:10 p.m.

Respectfully submitted by Marlene Heuertz