

## 2007-2008 Report of the University Council Committee on Personnel Benefits

The Committee met six times this year. Behavioral Health and the changes in next year's medical plans were the dominant topics discussed. The Committee also discussed the Condition Management Program with Caremark, Aetna and other providers, and the Employee Benefits Budget.

1. Today's reality in health care is that the cost of health care is ever increasing and member decision making is crucial. 50% of all health care costs are driven by member behavior. IBC and Aetna try to help members in their decision-making process by offering programs designed to improve quality and manage health care costs.

Penn's costs for its health care plans are slightly higher than most, however, benefits are somewhat richer. The employees' share of health care cost is lower for HMOs and significantly higher for PENNCare PPO but there is a lower out-of-pocket basis across all plan options.

Penn's financial efficiency (the cost to deliver a standard package of benefits to an average population) is more favorable across all benchmarks, though.

2. *UPHS Billing:* The committee had a constructive discussion with the director of UPHS billing and was encouraged that the problems identified in the past few years are being addressed.

3. *Prescription Drug Utilization and Costs:* Prescription drug trend results for active employees for the plan year ending June 30, 2007 showed that the Gross Rx payments (before plan participant copays) was -1.3% while the Net Rx trend (after plan participant copays) was -6.6%. This was an excellent performance in the light of previous increases in the high single digits to low double digit percentages. The main factors accounting for the University's favorable trend were the mandatory generic plan design component, the increased use of mail order service and lower utilization of the biotech/specialty Rx during the year. In addition, pharmacy discount savings, which have lowered the base price for participants, have averaged 29.2%. Individual cost savings are detailed in the iBenefit Statements which inform participants about the savings to them when electing generic alternatives.

4. Penn's condition management program is currently an "opt in" arrangement, contracted with Caremark, and has only 124 participants out of 5,000 that have been identified as potential participants. For FY2009, the Human Resources Division will continue health screenings and launch the Health Risk Assessment (HRA) Program which will involve: health screenings, Health Risk Assessments (HRAs) and a full Condition Management Program piloted through Aetna for Aetna participants.

5. *Medical and Dental Rates for Active Employees:* The methodology and assumptions used for calculating these rates were presented and discussed at the meetings. There will be little change in rates.

6. *Behavioral Health Issues:* The committee over the course of several meetings went over changes, mostly enhancements, in the mental health and drug dependency benefits. This included presentations by Penn Behavioral Health staff on our current benefits utilization, plan design and parity issues. Overall the benefits are being enhanced for those with Serious Mental Illness and realigned for those with Drug Dependency issues. A middle tier was added (between the PBH in network and the out of network tiers) which will give participants the program discounts close to the in-network benefits.

The committee would like to remind Penn staff of the availability of the Employee Assistance Program as a first line of defense and treatment for mental health problems.

7. Penn is conducting an audit of dependents in the medical and dental plans. A communication piece was sent out with the message that there will be an amnesty period during which no penalties will be imposed. The goal was to have plan participants remove the ineligible dependents at the next open enrollment. Benefits are still extended to same-sex partners in a domestic relationship. Since Pennsylvania law has stopped recognizing common law marriages in September, 2003, Penn does not offer benefits to common law spouses or different sex partners.

#### **IV. Initiatives for Fiscal Year 2009**

The initiatives for next fiscal year include: prescription drug program review, mental health parity, disease management follow-ups, and retiree medical benefits, and further examine the tuition assistance program for staff pursuing coursework outside the University.

It is a pleasure to acknowledge the support provided to the committee by the Human Resources staff, in particular by Leny Bader, Executive Director of Benefits; Erin Doyle, Secretary; and Geri Zima, Manager of Benefits Administration who provided staff support to the Committee and the sage advice and council of John Heuer, VP of Human Resources.

#### **2007-2008 Committee Members**

**Chair:** David B. Freiman (radiology/med); **Faculty:** Erling Boe (GSE), Howard Goldfine (microbiology), Andrew Metrick (Wharton/fin), Eric Bradlow (Wharton) Gerald Porter (math), Mark Tykocinski (path/lab), Ingrid Waldron (biology); **PPSA:** Valerie Dorn (SEAS), Victoria Mulhern (Faculty Affairs/Med), Lynn Rotoli (Operations and Maintenance Administration); **WPSA:** Candice Cozart (Affirmative Action), Luz Marin (Administrative Coordinator), Linda Satchell (Penn Program for Public Service);

Ex-officio: Elenita Bader (Dir, Benefits), Vincent Price (Associate Provost for Faculty Affairs), John Heuer (VP, Human Resources).