

Contact: Tim Cook

UNIVERSITY OF IOWA NEW HEALTH PLAN

Action Requested: Consider approval of the University of Iowa's plan to add a new health plan offering. The new health plan will be a lower premium cost option with higher out of pocket costs and other identified design features. The new plan will be implemented January 1, 2020. See attached Exhibit A for high level plan comparison between current UI health plan offering (UI CHOICE) and the proposed additional new plan offering.

Executive Summary: The University of Iowa engaged in a health benefit review process given changes in the federal landscape, health care industry and the transition of AFSCME covered Merit staff to the UI self-funded health plans. The transition of AFSCME covered merit staff resulted in the addition of approximately 4200 contracts/10000 covered lives to the UI Choice plan. The last health benefits review was completed in the 2009-2010 timeframe.

The review focused on developing SUI 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 lower premium health plan option.

The Health Benefits Advisory group (See Exhibit B for membership) 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, a representative group of appointed shared governance members, 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. Results from the survey indicated a high satisfaction with current plan design and a desire of some employees for more than one option for health coverage

The University of Iowa currently has one health plan offering (medical/Rx) for employees and beneficiaries: The UI Choice plan. Currently enrollment in this plan is approximately 18,000 employees with 42,000 covered members in total.

The new plan will be a Preferred Provider Plan (PPO) with Level 1 and 2 providers. Coverage in the new plan will be similar to the current UI Choice plan with a change in Rx formulary levels, maintaining quality coverage. Premium costs will be lower and out of pocket costs (co-pays, deductibles, co-insurance) will be greater, co-pay structure will differentiate primary care and specialty care services and be applied to behavioral health, and deductibles will be applied to services in addition to inpatient stays.

The premium cost share structure for the new plan will be free to Employee Only and Dual Spouse Family status; the Employee/Child(ren), Employee/Spouse and Family will have the employee responsible for 20% of the monthly premium cost. For the current UI Choice plan, the premium cost structure will be revised for the Employee Only and Dual Spouse Family option with a graduated increase in employee cost share from the current free option. In 2020, these two groups

will contribute 5% to the monthly premium and in 2021 and beyond the contribution will be 10%. For UI Choice, the premium cost share will remain a 20% employee contribution for the Employee/Child(ren), Employee/Spouse and Family option.

The addition of a second plan option will allow employees to better tailor their health plan to individual and family needs supporting recruitment of faculty and staff.

The work of the Health Benefit Advisory Group and recommendation to add a second health plan option has been reviewed and approved by the President, and is supported by the Funded Retirement and Insurance Committee. The plan has been shared with UI Staff Council, UI Faculty Senate, Collegiate Deans, and Vice Presidents.

The University anticipates cost savings associated with the addition of a new plan offering, however, it will be dependent on the number of employees that choose to utilize the second plan option.

**Exhibit A: Current UI Choice Health Plan compared to Proposed New Plan
(Highlighted areas denote differences)**

Medical/Rx Plan	Current: UI Choice Health Plan (Rx. Formulary: Rx Complete)			Proposed New Plan (Rx Formulary: Rx Value Plus)		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Annual Individual Deductible	\$400	\$600	\$800	\$400	\$ 800	(By Exception Only)
Annual Family Deductible	\$800	\$1,200	\$1,600	\$800	\$1,600	
Individual Total Out of Pocket Maximum	\$1,700	\$1,700	\$2,000	\$2,000	\$3,000	
Family Total Out of Pocket Maximum	\$3,400	\$3,400	\$4,000	\$3,400	\$6,000	
Coinsurance Covered by the Plan	90%	80%	60%	85%	75%	
Physician Office Visit: PCP	\$10	\$25	50%	\$10	\$35	
Physician Office Visit: Specialist	\$10	\$25	50%	\$20	\$50	
Emergency Room Visit	\$100 + 10% Coinsurance	\$100 + 10% Coinsurance	\$100 + 10% Coinsurance	\$100 + 10% Coinsurance	\$100 + 10% Coinsurance	
Mental Health Copay	\$0	\$0	50%	\$10	\$10	
Prescription Drugs at Retail						
Generic Copay	0% (Tier 1)	0% (Tier 1)	0% (Tier 1)	0% (Tier 1)	0% (Tier 1)	
Formulary Copay	30% (Tier 2)	30% (Tier 2)	30% (Tier 2)	30% (Tier 2)	30% (Tier 2)	
Non-Formulary Copay	50% (Tier 3 and 4)	50% (Tier 3 and 4)	50% (Tier 3 and 4)	50% (Tier 3 and 4)	50% (Tier 3 and 4)	
Preferred Specialty Copay						
Non- Preferred Specialty Copay						
Individual Total Out of Pocket Maximum	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
Family Total Out of Pocket Maximum	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	

Exhibit B: Health Benefit Advisory Group Membership

- **Joni Troester** - Committee Chair, Assistant Vice President for Total Rewards, University Human Resources
- **Cheryl Reardon** - Chief Human Resources Officer and Associate Vice President, University Human Resources
- **Rebecca Olson** - Director of Benefits, University Human Resources
- **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
- **Katherine Tachau** - Funded Retirement and Insurance Committee, 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
- **Carroll Reasoner** - Vice President for Legal Affairs and General Counsel
- **Susan Klatt** - Director Financial Management and Budget and University Secretary
- **Jana Wessels** - Associate Vice President for Human Resources, UI Health Care
- **Doug Van Daele** - Vice Dean for Clinical Affairs, UI Physician Group, UI Health Care
- **Daniel Fick** - Campus Health Officer/Interim Department Chair Family Medicine
- **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