College Benefits Council Meeting Minutes  
April 30, 2015, 3:00 pm - 5:00 pm  
Human Resources Training Room

Members present: Rich Howarth (Chair), Tricia Cornelius, Harold Frost, Ethan Lewis, Carrie Colla, Katrina Davis, Richard Sansing, Barbara Seagraves, Ginny Hazen, Erzo Luttmer, Scot Bemis, Allan Gulledge; Kate Soule  
Members absent: Patti Bacon, Leigh Remy Maura Clarke, Bob Hawley, Melissa Durkee, Dylan Griffin, Gwen Williams and Peggy Kennedy, Gwen Williams  
Also present: Alice Tanguay, Rick Mills, Mike Wagner, Lynn Baker, Melissa Miner, Cheryl Josler(Guest), Becky Searles(Guest), Patricia Beek(Guest), Joanna Mahan(Guest)  
Minutes: Joanna Mahan

1. Introductions and a Farewell  
Scot Bemis, Chief Human Resource Officer was introduced. All council members and guest attendees introduced themselves to Scot. There was also a warm farewell given to Interim VP of Human Resources, Lynn Baker.

2. Review and Approval of Meeting Minutes from January 28, 2015  
There was a motion to approve the January 28th minutes. The motion was approved.

3. PY 2016 Disability Plan Review and Recommendations  
Proposals for consideration were presented that were reviewed and discussed in a CBC Working Group in conjunction with Patricia (Pattie) Beek. Pattie Beek presented the recommendations to the group.

Dartmouth College’s current Long Term Disability coverage was briefly discussed along with a review of the terminology used to help the group be familiar with commonly used terms. Three proposed changes to Dartmouth College’s LTD disability plans were presented.

1. 12 Month Partial Long-Term Disability Benefit (Enhancement)  
   - This change would provide disabled employees an opportunity to return to work with reduced hours, a transitional period if the department can support it. If not, the employee would continue to receive LTD benefits ongoing. The benefit to the College providing this enhancement to these select disabled employees is that the department likely would have the chance to retain valuable employees that may have a key role within the department. The employee, who wants to return to Dartmouth College would feel encouraged to work toward that return because Dartmouth College is working with them through their time of need.  
   - Proposed Language was reviewed. It was noted that 100% of unworked hours would be paid from the fringe pool. A member asked why we would increase the LTD from 50%, 60% or 70% to 100% for an employee that has been out more than 26 weeks and is now on LTD, noting it would be an
additional expense to Dartmouth College. Feedback is that the employee is planning to come back to work and there is an expectation that eligible employees will come back to the workplace when they receive their full pay of LTD for 12 months. It was also mentioned this is a way to get people that can return, to return to work and not continue for years on LTD, which results in significant savings to the plan.

- The committee requested the language be articulated around the departmental accommodation piece so the committee can talk further about what this will mean for a department. Other questions and comments included: a request for the subgroup to gather more details for review on the specifics around the minimums of hours the employee has to work to qualify. What about working from home? Is there an estimated cost and savings to go along with this proposal? Benefits will take away this information and report back to the group regarding their questions and requests.

2. End Date (retirement date) of LTD Benefits

- This proposal would change the end date (cessation date) of Long Term Disability benefits for any employee that begins LTD on or after age 64 the cessation date (end date) of LTD Benefits would be eligible to only receive an additional 12 month LTD benefit, resulting in an end date (cessation date) 12 months after deemed disabled.

- The group discussed the financial impact Dartmouth College currently has in regards to retirement contributions to employees on LTD. A member asked how many people that are currently on LTD would be impacted, and they were advised there are 8 claimants that were disabled at age 65 or later. Another member asked if we are going to grandfather these current people or are we going to change the benefit for those people as well.

- A comment was made that by offering a 12 month LTD benefit, this is a transition period for them to prepare for retirement. Another member commented that we (Dartmouth College) have to ask how many of the employees that are affected by this are people that expected to work longer in their lives, past 65. This would be a take away for anyone that is disabled after 65 as they would be penalized by only getting a 12 month benefit, by us reducing their potential benefit. Would other catch on to this and attempt to go onto disability before turning 65 to avoid this?
• A recommendation was made by a member to consider indexing the qualifying age to Social Security. Another member commented that it is unclear to us all what Dartmouth College’s standard is for retirement. Is it 65, 66 or 70? There are a lot of people that expect to be working past 65 and that needs to be considered. The subgroup felt that 65 was a fair medium for a benchmark and mentioned what other institutions do currently regarding LTD and that our benefit is far more generous than others, with many terming their disabled employees at the onset of LTD or after 30 months.

• It was recommended to table this recommendation as it was the general feeling that the group was not ready to vote. A few members requested that we get more clarity. Another request was made to poll peer institutions so the group could see where Dartmouth falls as far as the entire LTD benefit.

3. Disability Retirement

• The proposal is to offer our long-term disability recipients with a life expectancy of 12 months or less the opportunity to access their retirement funds. This change would have no cost implications to Dartmouth College.

• The committee discussed this was a fair request which allows people to access their monies to either fulfill a life dream or finalize their final expenses.

There was a motion to approve this proposal and it was approved unanimously.

4. PY 2016 Life Insurance Review and Recommendations

Proposals for consideration were presented that were reviewed and discussed in a CBC Working Group in conjunction with Joanna Mahan. Joanna Mahan presented the recommendations to the group.

Dartmouth College’s current employee Life Insurance Policy was briefly discussed to help the group become familiar with the college’s current plans offered. There were 3 proposed changed presented to the group for consideration.

1. Split Plan into a Basic and Optional Life plan for all non-exempt and exempt employees (excluding union).

• The proposal is to align the benefit offering for non-exempt and exempt staff to a flat $50,000 employer paid basic life plan with the opportunity to elect additional life insurance offered to Dartmouth College employees by MetLife.
• This change would be an increased employer paid benefit for exempt staff, who only receive a life insurance credit monthly of $2.18 or an average life insurance coverage amount of $25,000 per employee.

• This change would be a decrease in employer paid benefits to non-exempt staff who currently receive a life insurance credit of 2.5 times their pay. This credit is given regardless if the employee elects to take 2.5 times their pay or more.

• To offset the loss of an average of $50,000 employer paid benefit to non-exempt staff, this proposal recommends paying a lump sum amount to each employee equal to 3 years of lost benefits. The estimated total cost to Dartmouth College to make this payment is $138,000. A member asked who would pay this $138,000 in 2016. Another member of the subgroup responded it would be paid for by the fringe pool and would in theory be a little more than the first year’s savings in FICA. Each year after that, the college would have no additional costs, only savings. It was also stated by this is the cleanest way to implement this type of a change to allow for a seamless plan moving forward.

• In addition, this change would provide Dartmouth College a savings around $114,000 per year in FICA. In addition, the college would see a soft savings with administrative burden within the payroll office and the benefits office.

2. Increase the optional life insurance election options available to benefit eligible employees.

• This proposal is to increase the maximum an employee can elect in optional life insurance from 5 times pay to 8 times pay and to also increase the plan maximum of 1 million to 1.5 million.

• A member of the subgroup noted this change would not impact Dartmouth College financially, as all optional life insurance premiums would be paid for by the employee. It was also mentioned that this is the standard for other higher education institutions in MetLife’s book of business.

3. Change deductions for life insurance from pre-tax dollars to post-tax dollars.

• This proposal recommends changing Dartmouth College’s life insurance plan to post-tax deductions instead of pre-tax deductions. Any amount of life insurance above $50,000 that is paid for with pre-tax dollars would be subject to imputed income, and is a cost that the employee pays. The
imputed income liability increases with age and with the amount of coverage elected. A member of the subgroup mentioned that our current plan is a tax in-efficient plan and this change would make our plan offering an efficient plan.

- It was also discussed how removing imputed income from our life insurance plans would also reduce our liability around potential errors and miscalculations, which could lead to heavy fines, which have impacted a peer institution in the past.

- MetLife also provided new rates for the optional life insurance if we decided to move to this new plan structure. The rates are leveraged more appropriately across age bands. That being said, there are a few age bands that would see an increase in their premiums with these new rates, but the impact is minimal and only affects a small amount of employees. MetLife will continue to work on improving these rates for these age bands that are negatively impacted.

- The group discussed how this would get communicated to the employees. MetLife and the benefits office will communicate this during the upcoming open enrollment and provide additional resources to employees that need help understanding the potential savings by making this change to our plans.

There was a motion to approve this proposal and it was approved unanimously.

5. Review of Excise Tax (Cadillac Tax) and PY 2016 Health Care Plan Design and Premiums

The committee moved this item up on the agenda as a discussion was held by senior leadership in regards to Dartmouth College’s health plans for 2016. Senior leadership made the decision to not make significant changes to the health plans currently offered for plan year 2016. They have some concerns regarding how it affects total compensation and morale for employees by changing our plans dramatically year after year. A comment was made that the changes that might be needed over the next several years are bigger than we are able to tackle now and deserves more attention from various groups on campus and perhaps an ADHOC committee. Rick Mills commented there is a lot at stake for different groups across campus and this decision made sense. A member of the committee asked if this means there will be no changes to the health plans at all. The response was that the intent is to keep the health plans core designs the same with some potential small changes around specific benefits.

6. PY 2016 Pharmacy Plan Design Potential Savings and Recommendations
CVS Caremark has recommended three changes for plan year 2016. Alice Tanguay presented these three recommendations to the committee for consideration.

1. Advanced Control Formulary
   - A recommendation was made to adopt the advanced controlled formulary plan through CVS Caremark on both specialty and non-specialty drugs. The plan currently has 90 drugs that are excluded, this recommendation would add more drugs to the excluded list, around 110. We can decide to only exclude specialty drugs or non-specialty drugs or all of them. Pharmacy Savings opportunities offered by CVS Caremark. If we adopted this plan change for specialty and non-speciality drugs the net annual savings for the College would be $238,000 and would have a 6.6% impact on the current population.

   - A committee member asked how confident are we that this will not upset our population greatly and what about people that want to appeal the decision on an excluded drug, can they go through an appeal? It was stated that our current plan already has a milder form of this plan in place, and we have not had any negative feedback from the community. It was also confirmed that a member always has the ability to appeal a decision and that most exceptions to date have been approved. Another question was if the employee is not granted an appeal and comes to HR how would that get handled? Alice states HR would follow CVS’s recommendation.

   - A member asked if we have the ability to grandfathering current utilizers. It was stated that we could, but it was recommended that we look at which groups would be the right groups to grandfather, the specialty utilizers, the non-specialty utilizers or both. Lynn Baker commented that this is not a small adjustment, this is a big overhaul to the formulary and there will be some people in our population that will be upset. Scot worries about the possibility of upset employees from this change and asked what the financial impact would be between the two groups. Alice noted that there would be 6 specialty drug utilizers that would be impacted, and that savings would be $138,000 while 539 Non-specialty utilizers would be impacted saving the College $99,700 annually. The group discussed if grandfathering current members would help to reduce the discontent with this program on campus as it would only affect new employees moving forward, who would not feel the impact or change. A comment was made that a savings of $300.00 per person is not big savings in return for a larger group of upset people, however, saving $20,000.00 per year on specialty drugs affecting only 6 members is more significant.

   - It was proposed to adopt the formulary and grandfather everyone and use the new formulary moving forward for new prescriptions and a review will be conducted in a year to see what the impact has been over the prior year.

There was a motion to approve this proposal and it was approved with a majority vote.
2. **HDHP Preventive Drug List**
   - This recommendation is to allow for preventive drugs to bypass the member’s deductible and coinsurance on the HDHP with a $0 copay. As we try and encourage employees to consider our HDHP we have been given feedback that there is concerns on employees being able to afford to purchase their prescriptions. This proposal would allow these people to access generic preventive drugs at no cost. Dartmouth College would see additional costs of $11,400. However, the employee population would see this as a significant enhancement to our plan.

   A motion was made to approve this recommendation and it was approved unanimously.

3. **Drug Saving Review**
   - This proposal seeks to allow the plan to identify opportunities for improved prescribing and utilization on prescription drugs. There would be little to no impact on the population on our plans. Everything happens behind the scenes between CVS Caremark and the prescribing physician. There is a fee of $0.30 per member per year with a 3:1 return on investment yielding a savings of $102,000 per year.

   - This was opened up to the committee for comments, questions or thoughts. A member asked if this savings review is just one time or ongoing year to year. It was stated this would be an ongoing review. Another member asked if we are confident in the 3:1 ROI. The response to this question is that CVS’s feels confident based on their experience with their current clients that have adopted this review, which is 80% of their book of business. It was also noted if that savings is not achieved, CVS will reimburse Dartmouth the cost per member.

   - Another member asked how CVS calculated the potential savings for us. Alice informed the group this was based on current utilization now and that if we don’t find value in this program we can discontinue it at any point. It was also reiterated to the group that CVS is not saying that the provider cannot prescribe the medication, they are just asking the provider to review the other drugs available.

   A motion was made to approve this recommendation and it was approved unanimously.

7. **PY 2016 DCMS Plan Design Potential Savings and Recommendations**

   A review of the current plan for retirees on the DCMS plan was given to the committee. This proposal is recommending a redesign of the prescription benefit on this plan. Two potential options were presented to the committee for consideration.

   1. The first option is to increase the current maximum out of pocket limit on prescription drugs from $450 a year to either $750 or $1,000 annually, which would yield savings of either $65K ($750) or $117K ($1,000).
2. This second option is to move prescriptions on this plan to a copayment and increase the maximum out of pocket limits to either $750 or $1,000 annually, which would yield potential savings of $115K - $234K annually.

- Currently, a retiree goes to the pharmacy and pays 20% of the cost of their prescriptions. With a change to a flat copayment, it allows the retiree to spread the cost of their prescription drugs over the year and reduce the burden on them of affording their needed prescriptions early in the year.

- A member commented on how it will seem like they pay less, but over time it will add up. The member was confused how Dartmouth would save money by moving adopting this change. Alice stated that people will move to generic or mail order, which is an option they don’t currently have, which yields savings on the plan. More importantly, when the retiree goes to fill their script, they knows how much they have to pay and avoids confusion on the plan design which will cut down on many calls into the Benefit Office regarding this benefit.

- Another member asked how does the out-of-pocket maximums compare to active plans and does it matter. Alice stated it doesn’t matter, however mid-year retirees would see less changes when they move to this plan as 2 of our 3 active plans currently have copayments.

- It was also mentioned that going from $450 to $750 or $1,000 is a big change for retirees and will create some upset retirees. Another member commented back that although the maximum is higher, it will feel like less to the member as they would be paying less as it would be spread over time and the member would not get to the MOOP as quickly and felt this was a good opportunity to “sell” the $750 or $1,000 MOOP allowing Dartmouth to hopefully see some savings on drug spend.

- The chairman preferred that a subgroup have a specific recommendation which will be reviewed at the next CBC meeting.

Meeting adjourned at 5:07pm.