

College Benefits Council Meeting Minutes

December 15, 2015, 2:00 – 4:00pm

1930's Room, Rockefeller Center

Members Present: Erzo Luttmer (Chair), Patti Bacon, Maura Clarke, Carrie Colla, Tricia Cornelius, Harold Frost, Dylan Griffin, Allan Gullledge, Rich Howarth, Carole Meyers, Leigh Remy, Barbara Sagraves, Kate Soule, Gwen Williams

Members Absent: Stephen Brooks, Daniel Cullen, Melissa Durkee, Faith Goodness, Rick Mills, Russell Muirhead, Richard Rogalski,

Also Present: Scot Bemis, Chris Kardos (SBA), Melissa Miner, Kim O'Leary (SBA), Courtney Rochford, Tricia Spellman, Mike Wagner

Minutes: Kate Blake

Call to order: 2:08pm

1. Introductions

Chris Kardos and Kim O'Leary from Strategic Benefit Advisors (SBA) were introduced. All council members and guest attendees introduced themselves.

2. Review and Approval of Meeting Minutes from June 11, 2015

There was a motion to approve the June 11th minutes. The motion was approved.

3. Official Functions of College Benefits Council (CBC)

- There was an overall review of the official functions of the college benefits council.
- It was agreed that the group would continue to receive and review these reports in the same format as last year, by breaking them out into smaller chunks.
- It was agreed that materials would be available within one week prior to each meeting.
- There was a request to update the membership list on the website.

4. Changes and Open Enrollment Results

- **Introduction of Strategic Benefit Advisors (SBA)** – Chris Kardos provided a history of the organization. SBA brings a strong team of approximately 25 experienced colleagues most of whom are consultants. Chris personally brings many years of prior experience working with Dartmouth College. SBA focuses on Higher Ed and Health and Welfare benefits, but not retirement. Chris' job at these meetings, is to help the CBC provide prospective and understand CBC concerns, as well as bring brainstorming ideas back to the Benefits Team. They will provide a lot of benchmarking, analytics from data warehouses and a study from the ivy plus group, including how Dartmouth differs from the other Ivy's. They can provide information on how people use care, where they get it and how to better understand it. SBA works directly with service providers, actuarial models and understands cost impact. They are able to build models if needed. All reporting data is aggregate and blinded.

- **Overview of 2016 Benefits Changes**

Melissa Miner reviewed the changes in benefit plans for 2016

- **Medical** – There were no changes to the employee contributions in 2016, and no changes to the plan designs for OAP1 or OAP2. The deductible on the High Deductible Health Plan increased to \$2,600 per person, with no more family accumulator. The HDHP introduced the preventive drug list with generics covered at 100%. Melissa updated the council on the inability to grandfather the Advanced Control Formulary (ACF) due to specific regulations. Impacted employees received identifying letters, and the benefits team was working through these changes with impacted employees on an as needed basis.
- **Disability Insurance** – There was an update on the disability changes. LTD recipients with a life expectancy of <12 months may access their life benefits, but access to retirement monies is not allowed per ERISA regulations.
- **Life Insurance** – Dartmouth introduced the \$50K Basic Life policy for exempt and non-exempt staff (excluding SEIU). Deductions for life premiums were changed from pre-tax to post tax to avoid imputed income (excluding SEIU). Optional life elections were increased from 5X annual salary to 8X annual salary and the maximum benefit was increased from \$1 Million to \$1.5 Million. Biweekly paid employees would receive a credit equal to 3 years of life credit.
- **Open Enrollment Results**
There was a 5.5% decrease in the number of employees who waived coverage in 2016. A 4.8% increase in individual subscribers versus a 2.5% decrease in family subscribers. There was a 23% increase in the High Deductible Health Plan. The additional education around HSA's and FSA's may have assisted in this migration.

5. Key Initiatives for 2016-2017

- **Potential Guiding Principles for Benefits**
The council conducted a round table discussion on what is driving the need to improve benefits: attracting talent; managing benefits more effectively; looking at the allocation between health benefits, retirement benefits and wages; providing better tools which will help employees choose plans, reduce costs, and simplify choices.
- **Benefit Expense per FTE \$28,463**
The council agreed that HR would do a review of current concerns and update the group.
- **Areas of Focus for 2016-2017**
 - **Medical Plan Design** – OAP1 and OAP2 are very similar, does it make sense to maintain both plans? 60% of medical spend is currently going to DHMC. Discussions were had around creative opportunities with DHMC, including custom fee schedules and network tiering. SBA confirmed that a lot of their clients do this around the Boston area. SBA confirmed that this is worth pursuing but it does take time. Consider for a subcommittee.
 - **Communications** – Workshops were not well attended, we need to understand why. The communication subgroup should look at existing tools and communications, to determine what ongoing communications need to look like and what the goals are.
 - **Pharmacy Program** – Some expected changes did not adopt. Increased spend continues, especially around specialty. Subgroup will need to look at ways to bring that in. Do we have the right partner? What cost savings and cost avoidance opportunities are available?
 - **Disability Program** – A subcommittee is needed to review the program and determine ways to reduce spend. Some work is already underway in taking this plan out to bid.
 - **Wellness** - Courtney Rochford from the Wellness team gave an update on the new platform to replace the existing “move it” platform. They are looking for better reporting capabilities and the ability to track more information. Three top 3 vendors were identified and are now in the contract stage with a company called “Virgin Pulse”. This is expected to go live in

March 2016. The program includes employees and their enrolled spouses. A subgroup is needed to finalize the program. A request was made for benchmarking of data and a concern was expressed over PHI generated, who owns and communicates it?

6. Ongoing Benefits Projects

The benefits team will be working “offline” on the following additional items in 2016, and will provide updates to the CBC during ongoing meetings; Retiree medical, Dental, International Medical, Long-Term Care, Domestic Partner coverage, and Tuition Assistance.

7. Next Steps

- **Subgroups**

Subgroups were determined in the following key areas; Medical Plan Design, Communications, Pharmacy, Disability Programs, and Wellness. Each council member chose at least one subgroup to participate in.

- **Timeline**

- The CBC will plan to meet in February, April and June 2016.
- All recommendations for 2017 must be finalized with Administration by early June
- Work on program changes for an effective date of 1/1/17 will begin in July 2016
- Communications for any plan changes/initiatives for 1/1/17 will be rolled out starting in August.

8. Overview of Total Compensation

- **Total Salaries & Wages**

Tricia Spellman provided an overview on Total Compensation.

- Dartmouth spent over \$123 Million in FY 2015 on all employee and retiree benefits. This was an 8.3% increase from FY 2014.
- Compound annual Growth Rate grew by 5.4% for Salaries and Wages and by 5.3% for benefits. The Average annual FTE Growth between FY 2012 and FY 2015 is 2.7%.
- Dartmouth is beginning to compare to other industries. Looking at market data for compensation levels and also looking at fringe rates.
- Disability and Pharmacy have had a lot of growth. Most specifically in specialty drugs. This does not include admin or cost sharing.
- Chris Kardos from SBA confirmed that this is similar to what he has been seeing. This will probably pick up due to the economy and the demand for health care services (increased volume). Pharmacy is where a lot of this comes from. A 10% to 14% trend is not uncommon. This is especially due to new biologics and specialty meds. Medical shields some of the pharmacy spend.

9. Affordable Care Act Update

Chris Kardos from SBA gave an update on the Affordable Care Act

- **Pay or Play** – Dartmouth has evaluated the option of public exchanges as an alternative to offering existing health plans to employees. However, continuing employer sponsored plans continues to be the best option. Dartmouth will continue to focus on ACA compliance and minimizing the impact of the Cadillac Tax.
- **Cadillac Tax (2018)** –
 - In 2018, Dartmouth is looking at a 6% trend, where we expect to fall within modest changes. Tax exposure for 2018 is expected to be around \$121K, but because the index is not keeping with the rate of health care, the trend is expected to move to over \$1 Million in 2021.

- Chris went over a number of considerations which could potentially help lower the impact. However, there are still many unknowns around the Cadillac Tax between now and 2018, including the trajectory of medical trend, and potential of a presidential election.

Meeting Adjourned at 4:05pm