

Funded Retirement and Insurance Committee

Minutes: September 8, 2006

11:30 AM -1:00 PM

Members Present – Jane Chalmers, Charles Drum, Lois Dusdieker, George Herbert, Dan Holub, Melanie Kenney, Lynette Lancial, Forrest Nelson, Dorothy Persson, Richard Randell, Ruth Wachtel

Administration Present – Sue Buckley, Richard Saunders

Guests Present – Hyman Joseph, Debra Hughes, Joni Troester

1. Approval of Minutes for Meetings of March, April, May and June, 2005:

The minutes were approved as written.

2. 2006 Health Insurance Experience, and 2007 Rates — Saunders

A data sheet with information about 2006 Health Insurance cost experience was distributed and led to extended discussion. The most noteworthy observation was the 16% increase in costs, as compared to the expected 12%. That will dictate substantial increases in premiums in virtually all plans and classes. Major contributors to the increase were cancer, heart and joint replacement. The discussion included the following issues regarding the containment of future costs:

- The generic drug program -- it saved \$1.4m in first 6 mos.
- Wellness programs underway and may soon begin to have an impact
- A pharmaceutical management program is in pilot stage
- Encouraging more members to move from Chip III to UISelect, where negotiated payments result in lower expenses
- Indexing or raising out-of-pocket maximums
- Education of members regarding relative costs of various programs

A tangential question was raised regarding our commitment to the policy that flex credits should cover 100% of weighted average health premium cost for singles, 75% for families. No formal resolution was proposed or voted on, but the discussion indicated overwhelming support.

Motion – Raise cap on % premium increase to 30% – passed unanimously

Motion – Mount an educational plan targeted at Chip III enrollees – passed unanimously

3. HPV Vaccination — Saunders

R. Saunders noted that the new human papillomavirus (HPV) vaccine is not now covered by Wellmark. The vaccine is given to 11-26 year old women and is regarded as 70% effective against cervical cancer and other diseases. It is delivered in 3 doses at a cost of \$120 per dose. If coverage were to be added, it could result in a first year cost to our health plans of as much as \$900k, presuming every eligible member took advantage of the offering. Actual

cost would in all likelihood be considerably less, and costs would decline dramatically after that first year. The vaccine is recognized and promoted by a number of national health organizations, but Wellmark is waiting for the vaccine to be placed on a particular recommendation list before they add it to their list of covered medication. The question raised was whether the UI should request coverage of the vaccine. Discussion ensued, and included the observation that, while the vaccine is undoubtedly cost effective, the benefits accrue to vaccinated women and their health insurance plans much later in their lives, typically after they are no longer enrolled in the UI health insurance programs. The issue was tabled pending more information.

4. Licensed Marriage and Family Therapist (LMFT) -- Saunders

R. Saunders updated the group on the LMFT issue. As was discussed in a meeting last year, Wellmark has not allowed coverage for pre approved family counseling when the provider is an LMFT, even though it is allowed for other providers. The primary obstacles were the registration of LMFTs, the negotiation of payment rates, and specification of which LMFT services are covered and which are not. The new information is that Wellmark is currently in the process of extending coverage to this group. LMFTs are currently being enrolled and coverage will be added soon.

5. UISelect Option – Saunders

Out of area coverage of medical claims was to be added to the UISelect program, according to a FRIC decision of last spring. R. Saunders informed the group that administrative obstacles will prevent Wellmark from making that change this year.

6. Consumer Driven Health Plans – Saunders

Brief discussion.

7. Roth 403B – Saunders

The Roth 403B retirement savings plan is a new investment option similar to SRAs but involving after-tax rather than pre-tax deposits. In the face of continually rising tax rates, the plan offers taxpayers the potentially attractive option of paying the income tax now at current tax rates rather than at rates which may be in place when the funds are eventually withdrawn. The option will be most attractive for young employees – any advantage it offers requires a minimum of 5-10 years before withdrawal. The program becomes available after January 1. It is a very complex issue and will require extensive education. The plan education will not be offered directly by the UI Benefits offices but rather by private brokerage firms, such as through TIAA/CREF.

The Meeting was adjourned with remaining agenda items delayed for future meetings.

The next scheduled meeting is October 6, 2006, at 11:30 in Room 302 USB.

Respectfully submitted

Forrest Nelson