AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** Status of Implementation of Recommendations of the Employee Health Plan Task Force

2. **INITIATED BY:** James H. Page, Chancellor

3. **BOARD INFORMATION:** X **BOARD ACTION:**

4. **BACKGROUND:**

   An update on the status of implementation of the recommendations of the employee Health Plan Task Force is attached. Tracy Bigney will be available to respond to questions about the information.

01/17/2013
Employee Health Plan Task Force

Update: Pathways to Bending the Trend
January 2013
Board of Trustees
Health Plan Cost a Major Factor for UMS Sustainability

- 2010 – A call to action by the Chancellor
- Total Health Plan cost approaching $60m/year
- Health Plan Cost increasing at a rate of 7.5% averaged over past five years
- Total cost of health care driving benefit load higher than 50%
- Reducing Health Plan trend could provide resources for salaries and wages
- Modeling the State of Maine’s Employee Health Commission (SEHC), designed a strategy to solve the problem through collaboration with our unions
Employee Health Plan Task Force

- Task Force with representation of all bargaining units, non-represented employees, Presidents, CFO’s, finance, budget, human resources, labor relations
- Charge to reduce the cost trend in the health plan to 6%, 5%, 4%, 4% and 3% over FY12 – FY16; projected to save $24m over five years
- Proven strategies from the Maine Health Management Coalition, the SEHC, The Advisory Board, and Wellness Councils of America
- Focus on health improvement, quality health care and appropriate high quality benefit design
- Report to Chancellor 6/11; recommendations accepted by chancellor 7/11
Meeting the Charge to Bend the Trend

- Premium increase 5.5% effective 1/1/12
- Premium increase 7.5% effective 1/1/13 (approximately 1% due to new state charge)
- Current projected 5 year shortfall = $18m Health plan
- Savings already in financial projections
- **Red Flags:**
  - Without all employee groups in the Quality Incentive Plans, it is unlikely we will achieve targets
  - Employees must do more than ‘go through the motions” in taking responsibility for managing their health
  - Management at all levels of the organization must embrace this change as a priority
  - It is very early to tell whether the changes are having the expected outcome on the claims trend
Impact of Collective Bargaining

- Task Force recommendations regarding plan changes and premium share are subject to collective bargaining
- As changes are implemented, employees move into Quality Incentive Plans
- Recommendations implemented 1/1/12 for
  - Service and Maintenance unit and Police unit
  - Part-time faculty
  - Non-represented employees
- Recommendations implemented 11/1/2012 for ACSUM and UMPSA
- Anticipate agreement to adopt changes when AFUM bargaining is completed
- 75% of employees covered as of 11/1/12 –almost one year later than planned
Pathway: Quality, Cost and Payment Reform

- Accountable care organizations (ACO)
  - Provider contracts based on primary care and shared risk
  - Discussion underway with health care systems state-wide
- Quality and cost-tiered networks of hospitals and providers
  - In place for employees in Quality Incentive Plans

Pathway: Plan design changes

- Changes to co-pays and deductibles to incent use of quality and cost-effective providers
What is a culture of wellness and health improvement?

“A workplace ecology in which the dynamic relationship between human beings and their work environment nurtures personal and organizational values that support the achievement of a person’s best self while generating exceptional business performance”

Pronk, Nicholas and Ullen, Calvin. *A Culture of Health: Creating and Sustaining Supportive Organizational Environments for Health.*
Pathway: Health improvement – creating a culture of wellness and health improvement

- Increase participation in wellness program from 25% in 2011 to 78% in 2012 and 85%+ in 2013
  - Must have all employees in Quality Incentive plans
  - Employees must be fully engaged in health improvement

- Premium contribution differential (10%) based on completion of health assessment, biometrics and wellness activities for employees
  - 69% of employees eligible for the incentive completed all requirements by November 2012; additional 27% were in qualification period.
  - Need to increase this rate in 2013 for all employee groups in these plans – annual participation
Pathway: Health improvement – creating a culture of wellness and health improvement

- Each campus develops a plan for creating a culture of health improvement
- Encourage smoke free campuses, healthy foods
- Reduce barriers to using university gyms and fitness facilities
  - Employees in Quality Incentive Plans receive vouchers for use of campus fitness facilities
- Release time for health improvement
  - Policies for hourly employees provide 13 hours per year for participation in university wellness programs
  - Some supervisors not allowing use of release time
Pathway: Communication and Education

- Major culture change requires much communication and education, to reach all employees and dependents

- Must have solid, persistent, vocal support of UMS leaders, managers, supervisors and unions

- It is important that management and union leadership partner in the communication
Wellness Incentive Participation

- **Level 1**
  - Complete biometrics and health assessment
  - Attain 20 points for health, wellness and safety habits and activities
  - Both employee and covered spouse/partner must participate
  - Receive 10% reduction in share of premium

- **Level 2**
  - Must complete Level 1 first
  - Attain 100 additional points for health, wellness and safety habits and activities
  - Receive $100 premium refund for employee and $100 for spouse/partner who participates

- New employees and those in implementation phase of contract have 90 days to qualify

- Incentives are not available to units that have not accepted the plan changes, but employees may voluntarily participate in the biometrics and health assessment
RiseUp Level 1 Participation By Unit (as of 11/30/12)

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<th>Unit</th>
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Rise Up Level 1 Participation by University (excludes AFUM)

Not Qualified
90-day
Qualified
Rise Up Level 2 Participation

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<td>PATFA</td>
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- Employee
- Spouse
Pathways to Bend the Trend

Next Steps
- Complete negotiations with AFUM
- Repeat program for 2013 with on-site biometrics and wellness programming at campuses
- Ramp up communication, education and culture change
- Continue work on all pathways
- Measure changes in trend
- Continue partnerships with State of Maine, Maine Health Management Coalition, the Advisory Board, and other large Maine employers
- Continued role of Task Force for education, reporting, monitoring, and measuring outcomes (more data focused), future recommendations