The committee has met six times this year, with one additional meeting scheduled for August to review retiree medical benefits for 2011 and any implications of changes in Medicare, health care reform, and the final regulations on mental health parity.

The committee approved a **statement of philosophy** concerning the principles to be considered in reviewing benefits, our role as committee members, and procedures to help committee members understand the highly technical issues we discuss (available in Appendix A).

**Health Care Benefits**

The committee reviewed recent experience in our **prescription drug program** and multiple proposals from CVS/Caremark for changes in prescription benefits to improve performance and help contain costs. We approved several cost-saving measures, including a co-pay structure to provide an incentive to use CVS/Caremark mail or retail pharmacy for refills of maintenance medication beginning with the fourth refill, informational mailings to encourage generic utilization, and enhanced safety reviews to alert prescribers to problems such as duplicate or inappropriate medication prescriptions. These changes will contribute to cost containment for the health plans while maintaining employee access to prescription medications.

The committee also reviewed information on the requirements of the **Mental Health Parity Act** of 2008 and its implications for the design of Penn plans. To meet these requirements, date and visit limits for behavioral health visits were lifted and cost share features were matched in retiree plans for 2010 and active employee plans for fiscal year 2011. Also, Independence Blue Cross/Keystone has agreed to develop integration of information with Penn Behavioral Health to provide for a combined maximum out-of-pocket for behavioral health and medical visits, as well as certain other plan provisions. In addition, Penn Behavioral Health has been working on redesign for the PPO and POS plans to ensure that requirements for precertification and review of medical necessity are comparable for behavioral health and medical/surgical benefits.

The Committee reviewed (1) benchmarking data comparing the university's **health plans** with other institutions of higher education and with other local employers, (2) unexpectedly high medical and prescription expenses for our health plans in fiscal year 2010 due to a significant increase in catastrophic claims ($100,000+ per individual), and (3) proposed changes in health plans for active employees effective July 1, 2010. In addition to the changes summarized above, some modest changes in plan design will increase consistency across the different plans. Various options to meet projected increased medical costs in fiscal year 2011 were discussed and the approved changes were in accord with equity goals and the principle of maintaining low cost access to health care through the HMO plans. The maximum out-of-pocket limits for prescription benefits was not increased, in accord with our concern about previous trends, the relatively high number of employees currently meeting this maximum out-of-pocket limit, and the principle that "the committee should... avoid excessive personal costs for those with very high expenses" (Appendix A, 4).
The committee reviewed information concerning the Aetna HMO Pilot Disease Management Program, including anticipated health benefits and estimated cost savings, and recommended continuation of this program.

**Recommendations for the Future**

The Committee understands that the University has currently adopted a policy of financial prudence and controlling costs which makes it difficult or impossible to introduce new benefits. However, we expect that the financial situation will improve, and when it does there are two changes in benefits that we recommend as very high priority for review and implementation.

In response to requests for coverage of transgender health benefits, the committee has reviewed information on the prevalence and treatment of Gender Identity Disorder and the experience of other employers who have included coverage of transgender health benefits. We learned that the American Medical Association endorses health insurance coverage for medical treatment of gender identity disorder with triadic treatment (mental health care, hormone therapy, and sex reassignment surgery). The cost of coverage of triadic treatment for gender identity disorder is expected to be low because Gender Identity Disorder is relatively rare; e.g., when the city of San Francisco added transgender health benefits, the increase in cost was less than $1.00 per employee per year (2001-5). Based on this information and other information we reviewed, and in accord with the university's principle of non-discrimination and the provisions of the Mental Health Parity Act, we recommend coverage of triadic treatment for Gender Identity Disorder in the Aetna HMO plan.

The Committee has received repeated requests over many years from the Weekly-Paid Professional Staff Assembly for changes in the employee tuition assistance program to provide tuition assistance for employees who want to pursue higher education, but cannot gain admission to Penn programs and may be unable to succeed in Penn courses. We have investigated the patterns of use of the current employee tuition benefit at Penn, the characteristics of employee tuition assistance benefits at peer institutions, and past and current changes in CGS/LPS policies relevant to this issue. We have developed a preliminary proposal for a portable employee tuition benefit for employees who do not already have a BA or AA to take courses leading to a bachelors or associate degree at a local accredited college or university. We propose a six-month to one-year waiting period for new hires to use this proposed portable tuition benefit and a maximum rate of reimbursement of 40% of the tuition rate for LPS undergraduate courses. Next year, we hope to receive additional information which will allow us to refine our proposals and develop proposals for offsetting the cost of any proposed portable employee tuition benefit.

**Other Issues Reviewed**

We also reviewed reports on several changes in benefits:

- a pilot program to provide free funeral or cremation planning and concierge services through Aetna, our group life insurance provider, which has a relationship with Everest
- the new Back-up Care program to help Penn employees get to work when they need temporary, short notice care for dependent children or adults
• a new voluntary phased retirement program for staff
• new Roth 403b plan
• a three-year vesting period for Penn’s Tax-Deferred Retirement (TDR) Plan, affecting only individuals hired after January 1, 2010; employees leaving before three years will forfeit the University contributions to their retirement plan

We are pleased to note that all but the last of these changes provides enhancements of options for Penn employees.

Proposed Specific Charges for 2010-2011

1. Continue to develop proposals for changes in the tuition assistance program for employees pursuing coursework inside and outside the University.

2. Review coverage of services for children with a diagnosis on the autism spectrum

3. Review whether to request that staff consult with the Committee when making decisions whether to comply with state mandates which are optional for the University.

4. Review the requirements of Health Care Reform and consider needed changes in University benefits.

5. Continue to monitor the effectiveness of Aetna’s disease management procedures.

6. Explore the possibility of providing health advocates as a benefit for employees.

7. Explore the possibility of raising the maximum annual dental benefit, so that the dental plan would function more like insurance to cover high costs.

2009-2010 Committee Members

Chair:
Ingrid Waldron

Faculty:
David Asch
Erling Boe
Howard Goldfine
Scott Harrington
David Pope
Gerald Porter
Barbra Wall

PPSA:
Valerie Dorn
Victoria Mulhern
Lynn Rotoli
WPSA:
Kelly Dewees
Peter Rockett
Linda Satchell

Ex Officio (Invited Guests):
Leny Bader
Jack Heuer
Lynn Lees

We are grateful to Leny Bader, Executive Director of Benefits, Jack Heuer, VP of Human Resources, and the staff from Human Resources for their excellent staff support for the Committee and for their efforts to improve benefits for Penn employees.

Appendix A

Philosophy and Practice for the University Council Committee on Personnel Benefits
Adopted by the Committee, September, 2009

General Philosophy

Most of the principles we propose are from the report of the Benefits Advisory Committee which reviewed benefits programs in 1997. The principles from this report are shown in quotation marks below and were endorsed by the President, Provost and Executive Vice President at that time. We have added one clarification (second half of 4).

1. "The cost of employee benefits must be managed and contained while providing for a range of benefits that assists employees in achieving income protection, lifelong savings, health care, and professional and personal development."
2. "Penn's benefits must be competitive in the different markets in which Penn competes for faculty (national and international), administrators (local and national), and support staff (local)."
3. "Penn's practices should conform to the best practices of benefits design: tax efficiency, cost-effectiveness, high value for expenditure, shared responsibility, compliance with the law, and administrative simplicity."
4. "No single group should bear a disproportionate burden for benefits cost containment." For example, the Committee should aim for affordable benefits for lower-wage employees and medical, prescription and dental insurance that avoid excessive personal costs for those with very high expenses.
5. "Benefits that are greatly valued by employees should be retained if at all possible, although even these benefits may require change." *

Our role as committee members is to review current policies and proposed changes in the context of these principles and to suggest modifications to better achieve these goals. Ideally, each
committee member will act in the best interest of all employees and the University, but this overall goal is achieved in part by each committee member providing input that reflects their experience and the concerns of their constituents. In pursuing its initiatives, the Committee will be conscious of the multiple institutional priorities and the limited budget and time resources available in the Human Resources Division.

General Procedures to Help Committee Members Understand Technical Discussions

At the first fall meeting or whenever the Committee first discusses medical, prescription or dental insurance in each academic year, presenters should review the basic design of the plans (including costs and benefits), with careful explanations in writing and orally of technical terms and acronyms. Request all presenters to make sure their presentations are clear for people who are not familiar with relevant technical terms and acronyms; if appropriate, include definitions of terms and relevant background information from earlier presentations in the handout.

After each meeting, if appropriate, send the handouts to anyone who missed the meeting.

* We have omitted a sixth principle which does not seem relevant for the current work of the Personnel Benefits Committee: "The employee benefits package must be simplified and clarified while allowing for meaningful choice, in order for employees to better understand and utilize their benefits." The Report is available on pages 13-23 of http://www.upenn.edu/almanac/v43pdf/021197.pdf.