The Committee has met four times this year, with one meeting to be held on April 26 to revisit several issues (dental coverage and tuition benefits), and one to be scheduled in August to review retiree medical benefit proposals for 2012.

The Chair, the Executive Director of Benefits for Human Resources, and the Committee Secretary met several times prior to the Committee’s first meeting to create a new-member packet and then held an information session for incoming representatives that discussed the material in greater depth. Attendees reported that this was helpful; we plan to continue this practice in the coming year.

Much of the Committee’s work this year was focused on how to implement changes to the benefit plans that would result in cost savings (or minimal increases) for the University and plan participants, while complying with the mandates of Health Care Reform legislation. A portion of each meeting was devoted to discussion of Penn’s priorities regarding compliance, particularly in relation to such major milestones along the implementation timeline as increasing dependent care coverage to age 26, modifying employees’ W-2 forms, the FSA contribution and the payroll tax increase, automatic enrollment, and the 2018 excise tax.

A detailed discussion of the proposed plan changes for FY 2012 was held at the Committee’s January 18 meeting, at which time it was noted that coverage for diagnoses on the autism spectrum would be included; overall, the Committee was supportive of these major modifications. At the March 22 meeting, the Committee received an update on the status of University communication regarding these changes, and noted the large number of information sessions, mailings, posters, and website updates provided by Human Resources.

The Committee discussed the relationship between prescribed medical services and coverage for these from out-of-network suppliers, particularly as this related to Durable Medical Equipment (DME). PennCare Preferred Providers is a network of care providers; it is not an insurance company. Thus, although the incentives put in place to encourage employees to use the Penn Health Care provider network are designed to keep the University and the employees’ costs down, there are some services which the Penn Health System does not provide, such as DME. The plan was not designed to ensure that all covered services would be available through preferred Penn Health System providers. Therefore, employees may incur higher expenses for obtaining these services out of network. However, the Division of Human Resources is in discussions with the Purchasing Department to explore the possibility of contracting with individual DME providers.

The Committee’s discussion of the tuition assistance program began in November 2010 with a conversation on how the tax on tuition benefits is assessed. At that time, the Division of Human Resources noted that it would work with the Offices of General Counsel, Tuition Benefits, and the Comptroller to gather information on the tax rate breakdown. The issue was discussed again at the January 2011 meeting; however, the tax issue was subsequently reversed by the IRS, and no longer the focus of the Committee’s concern. At that time, the Committee recommended that the Division enhance its communications with employees on this issue so that the explanation of the tax rate structure is clearer to those taking advantage of the tuition benefit. The Committee plans to devote a portion of its April meeting to further discussion of tuition benefits, particularly in terms of how the EB budget was
affected by the College of Liberal and Professional Studies’s Summer Open Enrollment policy which began in summer 2010.

At its October meeting, the Committee discussed the status of the dental insurance plan and the cost projections for FY 2012. HR did implement changes to the dental plan for FY 2012. It was noted in October that dental plans tend to be more fiscally conservative than medical insurance plans do, as they were originally designed to be preventive in nature. The Committee plans to further explore, at its April 2011 meeting, ways to make the dental plan function more like traditional insurance.

The Committee was charged with reviewing the effectiveness of Aetna’s Disease Management Program. Because this program is still in its pilot stage, there is insufficient data on which to make an assessment of its effectiveness. The Committee recommends that this charge be continued to the 2011-2012 year. The Committee also was asked to explore the possibility of providing health advocates or patient navigators as a benefit for employees. The Division of Human Resources has begun to research several providers of this service, and the issue will be discussed in greater detail at the Committee’s April 2011 meeting.

The Committee is pleased that the University is able to continue to offer high quality health plans that meet colleagues’ needs while limiting the increases in premium and out-of-pocket costs. It should be noted, as well, that the inclusion of the High-Deductible Health Plan with Health Savings Account in the plan offerings for FY 2012 is a direct result of suggestions made by the Committee; it is predicted that this will be a cost-savings measure for the University when it faces the possibility of an excise tax in 2018.

Recommendations for the Future

Other Issues Reviewed

The Committee also reviewed reports on several other changes in benefits:

- Changes to retiree medical benefits that became effective at the start of 2011 included the following:
  - The Penn Benefits Center took over the administration of Retiree and Long-Term Disability benefits. There have been challenges concerning the migration from Borchardt to ADP, including issues regarding billing payment, enrollment, and termination. Several items have been resolved, while others continue to be addressed.
  - SilverScript is the new prescription plan for Medicare-eligible retirees. It is a Medicare Part D plan. The purpose of providing the SilverScript plan was to be able to take advantage of deeper discounts and thus decrease the drug spend for the retiree population and the University. Unfortunately, administrative issues have made this difficult, as SilverScript implemented several changes after Penn had agreed to switch to this plan. Retirees whose earnings for the year were over a certain amount were notified that they would be charged a Medicare Part D Income Related Monthly Adjustment Amount (IRMAA). A number of retirees who have been assessed this surcharge have contacted the Division of Human Resources to express their concern. It thus remains unclear as to whether this population actually receives any benefit from the greater discounts promised by SilverScripts.
Due to concerns raised by faculty, staff, and students, the Committee addressed the issue of Transgender Health Benefits (THBs) for employees, although this was not a formal charge. It was noted that the Committee had made a recommendation in its 2010 annual report that this coverage be provided under one plan, but that this recommendation was not approved and, thus, THB coverage was not included in the 2011 plan year. At the same time, there seemed to have been a belief among some members of the University community that, since THBs had not been approved for FY 2011, they definitely would be for FY 2012. The Committee plans to revisit this issue at its April 26 meeting, at which time it will be able to make a decision as to whether it believes consideration of this matter should be listed as a proposed charge for FY 2012.

Proposed Specific Charges for 2011-2012

1. Explore the possibility of providing tuition subsidies to employees who take classes at institutions other than Penn, particularly as this may pertain to those who do so in order to improve their chances of gaining admission to Penn.
2. Revisit the issue of providing Transgender Health Benefits (THB's) to Penn employees.

2010-2011 Committee Members

Chair:
David Pope

Faculty:
Tom Baker
Erling Boe
William Dailey
Howard Goldfine
Scott Harrington
Ingrid Waldron
Barbra Wall

PPSA:
Victoria Mulhern
Eleanor Rupsis
Jared Susco

WPPSA:
Erin Lemons
Peter Rockett
Linda Satchell

Ex Officio:
Jack Heuer
Susan Sproat
Lynn Lees

Human Resources Staff:
Terri Ryan
Geri Zima

Secretary:
Amy Coe

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