2011-2012 Report of the Committee on Personnel Benefits  
April 2012

The Committee met five times this year, and we have one more meeting scheduled for April 24 to continue discussion on tuition benefits, and to discuss the new charges for FY 2013. Two new members were added to the Committee this year; Christopher Lance Coleman, Faculty-School of Nursing, and Soonjin Park, Faculty-Perelman School of Medicine.

The following changes to the Penn Personnel Benefits package will take place in the coming year:
- Transgender Health Benefits (THBs) for employees - with transgender surgical benefits.
- Penn has contracted with Health Advocate as a partner for wellness. Also see items 6 & 7 on page 3.
- Medco will be the new Pharmacy Benefit Manager effective 7/1/12, replacing CVS.

Below are the Specific Charges for 2011-2012 with the corresponding status of each one:

**2011-12 Specific Charges**

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.

   The committee has concluded that the most compelling case for an "other than Penn" tuition benefit relates to those who wish to take Penn courses, but do not meet the normal admissions standards. It has been argued that such applicants could possibly demonstrate their academic abilities by taking courses elsewhere, then gain admission to a Penn program. We then discovered that the College of Liberal and Professional Studies (LPS) currently has an open enrollment policy for summer term courses. Since these courses possibly provide that same function, the committee decided to monitor the impact of the LPS enrollment policy to determine if this has helped those who were previously unable to gain access to Penn.

   This charge is still open and discussion will continue.

2. Revisit the issue of providing Transgender Health Benefits (THB’s) to Penn employees.

   The Committee is in agreement with this charge, and these benefits are being implemented on 7/1/2012. The PBC now considers this charge to be closed.

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

   The following items were implemented in 2011 as part of the Health Care Reform:
   - Break time/ private rooms provided for nursing mothers
   - Dependent coverage to age 26
   - No lifetime dollar limits on Health Insurance benefits
   - Federal regulations no longer permit reimbursements from Flexible Spending Accounts, Health Savings Accounts and Health Reimbursement Arrangements for non-prescription items.
   - Income-based Medicare Part D premiums were initiated resulting in higher premiums for some participants.

   Reporting of the value of health care coverage on employees’ W-2 forms will begin at the start of the 2013 calendar year. The value of an individual’s health care coverage is calculated based on the plan
he/she is enrolled in for the calendar year. The amount of the employer’s contribution to an employee's Health Savings Account is to be included in this figure. Even though these data are to be reported to the IRS, they do not have any tax implications, at least for now.

Additionally, in 2012, the "comparative effectiveness group health plan fees" will begin (this is the fee that will fund research on clinical outcomes, etc). The fee will be $1 per year per plan participant in the first year, $2 per participant per plan year in the second year and will be indexed thereafter. It is not yet known how and to whom Penn will pay this fee.

The following items will go into effect in 2013:

- Federal regulations will reduce the cap on FSA contributions to $2500 from Penn’s current $4000 plan limit.
- Higher Medicare payroll taxes on wages exceeding $200,000/ individual and $250,000/ couple. It is not yet clear how combined income will be measured, for example, the combined income of a Penn employee whose spouse is employed elsewhere.
- The default option for health insurance coverage will be automatic enrollment of all full-time employees; however, people will have the option to decline coverage.

Starting August 1, 2012 health insurance plans must cover women’s preventive health care, such as mammograms, screenings for cervical cancer, prenatal care, and other services. Although not required to do so until August 2012, Penn will offer this coverage for the plan year beginning on July 1, 2012. This charge will continue during implementation of the Patient Protection and Affordable Care Act.

4. Review the policy that makes certain prescribed medical services unavailable through in-network sources and effectively requires that they be purchased from out-of-network suppliers. Use of out-of-network services entails both higher co-pays and falls under deductible requirements. In this situation such add-on costs do not reflect a choice by users to go out of network, but a choice by Penn not to contract with any supplier.

This charge originally related to the Keystone POS and the PennCare plans, but since the Keystone POS plan was terminated on June 30, 2011, the charge now only relates to the PennCare plan. The specific issue is durable medical equipment (DME). The PennCare plan is a "Preferred Provider Organization" (PPO). As such, using providers within the PennCare network results in the lowest out of pocket costs, and using providers outside the network cost more, depending upon the relationship between PennCare and the provider. Using providers not in the PennCare network but within the "Personal Choice Network" results in higher out of pocket expenses and using providers that are "out of network" results in the highest out of pocket expenses. The PennCare network does not include DME providers because PennCare only provides health care. It does not sell equipment, but the Personal Choice Network does, and therefore the out of pocket expenses are higher for those services. This information is clearly stated in information Penn provides to the community, but perhaps it should be emphasized more strongly. The PBC now considers this charge to be closed.

5. Review whether to request that Human Resources staff consult with the Committee when making decisions about whether to comply with state mandates which are optional for the University. This issue arose in reference to autism and when the Penn autism benefit was initiated. Since Penn is self-insured, it is not obligated to follow state mandates; however, Penn reviews each state mandate to determine feasibility and appropriateness for its plans. In this instance Penn and the PBC concluded that the state mandated autism benefit should be provided as part of the benefit package, but since the autism mandate start-date fell within a plan-year, Penn opted to start the benefit at the beginning of the next plan year. The PBC agreed with this decision. The PBC now considers this charge to be closed.
6. Monitor the effectiveness of Aetna’s disease management procedures. The Aetna HMO plan was terminated 6/30/11, but some of the services provided under the Aetna program are now being provided through the new relationship with Health Advocate, see #7 below. The PBC now considers this charge to be closed.

7. Explore the possibility of providing health advocates/patient navigators as a benefit for employees.
   Penn has contracted with Health Advocate, effective 7/1/2012, as a partner for wellness and advocacy services. They will provide a number of services to members of the Penn community and their families, for example, helping people to make healthy changes in their life styles by getting fit and losing weight. The Committee will monitor the effectiveness of the services provided.

8. Explore the possibility of raising the maximum annual dental benefit.
   The Committee reviewed the economics of Dental Insurance, and found that having dental insurance operate more like medical insurance is not an option. In order to avoid large premium increases, we looked for plans that combine higher maximum benefits with higher deductibles. Unfortunately, such plans do not exist in the market. The PBC now considers this charge to be closed.

9. Review current policies for health insurance for faculty and staff who reach the age of Medicare eligibility. Is it possible to offer an insurance alternative which takes advantage of Medicare programs which (a) maintains a high level of coverage, (b) lowers costs to faculty or staff and (c) lowers costs to the University.
   Under current Medicare regulations, the employer-provided insurance is considered primary. As a result, no additional benefits would be obtained by offering such a plan to active employees over 65. The PBC now considers this charge to be closed.

10. Review and discuss the committee’s general charge and identify two or three issues that should be given highest priority for the committee’s work in AY 2012-2013. Agreed.

Proposed Specific Charges for 2012-2013
1. Revisit 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. Continue to review the requirements of Health Care Reform and consider needed changes in University benefits.
3. Monitor the effectiveness of the Penn's program with Health Advocates.

2011-2012 Committee Members

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