

University of Central Missouri
Board of Governors
Work Session
August 24, 2017

The University of Central Missouri (UCM) Board of Governors convened in Work Session on Thursday, August 24, 2017, at 1:00 p.m. in Union 237A on UCM's main campus, Warrensburg, Missouri. Presiding over the meeting was Board Vice President John Collier. Others in attendance were Governors Mary Dandurand, Marvin E. Wright, Mary Long, Weldon Brady, Walter Hicklin, and Student Governor Mathew Martinez. Governor Gus Wetzal was unable to attend the meeting and was excused. Also present was University President Charles Ambrose; General Counsel Hayley Hanson; Assistant Secretary to the Board Monica Huffman; Interim Senior Vice President for Finance and Administration Roger Best; Associate Vice President for Human Resources Ranea Taylor; and Blue Cross Blue Shield representatives Ron Rowe, Gregg Laiben, and Jeff Berry.

Call to Order – Agenda Item No. 1

Mr. Collier called the meeting to order and determined a quorum was present to conduct business. He deferred to President Ambrose for presentation of the next agenda item.

Calendar Year 2018 Health Insurance – Agenda Item No. 2

President Ambrose expressed appreciation to Blue Cross Blue Shield for its partnership and interest in finding solutions to the rising cost of health insurance at UCM, which has continued to increase by nearly \$1 million annually. He stated that approximately two years ago UCM began discussions with Blue Cross Blue Shield, Western Missouri Medical Center and St. Luke's Health Systems about forming a partnership that would ultimately result in patient-centered health care for UCM employees, as well as lower costs. More recently, President Ambrose learned that UCM could expect a \$1 million increase (7.3%) in health insurance costs for Calendar Year 2018 and challenged Blue Cross Blue Shield to identify options for 2018 that would lower UCM's health insurance and medical care costs.

President Ambrose introduced Blue Cross Blue Shield representatives -- Senior Vice President for Sales & Marketing Ron Rowe; Vice President for Employer Solutions Dr. Gregg Laiben ; and Vice President of Underwriting Jeff Berry.

Mr. Rowe and Dr. Laiben presented *Health Plan Options for 2018 and Beyond* (Attachment 1). Mr. Rowe reviewed factors contributing to the rising cost of health care and discussed the benefits of provider-powered population health management that include increased patient satisfaction, improved health, and better access. He also presented information showing population health management results in reduced utilization of outpatient services, fewer emergency room visits and hospital inpatient admissions, and increased use of generic prescriptions.

Mr. Rowe said the custom network designed for UCM includes two levels. The first level, an Exclusive Provider Organization (EPO), is a partnership between Blue Cross-Blue Shield of Kansas City with Western Missouri Medical Center and primary care physicians; St. Luke's

Health Systems and physicians; and UCM that provides a customized, quality health care network for University employees and their families. Level 1 EPO benefits include no copayments for office visits, except for specialists, and offers UCM a strategic approach to improving health outcomes to reduce costs associated with outpatient visits, emergency room visits, hospital inpatient admissions, and pharmacy. For employees not wishing to participate in the Level 1 EPO option, a Level 2 option is available that provides employees access to BlueSelect Plus hospitals and physicians in the Kansas City metropolitan area, as well as BlueCard hospitals and providers outside the Blue KC service area. However, Level 2 comes at a higher cost to employees.

Mr. Wright asked if the network of physicians offered in Level 1 would satisfy employee needs. Dr. Laiben responded there are currently 11,000 medical outlets (physicians, specialists, hospitals) in the Blue Cross Blue Shield network, and 67% (706 employees) of those insured through UCM’s health care options are already utilizing physicians and hospitals in Level 1.

Dr. Laiben reviewed the 2018 Plan Designs shown below and also discussed a three-year transition strategy that would use benefit designs and contribution strategies to move enrollment to the UCM Custom EPO Network and result in a \$6.3 million savings through the year 2020. Dr. Laiben said initially some employees will be hesitant to select the EPO network, but anticipates an increase in the selection of this option for future enrollment years once they have an opportunity to see the savings and success their peers are experiencing with the Level 1 option. The three-year transition strategy calculates enrollment in the Custom EPO Network to be 50% in 2018; 75% in 2019, and;100% in 2020.

2018 Medical Plan Designs to Support UCM Vision

| | \$1,500 PCB PPO | BlueSaver HSA PCB PPO | UCM Custom EPO Network | |
|-----------------------------------|-----------------|------------------------|------------------------|-----------|
| | | | TIER 1 | TIER 2 |
| Office Visit/Specialist Copayment | \$40/\$80 | Deductible/Coinsurance | \$0/\$60 | \$30/\$60 |
| Deductible | \$1,500 | \$2,700 | \$500 | \$1,000 |
| Coinsurance | 80% | 80% | 80% | 80% |
| Out-of-Pocket Maximum | \$4,250 | \$5,000 | \$3,000 | \$4,000 |
| Monthly Premium Today | \$725.31 | \$656.65 | NA | |
| Monthly Premium Proposed | \$709.60 | \$703.59 | \$669.50 | |

Better Benefits, Better Price

Mr. Brady asked Blue Cross Blue Shield representatives to elaborate on the premium rate pricing, noting that often what happens is an insurance company offers premium pricing in year one and significant increases follow in year two and beyond. Dr. Laiben responded that Blue Cross Blue Shield has made a commitment to guarantee and hold level UCM's 2018 premium-rate for years 2018 through 2020. This is something rarely done in the insurance industry.



Following a review of pharmacy benefits, Dr. Long noted generic drugs used to fill prescriptions in Level 1, may not be effective with all patients and asked what options are available to ensure patients are able to access medications appropriate to their individual health care needs. Dr. Laiben responded that if a generic drug is found to be ineffective in treating a patient, the physician would provide justification to allow the patient to obtain the brand drug.

An overview of next steps to support UCM's vision was made. This included scaling the offering of these benefits to other employers in Johnson County and Warrensburg, Missouri, as well as revenue opportunities for a UCM clinic. Dr. Best and Ms. Taylor discussed a communication and education plan to be conducted prior to and leading up to fall enrollment for 2018 medical insurance coverage so that employees are able to make well-informed decisions. Blue Cross Blue Shield will be an active partner in doing so.

President Ambrose expressed appreciation to Blue Cross Blue Shield for their partnership and for their efforts to help identify options to lower employee health care costs.

Board Governance – Agenda Item No. 2

In preparation for the Board's September 5, 2017, Retreat, Ms. Hanson distributed a packet of information for the Board's review and consideration of discussion topics (Attachment 2). An agenda will be prepared and provided in advance of September 5. Board members were asked to let Ms. Hanson or Ms. Huffman know if they have items they would like included on the agenda.

Request for Closed Session – Agenda Item No. 3

Dr. Long moved pursuant to the Missouri Revised Statutes, Section 610.021, that the UCM Board of Governors meet in closed meeting, with closed record and closed vote, for the purpose of considering real estate matters, legal actions, and personnel matters. The motion was seconded by Ms. Dandurand and carried with the following roll call vote:

| | | | |
|-------------------------|------------|---------------------|------------|
| <i>Mary Dandurand</i> | <i>aye</i> | <i>Weldon Brady</i> | <i>aye</i> |
| <i>Marvin E. Wright</i> | <i>aye</i> | <i>Mary Long</i> | <i>aye</i> |
| <i>Walter Hicklin</i> | <i>aye</i> | <i>John Collier</i> | <i>aye</i> |

The meeting concluded at 2:30 p.m.

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Attachment Listing**

| <u>Attachment No.</u> | <u>Attachment Description</u> |
|------------------------------|-------------------------------------------------|
| 1 | PowerPoint – Health Plan Options: 2018 & Beyond |
| 2 | Board Governance Information |