

FAQs about the Regents' March 14 Action Item regarding proposed changes to the UNM benefit plan:**1. Is this a proposal to increase premiums?**

- a. **No.** If the Regents take no action, an average premium increase of 6.4% has been projected, due to increasing costs of healthcare.
- b. This is a proposal to reduce that projected increase by making minimal changes to employee benefits. If approved, these changes would limit the premium increase to an average of 4.5%. Compared to doing nothing, this will save money for both the institution and its employees.

2. Does this proposal include an increase to the VEBA contribution?

- a. **No.** In fact, this proposal postpones the scheduled increase to VEBA contributions, saving money for employees.

Here are the details of the proposal:**What changes will occur?**

Answer: Minimal changes to employee benefits were presented to and approved by the Finance and Facilities Committee (F&F) on March 8, 2016. The changes were originally presented to F&F on February 4, 2016, as options from Aon (UNM's Benefit consulting firm) for consideration. Below is a summary of the changes:

- *Medical Plan changes:* In-network, Out of Pocket Maximums are the only component of the medical plan that are part of the proposed changes. Deductibles, coinsurance, and copays will remain the same. Based on Aon's benchmarking of UNM's medical plan with comparator groups in their database, we are recommending an in-network \$3,000 individual / \$6,000 family Out of Pocket Maximum.
- *Prescription Drug changes:* There will be no change in generic copays or copays for specialty drugs (specialty drugs are the most expensive drugs). Currently, approximately 83% of UNM's prescriptions are generic drugs.
 - *Change to a 25% coinsurance from copay for brand drugs:* A coinsurance model promotes consumerism. The current copay for a retail 30-day supply of preferred brand drugs is \$35, and the current copay for a retail 30-day supply of non-preferred brand drugs is \$55. Under the new model, if the cost of a retail 30-day supply of preferred brand drug exceeds \$35, the employee will pay 25% of the cost up to a maximum payment of \$70. Under the new model, if the cost of a retail 30-day supply of a non-preferred brand drug exceeds \$55, the employee will pay 25% of the cost up to a maximum payment of \$110.
 - ~~*Make diabetic prescriptions and supplies subject to plan copays:* Express Scripts and Aon have recommended making diabetic prescription copays (insulin and supplies) equal to other prescription copays. Implementing a copay on diabetic prescriptions is consistent with the copay~~

~~structure for all other chronic disease prescriptions covered under UNM's plan.~~

Update: This change was not approved by the BOR on March 14, 2016. The BOR voted to retain the co-pay exemption for diabetic prescriptions and supplies.

- *Change a 90-day supply prescription to 2.5 times the 30-day prescription supply cost: Based on Aon's benchmark information from public higher education, and other national benchmarks, 2.5 is a common approach to this benefit.*
- A new Incentive Based Disease Management Biometric Screening program was presented to, and approved by, the Finance and Facilities Committee on March 8, 2016. Active employees (*currently on a UNM health plan with UNM Health, BCBSNM, or Presbyterian*) who participate in the biometric screenings will receive a one-time \$200 premium incentive.

Why will premiums increase?

Answer: In November 2015, Aon projected that premiums would increase on average by 11%, based on claims costs through September 2015. When additional months of claims costs were available, Aon was able to revise that projection to 6.4% on average. Aon presented the revised projection to the Finance and Facilities Committee on February 4, 2016. By making the above changes, Aon was able to revise the premium projection down to a very favorable 4.5% increase (on average), even though the medical trend is projected at a 7% increase. Aon presented the revised average 4.5% projected increase to the Finance and Facilities Committee on March 8, 2016.

Premiums vary by Third Party Administrator (TPA). UNM currently utilizes three TPAs:

- UNM Health
- BlueCross BlueShield of New Mexico
- Presbyterian

UNM Health is the lowest cost Third Party Administrator. During Open Enrollment in April – May 2016, employees will have the opportunity to change their Third Party Administrator and, if desired, enroll with a lower cost TPA.

What's going on with VEBA contributions?

Answer: VEBA contributions were scheduled to increase by .25% in FY17. A recommendation was made and approved by the Finance and Facilities Committee to defer the scheduled increase in contributions for FY17.

For additional information, contact the HR Service Center at 505-277-MyHR(6947).