

Here are some highlights from the last SHCC meeting.

Tobacco Surcharge Recommendations

- a. This surcharge will be instituted in FY13.
- b.
- c. Surcharge or credit?

i. JHCC: Settled on calling it a surcharge because it was more important to charge those not doing desired behavior than crediting those who are already doing it. \$600/year, rather than \$50/month because of differing contract lengths. Some consternation in the way it shows up on pay stubs—if it was a credit, everyone would be charged a higher rate, and non-smokers would receive it back, which would be perceived as being taxed on it.

ii. SHCC: Support calling it a surcharge rather than sugar coating it. Decision to have a single annual amount (rather than monthly) makes sense.

c. Length of time tobacco free and review of status

i. JHCC: Six months tobacco free, or have completed a cessation program within the last six months; a mid-year review so employees have an opportunity mid-year to demonstrate they've quit or completed a cessation program and end the surcharge. Mid-year would take effect pay period after January 1st, with data collection in November to key in Banner before Christmas. Only those already paying the surcharge would need to fill out the paperwork, and only if they wanted to end the surcharge.

ii. SHCC: Six months, with a mid-year review, to provide more of an incentive to quit or complete a cessation program.

d. Affidavit

i. JHCC: Decided they weren't the best body to write the form. HR will write it, vet it with General Counsel, and bring to JHCC for review.

ii. SHCC supports this recommendation.

e. Tobacco Cessation Program

i. JHCC: Looked at forms for non-tobacco use programs. Liked certification that included "Quit for Life" program (available to employees & dependents effective July 1st—web and phone based, so it's available for smaller campuses and off hours), also accept other cessation programs so that people can use the method that works for them. Also includes support groups sponsored by hospitals, therapy monitored by physician, acupuncture or hypnosis with a licensed practitioner. Most will either be covered by the plan or available for free. Keep in mind that quitting is hard, and it will likely take most people several attempts to quit. No limit on number of times using cessation program, because we want to give them continued opportunities.

f. Additional SHCC Recommendation: Operate on the honor system, with no testing of employees.

g. Do we want to discourage employees reporting each other? Postpone until we have the

language of the affidavit being developed by HR and General Counsel.

HRAs and HSAs

- a. A lot of discussion on HRAs and HSAs, in the end the JHCC decided there wasn't enough information at this time, postpone for one more year.
- b. Lisa recommended looking at plan selections for FY12, let that inform how we steer the plan one way or the other. Consider how many people took the deluxe plan and whether we use it in the future. Already promised no major changes to next year's plan, so we can't remove the deluxe plan. Consider having two HDHP plans, one with the HSA, one without. This would allow us to deal with the people who can't use HSAs.
- c. Address stumbling blocks: pharmacy costs in HSA would have to be rolled back into medical and subject to 80/20 rule. Redistribution for people who primarily use the pharmacy benefit. On the other hand, an HSA is fully portable so you can take it with you if you leave the university. With an HRA, the employee can't put money in it, but they could also set up an FSA in addition.
- d. Recommendation: Revisit HRA/HSAs for possible implementation in FY14, with the potential of offering two HDHP plans, one with an HSA included and one without. These discussions could begin in FY12, to allow time to work out the details before they would have to be implemented.**

Draft Tobacco Surcharge Documents

Frequently Asked Questions – Tobacco Surcharge

Q. What is the UA tobacco surcharge?

A. This surcharge, going into effect July 1, 2012, adds \$600 a year to the employee charge for health care if the employee or a dependent enrolled in UA's health plan uses a tobacco product or has used tobacco products within the past six months and has not demonstrated eligibility for a waiver from the surcharge.

Q. What is considered a tobacco product?

A. Tobacco use subject to the surcharge includes tobacco that is smoked such as cigarettes, pipes or cigars, as well as smokeless tobacco, such as snuff or chewing tobacco. Tobacco use, by either an employee or his/her dependent enrolled in the health plan, subjects an employee to the surcharge, when use has occurred within the past six months.

Use of nicotine patches, nicotine inhalers or electronic (green) cigarettes, will not require an employee to pay the tobacco surcharge.

Q. How do I avoid the surcharge?

A. The surcharge will be added automatically to your health plan charge, unless you complete one of the following certification forms:

“**Non-Tobacco Use Certification**,” {LINK} or

“**Certification of Tobacco Cessation Program Participation**” {LINK}

Once completed and signed, the certification form must be submitted to your human resources office for processing during open enrollment, or in November if you wish to apply for a mid-year waiver of the tobacco surcharge.

Q. How often do I have to certify my tobacco use?

A. Once a year during open enrollment, all UA employees will be asked to certify whether they are eligible for a waiver of the tobacco surcharge. If an employee does not complete and submit a certification form during open enrollment, the surcharge will go into effect at the beginning of the plan year, which starts the first of July.

Once a certification form has been submitted during open enrollment, the waiver of the surcharge will be in effect for the entire year.

Q. How does the mid-year waiver work?

A. There will be a mid-year opportunity for an employee to certify tobacco-free status if their or their dependent's tobacco use has not occurred for 6 months, or if the tobacco user has enrolled

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and is participating in a tobacco cessation program. The employee may submit a form in November and be eligible for the waiver effective the following January. Mid-year waivers will be in effect for the remainder of the plan year, until June 30.

For example, if you were a tobacco user in April during open enrollment, but have not used tobacco in six months, you can submit a Certification of Non-Tobacco Use in November. The certification forms are available on-line at www.alaska.edu/benefits, or may be obtained from your HR office.

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Q. I don't smoke or use tobacco, but my spouse, who is on my plan as a dependent, does use tobacco. Do I have to pay the surcharge?

A. Yes. If you or any covered family members use tobacco products or have used tobacco products within the past six months, the \$600 annual surcharge applies unless you are eligible for a waiver because of current enrollment/participation in a tobacco cessation program.

Q. Both my covered dependent and I use tobacco. Do I have to pay more than \$600?

A. No. If your dependent is covered on the UA health plan only through your employment (i.e. the dependent is not employed by the University and covered directly), the tobacco surcharge will be \$600 annually even if both of you use tobacco.

Q. What if my spouse and I are both employed by the university and we don't cover each other as dependents. If both of us use tobacco, what is the amount of the tobacco surcharge we would pay?

If both you and your spouse/partner are employed by UA and are covered by the UA health care plan as employees, you will both be charged the surcharge. However, as you are enrolled in UA's health care plan as individual employees rather than being listed as a dependent on the other person's plan, each of you can receive a waiver of the surcharge for attending a tobacco cessation program.

Q. If I'm still using tobacco, what can I do to avoid the surcharge?

A. UA cares about your health, and would like everyone to be eligible to avoid the charge. Once you and enrolled dependents are able to certify that you have been tobacco free for six months, or if you certify that tobacco users have enrolled and are participating in a tobacco cessation program, you can submit a certification during open enrollment or during the month of November in any year. You can be approved for a waiver of the surcharge effective July 1 or January 1, depending when you submit the certification.

Q. I want to quit using tobacco, but need help to do it. What should I do?

A. The following programs are available; the list is also available on the UA benefits website [\[link\]](#)

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- The University of Alaska's employee assistance program: www.alaska.edu/benefits/employee-assistance-progr/
- Alaska's Tobacco Quit Line: www.alaskaquitline.com/
- The American Cancer Society: www.cancer.org/Healthy/StayAwayfromTobacco/index
- American Lung Association: www.lungusa.org
- Centers for Disease Control and Prevention: www.cdc.gov
- National Alliance for Tobacco Cessation: www.thenatc.org
- Nicotine Anonymous: www.nicotine-anonymous.org
- Quit Now Program: www.smokefree.gov Free and Clear Quit for Life Program www.quitnow.net/rockwellcollins/
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Q. What if I use tobacco, but submit a certification form stating that I do not use tobacco? Will there be a penalty if this is discovered?

A. UA employees are expected to provide accurate and truthful statements on all employment forms. Therefore, if it is determined that you submitted false information on UA's "Non-Tobacco Use Certification," you would be subject to paying the surcharge for the applicable plan year as well as potential disciplinary action up to and including termination.

Q. Why is the surcharge being implemented?

A. Tobacco is considered the leading preventable risk factor for illness and disease. Following consultation with UA health care committees, UA decided to implement a surcharge for tobacco use by employees and dependents on UA's health care plan. The effective date of the tobacco surcharge was delayed so there would be an opportunity for employees and dependents to try to stop using tobacco, including participating in a formal program of tobacco cessation for assistance with that effort.

Several other public health plans have added, or are adding, a surcharge for tobacco use: Alabama, Georgia, Kansas, Kentucky, Indiana, North Carolina, South Dakota, Tennessee and West Virginia. Many private companies are doing the same.

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Tobacco Surcharge

Beginning in the FY13 Plan Year, the University of Alaska will implement a tobacco surcharge. Employees receiving health care will be required to pay \$600 per year in addition to the health care

charge if they or their dependents use tobacco products. The surcharge will be waived for those employees who certify that tobacco products are not used or if the employee/dependent is actively

enrolled in a tobacco cessation program. The details of the program and eligibility are outlined below.

- Tobacco is defined as cigarettes, pipes, cigars, chewing or smokeless tobacco.
- "Non-tobacco user" is defined as a person who has not used tobacco for at least six months before the date the enrollment certification is signed.
- To have the surcharge waived, employees enrolled on the health plan must certify that they and their dependents are non-tobacco users or that they are tobacco users enrolled in a cessation program.
- If the employee/dependent has used tobacco products in the prior six months before the tobacco use certification is signed, the surcharge will be waived if the tobacco user enrolls and is participating in a designated tobacco cessation program by the due date for submission of the certification.
- If it is unreasonably difficult due to a medical condition, or if it is medically inadvisable for the employee/dependent to achieve the standards under this program, the employee is asked to contact contact name, title, phone number to develop another method to qualify for a waiver.
- Employees can receive a waiver for the surcharge for the next plan year by completing a

certification of non-use or tobacco cessation program enrollment/participation during open enrollment. Another mid-year opportunity to complete a certification will occur between November 1-30 each year. Employees who are eligible for a waiver following the midyear certification will have their tobacco surcharge halted during the first full payroll period of January.

- Employees enrolled in the medical plan must submit a completed certification during Open Enrollment or during the November opportunity, if they wish to apply for a waiver of the tobacco surcharge.

- An employee who submits inaccurate or false information on a certification regarding eligibility

for a waiver of the tobacco surcharge may be subject to having the surcharge applied retroactively for the applicable plan year, and possible discipline for dishonesty and falsification of documents.

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Non-Tobacco Use Certification

Neither I nor my dependent(s) enrolled on the University's health care plan currently use tobacco

products or have used them within the last six months.

Please print the following information:

Employee Name

Employee ID #

Work Phone

Email Address

Please keep a copy of this certificate for your records and send the original to Name, Title, by the

Open Enrollment deadline (May 15) or the mid-year deadline (November 30) to be considered for

waiver of the tobacco surcharge at the next opportunity, i.e. July 1 or January 1, respectively.

If you have any questions, please contact Name, Title, Phone Number.

I certify that my statements on this form are true and accurate. I further understand that any misrepresentation of information on this affidavit will require my payment, through payroll deductions

or otherwise, of the tobacco surcharge during the current plan year. Dishonesty or misrepresentation

of information on this affidavit may also result in disciplinary action up to and including termination.

Employee Today's Date

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Certification of Tobacco Cessation Program Participation

_____ I am currently a tobacco user, but I am actively enrolled in one of the tobacco cessation programs listed below.

_____ One or more of my dependents uses tobacco, but all of those dependents are actively enrolled in one of the tobacco cessation programs listed below.

Please check boxes below to indicate all of the programs in which you and/or your dependent(s) are enrolled. Date of enrollment: _____.

- ☐ ComPsych tobacco cessation program
- ☐ 1-866-465-8934
- ☐ State of Alaska Tobacco Quit Line
- ☐ 1- 800-QUIT-NOW
- ☐ A Tobacco Cessation class or support group sponsored by a local hospital
- ☐ Use of a Nicotine Replacement Therapy monitored by your physician
- ☐ Use of an Alternative Therapy (i.e. Hypnosis, Acupuncture) monitored by a Licensed Practitioner
- ☐ Alere Wellbeing (Quit for Life) and includes Nicotine Replacement Therapy

Please print the following information:

Employee Name

Employee ID#

Work Phone

Email Address

Please keep a copy of this certificate for your records and send the original to Name, Title by May 15,

2012 to be precluded from the tobacco use premium surcharge July 1, 2012. Documentation or program completion (i.e. certificate or letter) must be submitted by May 15, 2012.

If you have any questions, please contact Name, Title, Phone Number

I certify that my statements on this form are true and accurate. I understand that any misrepresentation

of information on this certificate will subject me to the requirement to pay the tobacco surcharge, through payroll deductions or otherwise, for the current plan year. I further understand that dishonesty

or misrepresentation of information on this certificate may subject me to disciplinary action up to and including termination.

Employee Today's Date

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Other Items Under Consideration for FY13

I. Institute a Spousal Surcharge. This would deduct a certain dollar amount, *e.g.* \$50 monthly, from the pay of any benefits-eligible employee who has enrolled his/her spouse in UA's health care plan. The surcharge would only apply if the spouse is eligible and has access health care benefits through their own employer.

Explanation: The university wants to be an employer of choice without being an insurer of choice. UA should not have a plan that is so reasonably priced for dependent coverage that spouses decline the coverage offered by their own employer and choose to be covered by the UA plan. The university's charging structure to date has not provided a disincentive for members to enroll their spouses under UA's plan rather than their own.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both JHCC and the SHCC were opposed to this change at this time. SHCC wanted to UA to see if the plan changes in FY12 will reduce the number of spouses enrolled on the plan and if not, a spousal surcharge could be added in FY13.

CHRO's Recommendation and Rationale: A spousal surcharge was not recommended for FY12 as the significant increases in family deductibles will tend to operate as a deterrent to enrolling spouses if they have equivalent coverage elsewhere. However, this type of surcharge will remain under evaluation as we review how many spouses are enrolled on UA's plan. Data on other coverage will be gathered by the vendors conducting the dependent audit, which will help us further evaluate this type of surcharge.

2. Create new tiers for dependent charges, so that covered members will pay more for larger families than is currently the case.

Explanation: Currently, the University has 4 dependent charging tiers: Employee only, Employee plus spouse, Employee plus child(ren) and Employee plus family. While the current structure does address the increased costs of adding dependents, if we added more tiers, it would allow better control of the increased cost to the plan when large families are covered.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC recommended more research on the methodology for setting employee rates and further analysis of types of claims dependents are having. If the research supports a change, it could be implemented in FY13.

CHRO's Recommendation and Rationale: Continue to evaluate this as Lockton gathers more information and analysis regarding the costs to the plan caused by dependent usage.

3. Charge part-time employees an increased employee charge for health care coverage.

Explanation: Currently, part-time employees are eligible for health care if they are in a benefits-eligible position and work over 20 hours per week. Many employers do not offer health care coverage to employees at this Iowa level of hours worked, or the employers may charge the part-time employee a higher cost for coverage than full-time employees pay. Some employees work part time due to their own preference, or in order to obtain health care benefits. If there is no business need to hire part-time employees, the university incurs greater costs when it hires 2 part-time employees with two benefits packages rather than 1 full-time employee with one benefit package.

Input by the Joint Health Care Committee and Staff Health Care Committee:

Both the JHCC and SHCC recommended more research into the claims costs for parttime employees. If the research supports a change, it could be implemented in FY13.

CHRO's Recommendation and Rationale: CHRO recommends reviewing this issue further. Currently, the university employs about 300 part-time, benefits eligible employees, but it is not known how many of these employees are part time due to the university's needs and how many have requested to be part time. The university contributes the same amount for health care for part time, so the benefits costs are higher relative to the salary costs than is the case for a full-time employee. However, it is not known whether part-time employees cost more in terms of health care plan utilization. Rather than a part-time surcharge for benefits, the university may want to limit health care coverage to those employees working 30 or more hours per week. Effective January 1, 2014, Federal law will require employers to provide health care coverage to employees on a full-time basis if they work a minimum of 30 hours per week. Increasing the hours needed for health care eligibility would require a modification to University Regulation 04.06.149, "Benefits for Extended Full Time and Part-Time Temporary Employees," as well as changes to health care plan documents.

4. Exclude high risk activities from coverage under UA's health care plan.

Explanation: Activities such as sky diving, bungee jumping, operating a motorcycle or plane, scuba diving, hang gliding, rock climbing, parachuting and parasailing could be excluded from coverage.

Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC and the SHCC questioned how this could be administered and what activities should be included as "high risk."

CHRO's Recommendation and Rationale: Review this issue later, after additional information is gathered. Eliminating high risk activities would mean that employees would bear the entire costs of medical care if accidents occurred while engaging in such activities. Such exclusion would be highly controversial and unwelcome to employees who are active and adventurous.

5. Tie employee charges to completion of wellness/fitness activities and outcomes.

Explanation: This approach would base employee deductions on documented statistics and measures of involvement in activities that promote health and wellness and therefore are predicted to reduce the individual's risk to UA's health care plan. Through lower employee charges, an incentive would exist to encourage employees to obtain an annual physical, complete an annual health risk assessment, obtain and monitor biometrics and BMI, as well as to participate in defined activities to improve fitness, good nutrition, a healthy weight and positive lifestyle choices.

Input by the Joint Health Care Committee and Staff Health Care Committee: JHCC and SHCC need to be involved in the development of wellness activities that would lead to the lower employee charge.

CHRO's Recommendation and Rationale: There is widespread support for tying employee charges to documented wellness activities, so that employees who are trying to avert their own health complications and chronic conditions are charged less than those

who are not making such an investment of their time and effort. Using measured activities and outcomes as a basis for employee charges is more effective than rewarding activities without subsequently reviewing whether or not they have resulted in a reduction of risk factors. Lockton has the ability to analyze the utilization of UA's plan, which will help us in structuring an incentive structure likely to yield positive plan results. However, more time is needed to work with Lockton, UA health care committees and employee groups to consider the type of incentive structure to devise that will be well received by employees and make a difference to plan use. A differential charging structure based on a number of participation levels would require Banner system changes, as modifications in the employee charge structure must be programmed into the payroll system.

6. Implement a Surgical Travel health care plan feature.

Explanation: Research into the costs for particular medical procedures performed in Alaska compared with the costs for the same procedures performed in the Northwest shows that there is a substantially higher medical cost for some medical procedures obtained in Alaska. The university's medical plan could offer members who need certain kinds of surgeries additional financial support to help defray travel and related costs if they decide to have the surgery in designated treatment centers in the Northwest. Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

CHRO's Recommendation and Rationale: This idea should receive further review as to the level of support that would serve patients' interests and needs, while still representing a significant cost saving to the university. This should be considered only for those members/covered dependents who prefer to travel to obtain surgeries. A pilot project with eligibility limited to certain surgical procedures would be a sensible way to test this option.

7. Establish an onsite medical clinic in Fairbanks or Anchorage.

Explanation: A medical clinic, staffed with UA-employed MDs or physician assistants and staff, could be located on or close to UAF or UAA to serve university employees and their dependents. This would present a major investment, due to the need for a facility and staff for such a clinic. However, universities and other organizations that have opened their own clinics are better able to control medical costs, while offering services conveniently close to the workplace.

Input by the Joint Health Care Committee and Staff Health Care Committee: Both the JHCC and the SHCC viewed this proposal favorably.

CHRO's Recommendation and Rationale: This is an idea for consideration in the future with the likely pilot project being UAN's physician assistant program.

8. Eliminate the current award of \$1 00 per year for each covered employee and spouse who completes a personal wellness profile (PWP or health risk assessment).

Explanation: The university has provided this amount every year for participating employees and spouses since 2004, when a provision was first negotiated into CBA articles regarding this payment. Completion of a personal wellness profile (PWP)

provides the individual with feedback on their state of health as well as making recommendations for steps that can be taken to improve their health risk levels, addressing issues such as the level of physical fitness, mental health, diet, alcohol consumption and stress. However, the biometrics reported in the health risk assessments are all self reported and there is no linkage between the PWP contents with any referral to medical providers, disease management services or the employee assistance program. Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC and the SHCC were both in favor of eliminating the \$100 award for the simple task of

completing the PWP, believing that such an incentive could more beneficially be used to reward activities that have a greater impact on employee behavior.

CHRO's Recommendation and Rationale: CHRO agrees with this assessment and is in favor of biometrics being measured and entered into a data base that can be forwarded for review by UA's disease management program to assure appropriate follow up and attempted intervention. However, the provision for the \$100 award to employees and spouses is currently referenced in collective bargaining agreements, and hence must be changed through negotiations or via a memorandum of understanding with the unions.

9. Require employee participants to complete 5 out of 6 sessions when they enroll in the university's Individual Health Plan (IHP) coaching program, or pay a penalty.

Explanation: Currently, about 20% of participants drop out of the IHP program after enrolling. They take up space that others could utilize, which results in an inefficient use of WIN for Alaska's staff and increased costs to U A.

Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC and SHCC recommended that rather than a penalty for non-completion, we consider a reward or incentive for successful completion of all 6 IHP sessions.

CHRO's Recommendation and Rationale: CHRO agrees with the committees' recommendation and will continue to review this issue, recognizing that the value of the IHP offering itself is very valuable to each individual who is able to participate in the sessions.

10. Require employees to participate in obtaining and logging biometric information upon enrollment into IHP sessions, as well as at the end.

Explanation: Currently, IHP enrollees may choose to have biometric screening, but it is voluntary. Further, even if the biometric numbers are logged into the employee's own wellness page, the information is not entered into a database so that aggregate statistics can be reviewed or personal information forwarded to UA's disease management program for follow up. The recommendation would change this, making it mandatory to have biometric information gathered and shared in a confidential manner with UA's disease management providers.

Input by the Joint Health Care Committee and Staff Health Care Committee: The JHCC and the SHCC members recognized the value of requiring biometrics for appropriate individual follow up/intervention.

CHRO's Recommendation and Rationale: CHRO supports mandatory gathering, logging and reporting of IHP participants' biometric information to UA's disease management vendor.

A review by Lockton of the aggregate biometric information of IHP participants could also allow U A to more reliably determine whether the IHP program is providing the university an appropriate return on investment. IHPs are personalized coaching services that can directly help individuals to make health and lifestyle changes, but they are expensive to deliver because of the one on one sessions offered. Individuals who are realizing the benefit of the personalized coaching should be willing to participate in the review of its effectiveness.