

MERCER

Human Resource Consulting

John Carroll University
Summary of Health Care Benefit
Focus Group Sessions

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Executive Summary

In January 2003, John Carroll University engaged Mercer Human Resource Consulting to conduct several associate focus groups. Eight meetings (2 of which were informal brown bag lunches) were conducted over one week to ensure that faculty, administration and staff were adequately represented. The purpose of these meetings was to solicit input regarding the existing benefits package. Specifically, input was around the:

- satisfaction with the current benefit offerings;
- likely reception to potential changes, especially in terms of cost-sharing arrangements;
- mindset regarding the delivery of benefits, the cost of benefits, and the communication of benefits;
- ideas for cost savings that may or may not impact the health and welfare benefits.

It is important to note that participants in these focus groups were randomly selected. It is our assumption, then, that the findings are indicative of opinions throughout John Carroll University. The vast majority of the participants who were selected have Medical Mutual of Ohio as their carrier, while a small minority has Kaiser.

We believe that the overall results from these focus groups were positive for John Carroll University, not only because of the information gleaned, but also for the positive experience and goodwill built with most of the employees who participated. Employees understandably want their opinions and concerns to be heard and addressed. As we (Mercer) move forward with our evaluation and recommendations, it is our intent to attempt to do just that.

During our meetings, several general themes emerged. They are as follows:

- Employees are generally very pleased with their health care benefits;
- Employees do recognize that the health care coverage is fairly generous in terms of the plan design, and they also realize that it is available to them at a lesser cost than what they would find at many other “competitor” schools;
- Employees were encouraged and generally very positive about the fact that the Administration and Human Resources were concerned about their ideas and opinions, and would like to see this kind of interaction (such as the focus group sessions) continue in the future.

While the focus group results are positive, we should also point out that there is also room for improvement, in terms of addressing some of the issues and concerns expressed in the focus group sessions. While most employees are generally pleased, there is a clear desire for:

- Regular, comprehensive, and timely communication from John Carroll (educational and informative);
- Increased flexibility and choice in their benefit package;
- Changes/improvements to the dental, vision and life/AD&D insurance benefits.

The findings from these focus groups are contained in the following summary. We look forward to reviewing this report with you in greater detail.

Section 1 - Business Environment

1. What external factors — forces outside the organization’s control, if any — do you feel may affect your health care benefits?

Several participants cited the legal environment (malpractice litigation), the existence of *for-profit* health care organizations (such as Medical Mutual of Ohio), and the “greed” of pharmaceutical companies as external factors that likely impact their health care benefits.

Among the other factors that were mentioned are:

- Government sponsored healthcare programs (Medicare and Medicaid);
- Rising cost of prescription drugs (and the unwillingness of pharmaceutical manufacturers to relinquish patent protection so that affordable generics could be provided to consumers);
- Poor stock market performance exacerbating the tendencies of insurance companies to seek excess profits from their insured;
- Bureaucracy within managed care organizations.

Section 2 – General Employee Benefit Satisfaction

1. What employee benefits does John Carroll University offer?

Participants generally seemed well versed in terms of the benefits that John Carroll University offers, namely medical, dental, vision, life and accidental death and dismemberment insurance, and long-term disability. However, participants were not as well acquainted with the life/AD&D and long-term disability coverage as they were with the other types of coverage, probably for lack of usage.

2. Of the benefits that John Carroll University offers, which one(s) do you value most? Which do you value least?

Participants indicated that the medical benefit is far and away the most valuable. The vision and dental plans were commonly cited as the least valuable on the basis of limited provider networks, poor coverage for services, and the voluntary nature of the plans. Group life insurance was also perceived by some to be a less valuable benefit as a result of limited flexibility in the plan design.

3. How many of you are in Medical Mutual of Ohio? Kaiser? What do you like most/least about Medical Mutual of Ohio? Kaiser?

	# of Participants
Medical Mutual of Ohio	76
Kaiser Permanente	5
Did not Specify/Waived Coverage	5

NOTE: While 86 employees participated in the formal focus groups, an additional 57 employees participated in the informal brown-bag lunches. The total number of participants was 143.

Medical Mutual of Ohio

The broad size of the provider network (and inclusion of the Cleveland Clinic) and the lack of referrals for specialty care (essentially flexibility to choose providers) are the features most liked by the MMO enrollees. The stability of the network (low turnover) is perceived to support continuity of care and the quality of the providers in the network is thought to be good. The level of coverage is cited as good if not exceptional, even out-of-network (coverage is 80/20) and out-of-state (especially for college-aged children), a facet of the plan that, according to two participants, can alleviate the stress attributable to financial burden when a loved one is very ill. Low employee contributions (5%) and low cost-sharing, specifically the \$10 copay for an office visit with a preferred provider and the \$500 out-of-pocket maximum (single coverage), are very favorable. Administratively, participants vocalized appreciation for the detailed statements that they receive and the limited role that they are expected to play in the billing process – billing between MMO and the provider is “convenient/low hassle” for the insured. The claims processing is regarded as superior to other plans and participants perceive that MMO is relatively flexible in terms of resolving claims that may have been denied for lack of coverage. Customer service is highly rated; problems are apparently resolved well via the helpline.

While the vast majority of the comments were praises for MMO and the level of coverage that is provided, some participants did point to certain aspects of the plan that they felt were problematic. Participants cited that coverage for the specific items listed below is lacking:

- Prostate exams (PSA test), especially since mammograms are covered;
- Colonoscopies, as part of a physical exam;
- Preventative/wellness procedures;
- Occupational therapy and supplies (i.e. travel sleeves for cancer patients);

- Chiropractic care;
- Outpatient mental health (low reimbursement and limited visits for individual psychotherapy);
- Hearing treatment.

Aside from specific areas of poor coverage delineated above, participants also mentioned the following problematic areas:

- University Hospital and its affiliates are not preferred participating providers, thus necessitating higher out of pocket costs;
- Efficient tracking of copays that result in intervention by a collection agency;
- Abandonment of an existing physician for one in the preferred provider network;
- Poor coordination of benefits between MMO and other carriers, as well as between two policies within MMO;
- Lack of a dual coverage option (three or four tier payroll deductions) for employees;
- Being referred to non-network providers by PPO doctors, and finding out “after the fact” that these providers were not participating providers.

Kaiser Permanente

Features that employees like most include their lack of involvement in the billing process, and the lack of copays for physician office visits. Additionally, physician quality is perceived to be satisfactory and their evidence-based medicine approach is respected. One participant offered satisfaction with coverage for women’s health services.

Facets of the plan that are least liked include lack of a prescription drug benefit, poor handling of administrative tasks (e.g. address changes that affect telephone-mediated prescription drug refills) and difficulty with referrals arising from the PCP gatekeeper concept. Additionally, the appeals process appears daunting.

4. What do you like most/least about the prescription drug plan?

Participants enrolled in the Kaiser plan do not currently have a prescription drug benefit. However, enrollees commented that they do receive prescriptions on-site in a relatively short period of time (20 minutes or less) and that a convenient telephone and web system is available for maintenance medications. Surprisingly, willingness to alter plan design (like increasing the office visit copay) in order to finance the addition a drug benefit was met with a somewhat mixed reaction; some were willing to consider it while others cited the value of purchasing at wholesale rates in 3-4 month quantities through Kaiser.

The following comments pertain to the prescription drug benefit offered through Medical Mutual of Ohio. Participants are generally pleased with the prescription drug benefit. Coverage (with rare exceptions for items such as transplant anti-rejection drugs) is considered to be good and participants appreciate that generics are not mandatory. One participant cited that the 80% reimbursement rate for supplies is especially important to diabetic enrollees. Billing is automatic and perceived to be hassle-free, and reimbursements are typically (though not always) received in a timely manner (3-4 weeks) and can be tracked online. The network is perceived to be very broad, even out-of-state, with lots of pharmacies from which to choose. Cost sharing is affordable, and the 100% coverage after the out-of-pocket maximum is met is especially valuable. Administratively, the statement sent to the enrollee lists the breakdown of charges (i.e. total charge, % paid by insurer, % paid by insured) clearly.

The most common complaint about the current prescription drug plan is that the employee must “up-front” the entire cost of the medication and then wait until reimbursement, which, as mentioned earlier, is typically timely but can take up to 8 weeks. This is particularly burdensome when the needed drug is very expensive. Another disadvantage of the current system is that with the 80/20 arrangement, the enrollee can not anticipate how much he/she will have to pay at the pharmacy, particularly for new prescriptions. Participants shared that prior authorization is a hassle for non-preferred brand name drugs like Celebrex. Hassles may also arise from unintended account transfers when an insured fills a prescription at an out-of-state (but in-network) pharmacy. Lack of coverage for birth control pills was voiced by several participants as seemingly inequitable. Finally, the lack of mail-order system for maintenance medications is a weakness of the current offering.

5. Would you rather have a two or three tier copay system for prescriptions instead of the 80/20 coinsurance?

Two or Three-tier Copay System	80/20 Coinsurance System
44	20

NOTE: One focus group and several other individuals did not vote.

Convenience of the copay plan design appeals to participants. Participants generally believed that it would be easier to come up with a relatively small copay than with the full cost of the purchase. Some participants vocalized concern that employees who can't afford to pay the full amount up-front may forego the needed medication, thereby driving costs higher in the long run.

A potential disadvantage of the copay system noted by one participant was the threat that the copay would insulate the consumer from the true cost of the medication.

Some interest was expressed in 20% coinsurance (instead of a flat copay) that would be paid upon filling of the script, as opposed to having to pay 100% initially.

It is noteworthy that one group was unwilling to render a vote on this issue. However, that group asserted that they would be willing to consider both types of prescription drug plans if specific details of the plans were presented and explained.

6. What do you like most/least about the Dental program?

Virtually no positive comments were made about the dental program. The limited accolades included affordable coverage for caps and orthodontia, as well as the \$5 copayment for a routine cleaning.

The majority of complaints centered on a few issues:

- Extremely small network of participating dentists;
- Dentists in the network are of questionable competence ;
- Coverage is poor;
- It is difficult to find a dentist that is accepting new patients;
- Dentists complain to the patients that it is not in their (i.e. the dentist's) best interest from a financial standpoint to treat patients with the plan type offered by John Carroll University;
- Voluntary in nature; many felt that John Carroll University should contribute towards the cost of the plan rather than forcing employees to pay the full cost.

Generally, informal cost-benefit analyses have revealed to the employees that it is advantageous to utilize their FSA as a means of financing qualified dental expenses. There

was considerable interest in a PPO-style plan, even if it meant that the monthly employee contribution would be somewhat higher.

7. What do you like most/least about the vision program?

Dissatisfaction with the vision plan was prevalent and the complaints were similar to those made about the dental program:

- Very small network;
- Limited coverage and limited selection of frames;
- Hassle for employee to contend with payment issues;
- Limited flexibility (e.g. having to choose between eyeglasses or contacts instead of having access to both).

8. What do you like most/least about the Life/AD&D insurance program?

While experience with these benefits was limited among the participants, and several were unsure about the specifics of their coverage, most participants asserted that they would like more flexibility. The current benefit provides no coverage beyond 2X annual salary and is not portable, features that participants would like to see changed. Additionally, the participants would like to see the two benefits unbundled and do not believe that either should be mandatory.

It is noteworthy that additional coverage is not critical, or even desirable, to some participants. Apparently TIAA-CREF offers very competitive rates, especially when the employee can bundle that coverage with auto and homeowner's insurance.

9. What do you like most/least about the LTD insurance program?

LTD is perceived to be a very important and necessary benefit for employees, but discussion was negligible as a result of little experience with the plan.

10. Are there any additional benefit programs/plans that the university does not currently offer that you believe are important and would be helpful to you (such as Long Term Care, group legal)?

- Long term care insurance was mentioned frequently, even though some employees mentioned that this was available at reasonable rates through TIAA-CREF;
- Short term disability generated a lot of interest for staff employees;
- Liability insurance (beyond professional liability that JCU provides);
- Group legal, auto, homeowner's insurance;
- Day care.

Section 3 - Costs

1. What are some ways employees can help manage benefit costs?

Many good suggestions were made, including:

- Maintain one's health (e.g., exercise regularly, take advantage of preventive medicine, eat an appropriate diet) [Note: a few participants asserted that employees would appreciate assistance from the university both in creating space for exercise and sports and providing for a healthier selection of foods on campus.];
- Smoking should be discouraged through higher employee contributions for employees who choose to smoke;
- Verify that Explanations of Benefits (EOBs) are accurate;
- Request free samples and/or generic medications from physicians when appropriate.

2. Health care costs have increased significantly recently, and experts expect this trend to continue for the next few years. And it may not always be possible to cover these escalating costs through tuition increases. Accordingly, the University is looking for ways to deal with ever-increasing medical costs. This may mean some unpleasant choices. Having said that...think of this next question as a choice between two evils...If you had to choose, would you rather see an increase in monthly contribution levels for

all employees or increases in costs for specific benefit features (e.g., increased deductibles or coinsurance levels)?

Increase monthly contributions for ALL employees	Increases in costs for specific benefit features	Combination of the two strategies
26	14	13

NOTE: Several participants were unwilling to respond to this question. For details, see below.

The responses to this question were mixed, as evidenced by the table above, and reactions were often fraught with angst. One participant expressed disdain for having to respond to this question since the health care benefit seems isolated from the comprehensive compensation package. Even under the guise of a hypothetical question aimed to assess employee orientation towards different methods of cost sharing, some participants reiterated their refusal to respond. Generally speaking though, participants prefer solutions that are regarded as equitable for all groups. The faculty exhibited a very protective attitude towards the staff, especially those for which there is only one primary wage earner.

The reaction to a different employee contribution model (such as one in which employee contributions are calculated as a percentage of income) was very favorable as long as it aligns with John Carroll University’s mission and is “equitable”.

Section 4 – Technology and Communication

1. Do you have any ideas on how JCU could enhance communication/education regarding employee benefits?

- A Webpage designated for employee benefits information that is kept up-to-date;
- An updated Benefits Summary/Overview and Handbook needs to be more accessible, perhaps through a Website as per above;
- A Benefits Specialist in HR to assist employees with their problems and issues. Several suggested that it would be helpful if even one employee could set aside a standard time period each week during which this specialist would be available to assist employees with questions/issues;
- Monthly “Did You Know” leaflet to draw attention to a specific aspect of the employee benefit package;

- The focus groups are appreciated as a learning experience, especially for those employees who have not had to utilize their benefits often;
- Bulletin boards within each department can be used for postings of a single hard-copy version of benefit information, as opposed to mass hard-copy distribution. [Note: some employees believe that benefit information should not only be “available” but distributed in hard copy to employees. E-mail may not be sufficient since not all employees utilize their email regularly.];
- Benefit Fairs

Section 5 – Final Thoughts

1. If you were responsible for making the decisions regarding employee benefits at JCU, what ideas or solutions would you propose to help the University to cope with escalating costs?

- Evaluate other alternatives for cost savings before trying to recover a budget shortfall in healthcare benefits (e.g., costs for travel, costs for dinners, costs of paper used in mass mailings, costs of maintaining “problematic” employees, costs of excessive raises for administrative employees, etc.);
- Consider a 10-month employment contract for *all* employees in conjunction with wage freezes;
- Within the realm of prescription drugs, incent the employee to ask for a generic when available and appropriate;
- Disincentives for emergency department use for medical conditions that don’t require that level of care;
- Establish or join an existing group purchasing to take advantage of large group rates;
- Educate employees as to *how* they may use their benefits more cost effectively - if employees had more insight into *why* their benefit costs were so high, then they would be better positioned to control them;

- *Transparency* around the total cost of insurance that the university provides to its employees would be valuable, perhaps in the form of a total compensation statement;
- Train the employees to review the charges for the benefits that they receive (EOB review);
- Permit the school nurse and the counseling center to treat employees for minor conditions;
- Consider a cafeteria plan if it is more cost-effective and allows for greater flexibility for employees [Note: One participant vocalized that adverse selection could be a real concern in a cafeteria plan and asserted that this plan type should be applied only to dental and vision benefits in the context of JCU];
- Increase cost sharing (e.g., higher deductibles);
- Establish an in-house clinic and/or an in-house pharmacy to accommodate routine requests;
- JCU could institute a “Suggestion Box” for cost-saving ideas, where perhaps employees could reap some financial benefit for providing a useful solution that is implemented;
- HR dept should explore all of the options from a health and welfare benefits standpoint, to the extent that it is cost-effective, before making choices - “Do the homework!”;
- Compare the enrollment, faculty: student ratio, and tuition at JCU to both Jesuit and non-Jesuit institutions in Ohio. Perhaps benchmarking could reveal that JCU could raise revenues via higher enrollment and/or higher tuition. Compare the health plans as well;
- University-wide surveys, as opposed to the focus groups alone, to broaden the pool of cost-saving suggestions;
- Add an additional option, specifically a less expensive one, to the menu of healthcare benefits;
- Hire a company to provide mail-order prescription drug benefits *and* educate the employees as to how to use the program;

- HR department could help to educate employees as to how they might interact with healthcare providers. For instance, employees should not fear asking for a second opinion when a proposed course of action is particularly expensive;
- Investigate ways to monitor the utilization of services above the out-of-pocket maximum, as there seems to be no incentive to act as a discriminating consumer at that point;
- Support wellness benefits on campus since that may decrease rate increases in the long-term as employees may be healthier.
- **If there is one piece of advice or a thought that you want John Carroll University to hear about your benefits, what would that be?**
- Keep MMO!!! The coverage is the best regionally! Don't experiment with carriers such as CIGNA at the expense of those who happen to be ill during the experimental period;
- Please make the employee contributions more equitable among carriers. Currently, employees with Kaiser family coverage are paying \$71/month, which is more than employees with MMO coverage, yet Kaiser participants don't have access to a prescription drug benefit;
- Do not increase the cost, and do not cut any coverage;
- Compare the healthcare benefits and total compensation to Jesuit and non-Jesuit institutions, both public and private institutions, as a means of generating ideas for a better benefits package. One participant suggested that the colleges which the business school uses for benchmarking purposes should be used (e.g., Dayton, Marquette, Boston College, Santa Clara, Loyola Marymont). A different participant suggested that other state universities should be included in the comparison;
- Consider embracing outside consultants sooner when confronted with dilemmas;
- Do not disturb the quality of coverage, especially for the purposes of increasing the quantity of options;
- Quality is *essential*, but flexibility is also valuable;
- Cutting benefits will make many people unhappy;

- The benefits as they currently exist are liked; employees are willing to pay more. That is, raising the employee contribution is preferable to compromising the quality of the benefits plan;
- Recognize that benefits are a key part of retention for faculty members. Additionally, realize that the satisfaction of faculty members with their lifestyle impacts recruitment of students for Ph.D. programs;
- Recognize that benefit changes, especially increased cost shifting to the employees, must be considered in the context of the *compensation package as a whole*;
- Communication is the key to acceptance;
- Employees fear that conceding to a 5% hike in employee contributions this year may predispose them to a similar hike every year for the foreseeable future;
- Get the message out to faculty members that going along with healthcare benefit changes is really the “path of least resistance” since raises will likely suffer if the don’t approve the benefit changes. Lower raises will be felt more deeply than a higher employee contribution;
- Employees internalize a moral obligation to provide fair benefits for the contracted cleaning and cafeteria staff. There is a sense that these people do not receive appropriate benefits;
- Review the possibility of adding levels of coverage that vary based on the number of dependents;
- More education and communication from HR;
- Benefits are great as is;
- Share the results of the Mercer study with all of the employees;