On June 15, 2017, committee members Vincent Renzi, Marion Casey, and Michael Ferguson met jointly with T-FSC Benefits Committee member Magued Iskander and committee co-chair Wen Ling, together with University Director of Global Benefits Trish Halley and representatives of the University’s actuarial consulting firm Willis Towers Watson, to review recommendations for increases in faculty medical benefits premiums for 2017–18.

Overall, health care expenses are projected to rise 6.4% this year. As in years past, both we and the T-FSC have again endorsed recommendations that distribute the increase differentially. This reflects the reality of the limited benefits pool and the concomitant desirability of providing incentives for faculty to choose lower-cost plans.

On behalf of the C-FSC, we endorsed Willis Towers Watson’s scenario for no change in premiums for the high-deductible health plan, a 2% increase for the point-of-service value plan, and a 9.1% increase for the point-of-service advantage plan.

The T-FSC Benefits Committee made a recommendation of 5.4% increase for both the high-deductible and point-of-service value plan, and an increase of 7% for the point-of-service advantage plan.

In late August, we were notified that the University has adopted increases of 2% for the high-deductible plan, 5% for the point-of-service value plan, and 7.5% for the point-of-service advantage plan.

Our recommendation reflected the desirability of increasing the incentive for faculty to choose the high-deductible plan: Faculty have previously reported that the plan’s premiums were too close to those for the point-of-service value plan to encourage them to change. It also reflected a desire to hold the increase in the point-of-service value plan to the same nominal rate of increase in faculty salaries. The increase in the premiums for the point-of-service advantage plan would be lower than the rate (9.5%) by which they increased last year. The broad outlines of our recommendation are reflected in the increases adopted by the University.

On September 26, 2017, members of the committee met jointly with the T-FSC and AMC benefits committees, together with Trish Halley and representatives of CVS/Caremark, the University’s pharmacy benefits manager. Among the issues we discussed is the difficulty of moderating costs: CVS/Caremark reported that they have effectively done all they can through management of the formulary and negotiated rebates from pharmaceutical firms; and they are particularly concerned at the high costs associated with specialty drugs, and these are likely to remain high for some time as that market matures. One initiative that they will be expanding is assistance to people who take multiple drugs. The number of such people is small, but they account for disproportionally high costs. Helping them maintain compliance with their drug regimens and anticipating adverse drug interactions improves quality of care and saves both medical and pharmacy expenses; and because people often see multiple care providers, the pharmacy benefits manager is better positioned to be able to provide this assistance.