

Council on Benefits ANNUAL REPORT FOR AY 2023-2024

MEMBERSHIP:

<u>School, Department, Office represented:</u>	<u>Membership:</u>	<u>Name:</u>
A&S	Faculty	Rich Howarth
A&S	Faculty	Desiree Garcia
A&S	Faculty	Glenn Micalizio
A&S	COF (Faculty delegate)	Lynn Patyk
Advancement	Exempt	Lesa Knapp
Advancement	Non-Exempt	Jeffrey Rodriguez
Athletics	Non-Exempt	Andrew Lapple
Campus Services	Non-Exempt	Philip R. Charbonneau
Finance & Administration	Non-Exempt	Kristina A. Fletcher
Finance & Administration	Executive Vice President	Jomysha Stephen
Finance & Administration	Chief Human Resources Officer	Sara Lester
Finance & Administration	Chief Financial Officer	Scott Frew
Finance & Administration	Non-Exempt	Eszter Balazs
Finance & Administration	Controller and VP for Finance	Diane Ingalls
Finance & Administration	Financial Planning & Budget Office	Jake Kransteuber
Finance & Administration	Executive Director, Total Rewards	Michelle Scichilone (convener)
Finance & Administration	Director of Benefits and Wellness	Karen Wilson (DOH January 2024)
Finance & Administration	Benefits Administrator	Kate Eldridge
Geisel	Exempt	David Bennett
Geisel	Faculty	Caitlin Howe
Geisel	Faculty	Matthew Havrda*
Library	Exempt	Vacant
Provost	Non-Exempt	Margaret (Peg) Chase
Student Affairs	Non-Exempt	Meghan Paulette (Resigned)
Thayer	Thayer faculty member	Geoff Luke
Thayer	Non-Exempt	Ashley L. Parker
Tuck	Staff - Exempt	Paul Mutone
Tuck	Faculty	Phil Stocken

*Denotes Council Chair

CHARGE AS DESCRIBED IN THE ORGANIZATION OF THE GENERAL FACULTY OF DARTMOUTH COLLEGE (OGFDC):

- (1) To review with the President policies and decision-making processes which bear on the benefits program at Dartmouth College.
- (2) To advise and consult with appropriate constituent groups on significant changes being contemplated well before the deadline for finalizing them.
- (3) To receive from the Office of Human Resources on at least an annual basis a report, complete with appropriate data and comparative information, regarding 1) responsiveness of the benefit plan to the needs of faculty and

staff, 2) competitiveness with the plans of other institutions, and 3) cost effectiveness of Dartmouth's benefit plan.

- (4) To review and evaluate the College's employee benefits program and to make recommendations to the President with regard to the modification of existing employee benefit plans and the design of any new benefit programs
- (5) To submit a report to the General Faculty and other interested parties at the end of the academic year.

NUMBER OF MEETINGS DURING THE PAST ACADEMIC YEAR:

The Council on Benefits (i.e., *College Benefits Council, CBC*) met four times as a full committee during the academic year on August 8, 2023, March 5, May 16, and July 15. A sub-committee was formed to take part in the Dental RFP. Dental RFP related sub-committee efforts included additional meetings to understand and discuss proposals put forth by finalists. These meetings were held in consultation with Brown and Brown who provided insights and organized suggestions which were brought to the finalists.

ACTIVITIES FOR THE PAST ACADEMIC YEAR, AND HOW THEY ADDRESS THE CHARGE OF THE COUNCIL:

Summary of Key Outcomes:

- There continues to be a problem with the provider network in our region. No obvious means of overcoming this shortfall have been identified, however, this topic remains a driving force in negotiations with providers.
- The projected cost increase in health coverage of 9.6% is viewed as alarming. The committee did not feel that faculty and staff would respond well to such an increase and suggested the institution should take part in offsetting these increases. It is noteworthy that such an increase is not predicted to be a one-time event, but rather part of a seemingly unsustainable trend. Similar increases are projected for post-retirement pool. These projections are outlined on pages 5 and 6.
- The recommendation to renew dental coverage with Delta Dental was viewed as the best option among choices that were not ideal. Frustration related to the network remains, but it was appreciated that we now have a seat on the advisory board could give Dartmouth a "voice" with Delta Dental.
- The recommendation to renew Life/Disability with Lincoln Financial was considered straightforward as they seem to be allowing us to operate at a loss without major changes in the renewal contract.
- Universal appreciation for the insights provided by Karen Wilson, Michelle Scichilone, and the consultants at Brown and Brown was expressed by the committee. Expertise, institutional memory, and depth of research provided are critical given the impact and complexity of the committee's charge.

Individual Meeting Details:

August 8, 2023

August 8th meeting provided details on the series of events impacting the ownership of Dartmouth's employee health center. Rick explained the acquisition of Iora by One Medical in 2021, and how Dartmouth Health Connect became One Medical at Dartmouth. One Medical was then unexpectedly acquired by Amazon in February of 2023. With this acquisition, both MD providers decided to leave the practice. Dartmouth had no bargaining power and was at risk of One Medical walking away, leaving approximately 1,600 people without a Primary Care Physician so Dartmouth entered into urgent negotiations with One Medical, which resulted in a new contract but with a

different model than Dartmouth was used to. The practice was now more tech forward, with an app and additional telemedicine options. Courtney Rotchford (Dartmouth Wellness Manager) has been working hard to keep communications open and to move along the provider hiring process.

There was some additional discussion around provider availability.

One member asked if the college could create our own primary care practice. Rick noted that it was not inconceivable but unlikely in part because of the complexities around operating a clinical practice, and billing insurers has an enormous infrastructure and regulatory rubric behind it. He then shared how the College previously ran the psychiatry program at Dartmouth Health, and how the college experienced some of these complexities firsthand.

Rick also announced President Beilock's initiative to add a new Chief Health and Wellness Officer and that an evaluation of Dick's House would be conducted and whether there was an alternate approach that should be considered moving forward.

March 5th

The March 5th meeting of the CBC served to detail the agenda and explain the Official Functions and Expectations of the College Benefits Council. Discussion included President policies and decision-making processes, changes and plans to constituent groups, benefit plan responsiveness, cost, and competitiveness to the representatives appointed to the CBC. Specific recommendations from the prior year were discussed ranging from Requests for Proposal (RFP) across medical, pharmacy, and wellbeing platforms. Cigna and ESI were retained, both with pricing & service enhancements, resulting in millions of dollars in savings over the next 3-5 years. Several new benefits were added effective January 1, 2024, a Limited Purpose FSA, a new vision plan, Lifestyle Spending Account, and new supplemental voluntary benefit offerings.

In this meeting, Brown & Brown (B&B) also presented a five-year comparison chart of the active, pre-65 retiree medical claims expense against the monthly budget. B&B's review showed the five-year actual to budget ratio came in at 100.6%, while the budget for 2024 has been increased by 2.1%. B&B explained that the higher costs experienced at year end (2023) were driven by a couple of high-cost claims, however the medical RFP has been able to help flatten the overall cost.

B&B also reviewed the post-65 retiree group presenting a five-year comparison chart of the post-65 retiree medical claims and expenses against the monthly budget. B&B's review showed the five-year actual to budget ratio came in at 101.9%, while the budget for 2024 has been increased by 2.0%.

A member of the council asked about Dartmouth's stop loss limit and the potential savings based on the final 2023 experience data provided. Another member requested data and outcome of the stop loss to review with this group. B&B were receptive and confirmed that they had completed prior 3-to-5-year lookbacks that had yet to demonstrate that a lower limit would have resulted in even a neutral outcome. B&B agreed to conduct a similar data analysis again this year.

The March 3 meeting also served to introduce the topics for the upcoming year. These included the Dental RFP and renewal of the Life and Disability contract. Additional updates included Dartmouth's consideration of re-

introducing a Long-Term Care (LTC) benefit in response to other state legislation that is either considering or already requiring a payroll tax that covers LTC benefits for the residents.

Overall, the March 5th meeting was productive. Member discussion was lively and centered around the topic of rising costs. A council member shared some feedback that they had been hearing from other colleagues about the cost of Dartmouth's medical insurance. The concern was about Dartmouth's deductibles and out of pocket maximums being higher than other Ivy League peers. More specifically the cost of diagnostic services like labs, x-rays and imaging services at DHMC were problematic. Michelle Scichilone shared that Dartmouth will be participating in an upcoming Ivy Plus survey to see how Dartmouth's benefits compare. B&B shared that Dartmouth is in a high-cost area, while some of the other schools in question have the more generous plan designs, are located in lower cost areas and have other service options.

May 16th

The May 16th meeting served to provide the results for the dental RFP as well as for the Life and Disability renewal.

Dental RFP

In 2024, Dartmouth opted for a one-year extension (ending 12/31/24) that resulted in a 2.75% reduction in premiums for the current 2024 plan year. B&B shared that NE Delta Dental's 3-year renewal proposal came in stronger than the other four bidders based primarily on network strength, but also by guaranteeing no increases to the current rates for the duration of the contract.

B&B provided an overview of NE Delta Dental's current Network Structure explaining differences in utilization statistics between Delta's PPO and Premier networks. B&B also shared how other carriers attempt to compete with Delta's more robust network.

B&B shared a chart comparing the proposed monthly rates and 3-year total premium across each RFP participant. Rates were based on Dartmouth's status quo, two plan options and 3-Tier design. Two incumbents provided competitive financial proposals however their provider network results were weak in comparison to NE Delta Dental. B&B compared the providers used by Dartmouth members in 2023 to provider networks of the other four bidders and found that NE Delta Dental network was considerably higher. Additionally, provider discounts achieved through non-incumbent bidders would lead to 9-25% higher out-of-pocket costs for members.

Life and Disability Insurance

Dartmouth's current contract for Life and Disability Insurance with Lincoln Financial Group (LFG) is ending 12/31/24. B&B provided some historical context to Dartmouth's relationship with LFG. However, recent claims experience for the fully insured Life and Disability plans has not been favorable. Brian (B&B) also shared a comparison of premiums paid versus claims incurred and the loss ratio across each plan type. Due to high experience in the fully insured life and disability plans, B&B was expecting a rather high increase of 30%-40% for 1/1/25. However, Lincoln Financial came in significantly lower than was expected at 6.7% after including Dartmouth's other products which came in with minimal increase. B&B will do their financial due diligence and will perform an RFP with 3 bidders but did not expect better rates.

July 15th

The July 15th meeting provided final reports on various trends and the outcome of the year's activities in the form of recommendations. B&B provided a quick refresher on how to review the medical trend chart showing active relative to budget over the last five years and has run relatively close to budget. He pointed out that 2023 ran at about 6% over budget and we are currently running at 4% over budget for 2024 with 5 months of data. B&B shared that this is not uncommon, and they are seeing similar utilization patterns among our peers as well as with other large employers nationally.

In response to a question from the committee regarding cost drivers, B7B responded stating the increase in actual costs is due to a 9% increase in overall utilization across the board, not from one large claim.

Post 65 Retiree Plan Experience Review: The post 65 group showed some variance over the years, but the actual remained close to budget, and 2024 YTD is showing to be a bit more favorable. B&B shared that it is typical to see numbers run a little under budget during the first half of year since inflation ramps up throughout the year, so this is not unexpected.

Several important points were raised in relation to medical underwriting. B&Bs went over a per capita summary of what is driving the medical projected renewal for 2025. Claims went up 13.2% overall on the medical side which includes similar increases under both the catastrophic and non-catastrophic claims. Catastrophic is defined as those with over \$50,000/year in claims in the plan year. Cancer was the number one driver, which is about the same for every employer they see. Followed by musculoskeletal and then neurological, which includes things like strokes, multiple sclerosis and spinal injuries.

He stated cancer patients make up about one third of the top ten high-cost claimants (HCC). The total number of HCCs increased from 109 to 116 with average costs about the same in 2023. B&B also assured the group this experience was not out of line for a group Dartmouth's size. He pointed out that about 75% of the 116 high-cost claimants were engaged with a Cigna case manager, which is significant in managing the episode of care (inpatient and outpatient).

A member of the committee asked whether the neurological claims were due to an increase in acute conditions like stroke or in long term disorders like Alzheimer's and dementia. B & B r e s p o n d e d that due to the nature of the population being younger/active or pre-65 retirees that it was more due to the former, things like multiple sclerosis, stroke and other neurological disorders that people can get earlier in life.

In the context of Pharmacy, B&B pointed out that there was a lot going on in the news about GLP-1 medications, and that there were a lot more specialty drugs on the market driving Dartmouth's trend in 2023 up to 11.6%. This number is high but is in line with our Ivy+ peers. The trend after rebates for 2023 were about the same. He noted, the rebates did go up dramatically in 2024, because of the pharmacy bid conducted in 2023. This will be more apparent this time next year, but those savings are already reflected in the 2024 rates. Non- specialty is trending higher than in years past due to some of the non-specialty medications like GLP-1s that are hitting the market.

In response to a question what drugs were driving the most cost, B&B responded it wasn't one specific drug that was driving the cost on the specialty side, but that price inflation was still fairly high on some of the newer drugs, and that this would most likely start to taper off as some of the interchangeable biosimilars are adopted. GLP-1s

are the primary driver of cost on the non-specialty side. Chris explained what GLP-1 medications are designed to do, how they work and provided some additional context around how this class of drugs is being adopted. He also shared that Dartmouth's costs for these medications are well below our peers.

A committee member commented on GLP1s and how they could potentially impact many other aspects of employee health and wellbeing and be viewed as a positive wellness change. The member also asked whether B&B was tracking this. B&B will be following any changes to the FDA guidelines and will consider and will continue to monitor the cost benefit.

B&B shared that Dartmouth's GLP-1 per member cost was not as high as the peer group, overall, the GLP-1 cost makes up 5.5% of total cost, while the peer group is 12.0%. He continued to explain how GLP-1 and insulin work clinically and that the focus is shifting to the potential positive health benefits resulting from weight-loss. B&B shared some of the additional challenges and side effects of these medications and assured the group that B&B will be monitoring ongoing studies.

Preliminary Projection:

B&B stated that currently Dartmouth is looking at a 9.6% preliminary increase for the active/pre-65 medical plans in 2025 using data through May, which is a bit higher than the standard of 7-7.5%. This number may reduce slightly once the June data has been added. A few committee members expressed concern around a 9.6% increase and how it would be received by faculty and staff, the impact on paychecks as well as the retention challenges it could present. Dartmouth CHRO, Sara Lester, responded sharing their concerns on the impact to employees and stated she and others are actively in discussion and focused on developing options to address the plan cost increase over a several year period.

In considering plan design changes, a two plan design options that model how changes to the current plan design can help to partially offset the 9.6% increase for 2025 were introduced. Several committee members engaged B&B in discussion regarding the plan, plan costs and whether segmenting the active and post-65 populations may offer insight or savings opportunities; B&B explained why it would not help when spreading risk across the groups.

Another member of the committee asked how the engagement of Cigna case manager with a high-cost claimant impacts the budget. B&B explained that in addition to Dartmouth already paying for the benefit as part of the administration fees, it also helps to ensure that patients are in the best possible place, and it reduces medical errors.

B&B summarized the dialogue, comments, and questions regarding plan administration by explaining the conceptual attributes associated with having a single risk pool versus multiple risk pools. The bottom line was that multiple risk pools would not be favorable for Dartmouth or the members because we need participation from young healthy people to help offset the costs of older less healthy members. Fortunately, Dartmouth's participation is high.

Preliminary Projection:

B&B provided a preliminary projection for the DCMS Retiree Medical plan for 2025, which has run in line with expectations so far, coming in at a 7.8% increase projected for 2025. Most of this increase is driven by the post-65 population having a majority pharmacy experience, which is the inverse of the active/pre-65 population.

Finalized RFP Decisions:

Dental Insurance

B&B provided a high-level summary of the RFP process and results that they conducted earlier in the year. As a result of the process B&B negotiated a proposal from NE Delta Dental that includes no rate increases from the current rates, guaranteed for a 3-year duration of the contract. Dartmouth also requested a seat on the NE Delta Dental of NH client advisory board.

A few members agreed that NE Delta Dental enhanced network supported the recommendation to remain with NE Delta Dental and Michelle Scichilone explained how a seat on the advisory board could give Dartmouth a “voice” with NE Delta Dental.

Recommendation: To renew with NE Delta Dental under the 3-year rate guarantee.

LIFE/DISABILITY

Dartmouth’s current contract for Life and Disability Insurance with Lincoln Financial Group (LFG) is ending 12/31/24. Lincoln Financial initially proposed a renewal of +5.9% for all lines of coverage under a 2-year guarantee have run at a combined ~130% loss ratio since inception. Dartmouth then asked B&B to conduct a request for proposal (RFP) for its life & disability administration in response to Lincoln Financial initial renewal.

Ultimately, B&B negotiated a rate “hold” for all lines of coverage and increased the guarantee period from a 2-year to a 3-year guarantee as the best and final offer. The benefits office also performed a reference check with an Ivy peer to confirm the administrative capabilities were better aligned with the desired services.

Recommendation: To renew with Lincoln Financial under the 3-year guarantee.

STOP LOSS COVERAGE

In response to a question from an earlier CBC meeting concerning stop loss, B&B provided a few scenarios showing how Dartmouth would fare over a rolling 3-year period, had we purchased at lower levels. The chart showed the current \$2 million dollar coverage level provided the most cost-effective results.

B&B also shared that Embarc, a Cigna-specific program for covering high-cost gene therapy medications, may be an option for Dartmouth to consider. Upon further research, B&B confirmed that Dartmouth is already enrolled in Embarc through the current stop loss coverage.

