

Harvard, HUCTW and Healthcare: Local Strategies for a National Problem

In the last several months, HUCTW and the University have, through our Joint Benefits Committee, held constructive conversations about health care costs, focusing especially on health plan “co-payments” and the Co Pay Reimbursement Program. This letter outlines the intent and current outcomes of these discussions.

As we can hear if we listen to family members and friends in other workplaces, most insured people in our region have higher co-payments than Harvard’s for office visits and prescriptions, and many have less health coverage in general. The pressure to cut services, and to raise co-pays and premiums, comes from all sides: employers, health plans, and insurance and drug companies. In contrast, while our premiums at Harvard have increased somewhat each year during this national crisis, our coverage (list of services) has not declined, nor has our contribution percentage increased. And our co-pays have not changed for 11 years. We currently pay a \$10 co-pay for a doctor’s visit, and the co-pay for prescription drugs is \$5/\$10/\$25 for three different tiers of medications.

These are the issues that have brought us to our current conversation with the University in the Joint Benefits Committee¹. As a result of those discussions, minor changes in the co-payment policy will take effect in January 2007. The set of planned changes (see table below) is a compromise, representing some slight advantages and slight disadvantages for HUCTW members.

As outlined below, the new co-payment for office visits will be \$15, and for prescription drugs it will be \$5/\$15/\$40. The higher co-payments will result in a smaller-than-usual annual increase to monthly premiums. Depending on specific health plan choices, the employee share of health plan premiums will be approximately \$12 to \$48 per year less than if we had not made co-pay changes.

In addition, the Co-Pay Reimbursement Program (CRP, or Co-Pay Cap, as it is often called) will change in important ways. The CRP is an important benefit, started in 1996 as a result of HUCTW negotiations with the University, assuring that any Harvard staff member who has a significant financial burden in co-pays for office visits will be reimbursed. At present, the Co-Pay Cap reimburses for all co-pay costs greater than \$100 (ten visits) in a year for an individual, or \$250 for a family (or any individual member in a family plan who exceeds \$100). The CRP has been a huge financial help for co-workers who require a high number of office visits related to chronic problems like diabetes, high blood pressure, mental health or children’s health.

In 2007, as a result of the Benefits Committee discussions, the CRP will be expanded to cover prescription drug costs for the first time. Any prescription co-pay costs beyond \$500 for an individual or \$1,000 for a family will be eligible for reimbursement. This change is expected to benefit about 700 members of our community who have high costs related to prescription drugs. The office visits Co-Pay Cap will also continue, reimbursing for any office visit costs greater than \$135 in a year (nine visits). We have also agreed to increase greatly the education and outreach about both aspects of the program, to ensure that all eligible staff members know about this valuable benefit and are familiar with the process for getting reimbursed. These changes are outlined a summary table on the following page.

In a separate but connected development, members of the Benefits Committee have agreed that within the next year we will examine the current premium pricing system for health care. The Committee will consider adjusting the salary levels above which staff and faculty pay higher health premiums. Those levels are currently \$55,000 and \$70,000 in full-time equivalent salary, and they have not changed for almost six years.

These upcoming cost changes are minor: some of us will pay slightly more in co-payments, with the increased cost partially offset by lower premiums. Hundreds of Harvard families will benefit from the new prescription coverage in the Co-Pay Reimbursement Program. All the same, we can expect that health care issues will be difficult for years to come. In HUCTW, we will continue listening to each other, developing ideas and doing research. We are currently most enthusiastic about the possibilities for improving health care programs and containing costs by expanding Harvard offerings in wellness and health promotion (smoking cessation, nutrition, stress reduction, disease management).

SUMMARY OF PLANNED CO-PAY PROGRAM CHANGES

<u>ITEM</u>	<u>2006 COST</u>	<u>2007 COST</u>
Office Visit Co-Pay	\$10	\$15
Co-Pay 'Cap', Individual (or any single individual in a family plan)	<i>no more than</i> \$100 (10 visits)	no more than \$135 (9 visits)
Co-Pay 'Cap', Family (all family members combined)	<i>no more than</i> \$250 (25 visits)	no more than \$330 (22 visits)
Rx Co-Pay 'Cap', Individual (or any single individual in a family plan)	<i>unlimited</i> (no cap)	no more than \$500
Rx Co-Pay 'Cap', Family (all family members combined)	<i>unlimited</i> (no cap)	no more than \$1000
Monthly Insurance Premiums	[Varies]	[will still vary but with slightly lower increase overall]

High-quality, affordable healthcare is one of the cornerstones of our Union's accomplishments, and we have long prided ourselves on our ability to work thoughtfully and creatively with the University to keep that cornerstone firmly in place. As we all know, the problem of healthcare costs is not a local one. It is an issue of national proportions, which affects us all. For the foreseeable future, we will need to continue adapting to economic and structural changes. However, with continued strategic work between the Union and the University, there is reason to hope we can soften the effects of the issue on members of our community, and make incremental improvements.

Please do not hesitate to call HUCTW at 617-661-8289 if you have any questions, ideas or concerns about the co-payment changes, or about health care issues more broadly.

¹ Since 1995, HUCTW has taken part in a Joint Benefits Committee, which includes faculty, administrators and union representatives. The Benefits Committee reviews current policies, considers union and management concerns, and develops ideas for changes and new programs. Our HUCTW-Harvard Agreement authorizes the Benefits Committee to decide on revisions to benefits offerings for union members.