

Current Health Care Issues Include a University Plan to Consolidate Health Options



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This communication is intended to update HUCTW members on current ideas under discussion concerning our Harvard health care offerings and to invite you into an ongoing conversation about maintaining as strong a program as possible.

Health care is a difficult issue. It is technically complex and fast-changing. Our current national system is unstable and its future is uncertain. For all of us, the emotional stake in good-quality care for ourselves and our loved ones is high.

Fortunately, at Harvard we have maintained an excellent health care program. In a prosperous and principled institutional setting, and with determined union and faculty involvement, changes have been gradual, and we have found progressive and innovative ways to manage the difficulties of modern health care. Still, pressures and uncertainties are always present, and everyone in the Harvard community needs to be informed about health care issues.

Current Developments

In recent months, the university administration has been considering changes to the menu of health plan choices in order to reduce premium costs shared between the university and employees. More specifically, Harvard Pilgrim Health Care (HPHC) is willing to decrease administrative fees, resulting in lower premiums, if Tufts Health Plan is eliminated from the set of options, along with Blue Cross/Blue Shield PPO (for employees who live outside of Massachusetts). The menu would then feature HPHC including out-of-state coverage and Harvard University Group Health Plan (HUGHP), with both offering HMO and Point-Of-Service (POS) options.

This concept of health plan “consolidation” has been discussed in some detail among union representatives, faculty, and administrators at the University Benefits Committee (UBC). Our union’s initial view is that consolidation offers some clear advantages and some potential disadvantages. We will discuss the details of the concept below, and then offer some background ideas about the history of health care for HUCTW and Harvard, and about the broader national health care context.

The Specifics of “Consolidation”

As the concept of a narrowed range of health plan options has been discussed in the UBC during the past year, mixed opinions have emerged. The potential for reduced premium cost is clearly advantageous for employees and the university. On the other hand, there have been concerns about disruptions in health care for those currently enrolled in Tufts or BC/BS out-of-state, who would be required to change to a different plan.

Among HUCTW members, Tufts and Blue Cross out-of-state are the two plans with lowest enrollment. 650 of our co-workers are in Tufts, and there are 14 in Blue Cross. Harvard Pilgrim is the most heavily subscribed, with more than 2,300 HUCTW participants, and HUGHP (a Blue Cross/Blue Shield affiliate) has about 1,250.

As noted above, Harvard Pilgrim is willing to reduce administrative fees in connection with a consolidated menu which would promise HPHC a greater share of Harvard's health care business. In fact, Harvard Pilgrim has already lowered fees for this year, as a gesture responding to the university's interest in consolidation. As a result, HPHC premiums for 2008 are somewhat lower than they would have been otherwise – approximately \$100 per year less for an individual enrollee and \$250 for family coverage. If a consolidation plan is implemented, comparable discounts would continue in 2009.

The most urgent concerns expressed about “consolidation” to this point have been about the importance of maintaining established relationships with doctors. It could be horribly disruptive if a staff member leaving Tufts for Harvard Pilgrim or HUGHP were not able to continue receiving health care from the same providers. UBC analysis, supplemented by outside health care experts, shows that there is a match of greater than 99% between the Tufts and HPHC physician networks, including primary care doctors and specialists. In addition, in response to Union and faculty concerns, the university is offering to guarantee that there would be zero “provider disruption” by promising to cover fully any health care which is inside the Tufts or Blue Cross network but is not covered by Harvard Pilgrim.

Union members might also be concerned about differences between the plans in levels of coverage for particular treatments or equipment. UBC discussion has confirmed that the “schedules of benefits” in place currently are identical for Tufts, HPHC, and HUGHP. What remains unclear is whether there are important differences in the patient experience with customer service and philosophies of managed care between the various plans.

The university is currently planning for implementation of the consolidated health plan menu on July 1, 2008. HUCTW leaders have expressed serious concerns to Harvard that this schedule is much too quick to allow for reaction, questions, research, and education about the options within our staff and faculty community.

HUCTW and Harvard on Health Care

From our very first negotiating conversations 20 years ago, our union and the university have worked together to improve health care offerings. In the first HUCTW Agreement in 1989, we agreed to increase Harvard's share of monthly premiums from 70% to 85%, reducing the employee contribution from 30% to 15%. (That Agreement also created a short-term disability plan and paid maternity leave for the first time.)

It is also true that the most acrimonious disagreements between HUCTW and Harvard over the years have been about health care issues. In the mid-1990s, the University

moved to control benefits costs with controversial health and pension changes, and our union objected strongly. The most problematic health care change would have doubled employee premiums for part-time staff members (those working under 28 hours per week). The issue was not resolved for nearly two years, during which there were angry meetings, energetic union rallies, and informational picketing outside of Massachusetts Hall. In the end, part-time HUCTW members maintained fully-supported health and dental benefits, and those full benefits were restored for part-timers in other employee groups. During the same period, a debate raged within the faculty and administration about changes to the faculty pension plan.

As the smoke was clearing from health care and pension controversies, HUCTW and faculty leaders agreed with University administrators on the creation of the University Benefits Committee (UBC) as a forum for regular, ongoing discussion of benefits issues and changes. The UBC continues to meet, with a particular focus in recent years on health care issues, and two representatives from our Union take part in its deliberations.

Collaborative work in the UBC has been the source of a number of important changes in health care offerings over the past 12 years, most of them favorable. The UBC designed a Co-Pay Reimbursement plan in 1997, to cap the annual out-of-pocket cost of doctor visit co-payments for patients with a lot of visits. That plan was extended to cover prescription drug co-payments last year, going along with a modest co-pay increase. The UBC also created progressive salary tiers that require greater monthly premium contributions from more highly paid employees, and added more coverage options by establishing HMO and POS alternatives in each health plan. Most recently, UBC discussion has resulted in the extension of family health coverage to (unmarried) opposite-sex domestic partners. We have also laid groundwork in UBC meetings for future efforts on expanding wellness and health promotion programs.

Overall, the UBC has proved to be a productive forum where staff, faculty, and administrative perspectives can be reconciled, and innovative ideas can be developed.

The Big Health Care Picture

One fact dominates any discussion about our national health care situation: the cost of health care is increasing at a worrisome rate. Because health care costs are usually shared between employers and workers in our current US system, increasing health care costs pose a larger problem all the time, for employers and employees.

Last year the university spent about \$135 million on health care, and that number has gone up sharply with each passing year. For an HUCTW member choosing individual coverage, the staff member pays \$800 to \$1200 (depending on which health plan option s/he selects) and Harvard's premium contribution is about \$4,500 per year. For a family plan, the staff member pays about \$2000 to \$2800 per year and Harvard pays nearly \$12,000. Clearly we have a strong mutual interest in controlling health care costs. Every percentage point of reduced cost saves each employee \$8 to \$28 per year, and reduces Harvard's annual expenses by more than \$1 million.

Another important development in the regional health care economy is that health plans are getting bigger, more comprehensive, and more creative or aggressive in looking for ways to manage care and control costs. At present there are three major health plan organizations providing coverage in Massachusetts – Harvard Pilgrim Health Care, Tufts Health Plan, and Blue Cross/Blue Shield. All three include essentially the same lists of doctors, specialists, and hospitals in their networks. HUGHP has also expanded its network to offer broader coverage and more closely match the bigger plans. All of them are looking for ways to manage care and control costs more effectively.

A final note on the broader health care environment: the pressures on employers and employees are causing ill will in many workplaces. By far the most common cause of strikes or protracted, contentious union contract negotiations is health care cost. Many employers have moved aggressively to shift costs onto employees, often by changing formulas for sharing premium costs. At the same time, there has been a trend toward more creative cooperation between unions and employers looking for mutually advantageous ways to control costs.

What Happens Next?

Within our union in the past few weeks, the concept of health plan consolidation has been discussed among members of our Executive Board, and with Union Representatives from all schools and departments. Those conversations have been engaged and thoughtful, and a number of important questions, concerns and new ideas have arisen. For the remainder of March, we will sponsor lunchtime discussions for HUCTW members in every section of the campus. These meetings will be an opportunity for interested members to learn about and comment on the consolidation idea, as well as other health care issues. The lunchtime meetings will be announced by email notice in the next week or two. If you have questions or concerns about the issues addressed in this communication, please come to one of those meetings, or call or write HUCTW at 617-661-8289 or info@huctw.org

Union leaders will continue meeting with Harvard administrators in the coming weeks, to assure that any implementation of health plan consolidation is considered carefully and to avoid any disruption or decline in the quality of our health care offerings. We will also work hard to be sure that any savings in health premiums resulting from a health plan consolidation are shared fairly between employees and the university.

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