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To: Jill Dumesnill, JHCC Chair

From: Memry Dahl, UA CHRO *Memry*

CC: Austin Cranford, Staff Alliance Co-chair
Monique Musick, Staff Alliance Co-chair
Charles Silva, L6070 Chair
Nick Clark, Firefighters Association Chair
Luke Fulp, UA CFO
Heather Arana, UA Director of Benefits and Compensation

Re: JHCC FY26 UA Choice Plan Recommendations

Thank you for your December 5, 2024 memorandum for FY26 UA Choice health plan recommendations. Those recommendations were made pursuant to the terms contained in your respective collective bargaining agreements. This memorandum represents my response to those recommendations, as required by the CBAs.

I appreciate your partnership and the participation of the Joint Health Care Committee in ensuring that the UA Choice health plan provides competitive benefits in the most fiducially sustainable way. We continue to align plan designs to center on promoting employees' health now and into the future.

I value the committee embracing the mandate set forth in the CBAs to: review health benefits and to investigate, study and design possible solutions to rising health care costs and other mutual problems. In light of the dramatic increase to healthcare costs and under recovery in recent years, we will collectively continue to seek sustainable solutions to mitigate cost increases.

The following is my response for plan design changes based on the committee recommendations:

- **The JHCC recommends against a change in benefits eligibility for employees working 20-30 hours for FY26.**


For FY26, the **plan eligibility will remain at 20 hours per week in a benefited position or 30 hours per week for temporary employees.** The review of national trends and best practices will continue for future years in order to drive how the UA Choice plan aligns with a competitive total compensation package. As we have discussed, the UA Choice plan's eligibility is more generous than required under federal regulation, specifically the Affordable Care Act. I am

committed to review and adjust the UA Choice plan to align with federal requirements in the future.

- The JHCC recommends the Plan Design Option Changes with Addition of the Co-Pay Plan as presented on page 19 of the slide deck at the November 20 in-person meeting:

Plan Design Changes with Addition of Co-Pay Plan (reduced

Bundle	FY 2026 Plan Design Bundle	Savings Opportunity
Deductible	HDHP w/ HSA from \$1,600/\$3,200 to \$1,900/\$3,800 (Aggregate) Premium from \$800/\$2,400 to \$1,100/\$3,300	(\$882,000)
Out-of-Pocket Maximum	HDHP w/ HSA from \$5,000/\$6,850 to \$5,500/\$7,000 Premium from \$4,250/\$9,250 to \$4,750/\$9,500	(\$384,000)
Copay Plan	Medical: \$4,000/\$8,000 Ded., \$6,000/\$12,000 OOPM, 20% Coins. Medical Copays: PCP \$40, Specialist \$60, UC \$75 (No Ded) Pharmacy: No deductible, \$1,000/\$1,700 OOPM Pharmacy Tiers: \$10/\$30/30%/\$100	(\$1,954,000)
Program Changes	Evicore (cost control with pre-authorization for OP Rehab) Premera's Dedicated Centers of Excellence (joint/spinal surgery)	(\$948,000)
		(\$4,168,000)



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The University supports the creation of a **Copay Plan to replace Basic** coverage. This will provide competitive options and a lower premium option for employees.

While the University also **supports the implementation of the Evicore program for rehabilitation**, at this time we **will not implement the PREMERA Dedicated Centers of Excellence (PDCOE) for musculoskeletal surgeries**, since as of February 1, 2025 there will not be a PDCOE surgery center available in-state. Once an in-state PDCOE is available this option will be revisited, including mid-year.

The plan design savings listed above were based on FY24 plan performance. Since then, the healthcare actuaries have run these scenarios based on costs incurred through the first 4 months of FY25, which show reduced savings for the proposed changes listed above to only \$3M. Given the fiscal environment and the escalating healthcare costs and In order to attain a savings closer to the recommended \$4.1M in savings the deductible and out-of-pocket maximums will be as follows:

Deductible:

HDHP with Health Savings Account Individual:\$2,200 / Family \$4,400 (Aggregate)
Premium: Individual \$1,400 / Family \$4,200

Out-of-Pocket Maximum:

HDHP with Health Savings Account: Individual \$6,000 / Family \$8,150
Premium: Individual \$5,000 / Family \$10,000

These out-of-pocket maximums continue to be **considerably lower than the current IRS limits** for both HDHP and standard plans.

- **The JHCC recommends to continue offering GLP1 drugs for weight loss (ex. Zepbound and Wegovy) as covered drugs on the plan, understanding that additional requirements will be added in the future.**

At this time the University will continue to cover GLP-1 for both disease management and weight loss. As PREMERA is able to provide an advanced weight management plan, the University will adopt these tools to ensure ongoing success and health support for those utilizing GLP-1s. This includes mid-year changes, if necessary.

- **The JHCC recommends against specific stop loss coverage at this time and recommends reevaluation in early 2025.**

The University will **refrain from purchasing stop loss coverage at this time**, and will continue reviewing this and other tools to mitigate the financial impact of unexpected costs/high-dollar claims.