

Dear Colleagues,

The announcement of changes to be introduced with Harvard's 2015 health plans stimulated considerable discussion and concern within the University community. We have heard the views of many members of our community in open forums, online, and in a number of other informal meetings with individuals and groups. We deeply value the thoughtful comments and suggestions that we received.

As we approach the fall, I write to share with you decisions I've made in response to the concerns and preferences regarding health benefits that we've heard over the past several months. These decisions are largely based on the recommendations of the University Benefits Committee (UBC).

Some members of our community have told the faculty and staff who comprise the UBC that they prefer greater predictability in their costs for health care, even if premiums would increase. Some have suggested stronger financial protections for those who earn less, or are vulnerable due to chronic or serious illness.

The UBC considered many options for the coming year, recognizing the difficult trade-offs involved. They engaged in sophisticated analysis and extensive, thoughtful discussion. They issued recommendations that are intended to fulfill Harvard's commitment to provide secure, high-quality affordable health insurance in a financially sustainable way, limiting unnecessary costs for everyone, and promoting better health outcomes in a health care and regulatory environment that is in a state of flux.

Their recommendations are the foundation for the 2016 health plans. Harvard Human Resources will provide full information on costs and coverage before enrollment opens for 2016 benefits, but I wanted to communicate with you now to preview the types of new and updated options that will be available.

Specifically, in 2016, we will:

- ***Offer a new Point of Service (POS) plan with a higher premium for those who seek more predictable out-of-pocket costs at the point of care.*** In addition to the POS plan offered for 2015, which will be offered again in 2016, this second POS plan has no deductibles or coinsurance for in-network care. Copayments will be \$30 for office visits (primary care and specialists), and \$100 for emergency room visits. As in the 2014 health plans, out-of-pocket maximums will be \$2,000 per individual and \$6,000 maximum per family for in-network care. Out-of-network care will be subject to the same deductibles, coinsurance, and out-of-pocket maximums as our other POS plan.

- ***Remove deductibles and coinsurance on outpatient diagnostic labs and x-rays and institute an increase – from \$20 to \$30 – in office visit co-pays.*** This change applies to the current HMO, POS, and PPO offerings from both HUGHP and Harvard Pilgrim Health Care. Outpatient diagnostic labs and X-rays will no longer be subject to a deductible or coinsurance. These changes are intended to make costs more predictable for participants.
- ***Adjust salary tiers upward to provide more help for lower-wage workers.*** This continues Harvard’s practice of using salary tiers to make premiums more affordable to those who earn less. The salary tiers for 2016 will be adjusted upward so that more participants will be eligible for lower premiums.

In 2016:

Salary Tier 1 will move to < \$75,000 from <\$70,000

Salary Tier 2 will move to \$75,000 - \$100,000 from \$70,000-\$95,000

Salary Tier 3 will move to > \$100,000 from >\$95,000

- ***Consolidate and simplify reimbursement plans to enhance coverage for the lowest paid workers.*** The current reimbursement plan and the Transitional Financial Protection Program (which was intended to be temporary) will be consolidated and the unified plan will be more generous for some. Faculty and exempt staff enrolled in a Harvard health plan (HMO, POS, or PPO) who have an annual FTE salary less than \$90,000 or \$110,000 (individual or family coverage, respectively) will be eligible. This change will more highly concentrate benefits at the lower end of the earnings scale. Those with an FTE salary less than \$70,000 annually and enrolled in family coverage, along with those with an FTE salary less than \$40,000 annually enrolled in an individual plan, may see even lower out-of-pocket maximums after reimbursement than in 2015.

The UBC also recommended that the University consider a “tiered” network so that faculty and staff who use lower-cost providers might share the savings. This idea deserves more study to determine how it could be included in our health insurance plans and to determine how to communicate the distinguishing features of such plans, and their consequences for faculty and staff who choose them.

Next Steps

In the coming weeks, Harvard Human Resources will provide detailed information to faculty and exempt staff regarding 2016 benefits offerings. Medical price inflation and an increase in claims have contributed to a projected rise in expenditures, so health insurance premium rates (combined employee and employer contributions) will increase over last year for all plans. Information will be available before open enrollment officially begins in early November to help faculty and staff make the best

decisions for themselves and their families and to fully understand the impact of these changes.

Open enrollment materials will be available in mid-October and posted to HARVie. As in past years, campus benefits fairs also will be conducted.

If you have comments or questions about these changes, please write by reply email to vpshr@harvard.edu. The office of the Vice President for Human Resources will read and acknowledge all of the emails, and summarize the messages for the University Benefits Committee (including myself). Answers to frequently asked questions will be provided on HARVie.

I am deeply grateful to the faculty and staff on the UBC for their service during the past academic year. The time, energy and attention they brought to their work are remarkable. We will continue to monitor the impact and effectiveness of Harvard's health plans, and we will continue to seek your ideas and respond to your concerns.

Thank you for your attention and interest.

Best,

Alan

Alan M. Garber
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