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Date: December 18, 2025

To: Jill Dumesnill, JHCC Chair

From: Nickole Conley, UA Interim CHRO

CC: Joy Beth Cottle  
Jeffrey Culley  
Luke Fulp, CFO  
Heather Arana, UA Director of Benefits and Compensation

Re: JHCC FY27 UA Choice Plan Recommendations

Thank you for your November 19, 2025, memorandum regarding the FY27 UA Choice health plan recommendations. These recommendations were submitted in accordance with the provisions outlined in your respective collective bargaining agreements (CBAs). This memorandum serves as my formal response to those recommendations, as required by the CBAs.

I recognize and appreciate the committee's ongoing commitment to fulfilling the mandate established in the CBAs to review health benefits and to evaluate potential approaches for addressing rising healthcare costs and related shared challenges. In light of continued cost escalation and recent under-recovery trends, it remains essential that we work collaboratively to identify prudent, sustainable strategies to manage these financial pressures.

With that context, the following outlines my response to the committee's recommendations regarding proposed plan design changes:

- **The JHCC recommends approving “Option 1” as presented by UA in the October JHCC meetings. This option does NOT eliminate any category of GLP-1s nor does it create an incentive, through \$500 HSA contributions by UA, for members to join the HDHP plan in FY27.**

In response to the JHCC recommendation, I approve “Option 1” as presented. It is important to note that while this option does not eliminate any category of GLP-1 medications and does not introduce an incentive—such as a \$500 UA HSA contribution, the cost impact of GLP-1 utilization for weight loss will be monitored closely.

Current estimates indicate that approximately 39 percent of the covered population may be eligible for GLP-1 medications for weight loss. Utilization at this scale, combined with rapidly rising drug costs, represents a significant and growing financial pressure on the health plan. Without careful monitoring and management, these costs could create a

material barrier to maintaining an affordable and sustainable healthcare plan for employees and the University.

In the coming year, UA will continue to evaluate member participation to determine whether part-time employees should be eligible for coverage with or without spousal coverage or if employees need to work a minimum of 30 or more hours per week to fully gain access to the healthcare plan. This review will assess the impact of any participation changes on plan utilization, cost, and overall affordability to ensure alignment with regulatory requirements and the long-term sustainability of the health plan.

Accordingly, while Option 1 maintains current coverage categories, UA will continue to evaluate utilization trends, overall plan impact, and long-term affordability to ensure the health plan remains financially viable for both members and the institution.

Thank you for your continued collaboration and the thoughtful participation of the JHCC. Your engagement plays an important role in helping ensure the UA Choice health plans remain both competitive and financially sustainable. We remain committed to working together to thoughtfully align plan design decisions in ways that support employee health and well-being over time.