

HCBD GOALS AND OBJECTIVES
LEGISLATIVE FINANCE COMMITTEE - SEPT 25, 2015



OVERVIEW

- 12,974 Actives/COBRA
- 483 Retirees Under 65 (697 average in 2014)
- 2,107 Retirees Over 65 (2,415 average in 2014)
- Vendor Relationships
 - CareHere – 6 Montana Health Centers
 - URx/MedImpact – Pharmacy Benefits
 - CIGNA – Third Party Administrator and Network
 - Delta Dental – Dental benefits
 - AON Consulting Services

2015 PLAN YEAR TO DATE (JUNE 2015)

- 2015 Plan Year through June 2015: \$3.7 million gain
- Medical expenses 6.5% lower than prior YTD
- Rx expenses 12.3% higher than prior YTD
- Health Center expenses represented 3.2% of total plan spend
- Claims Loss Ratios:

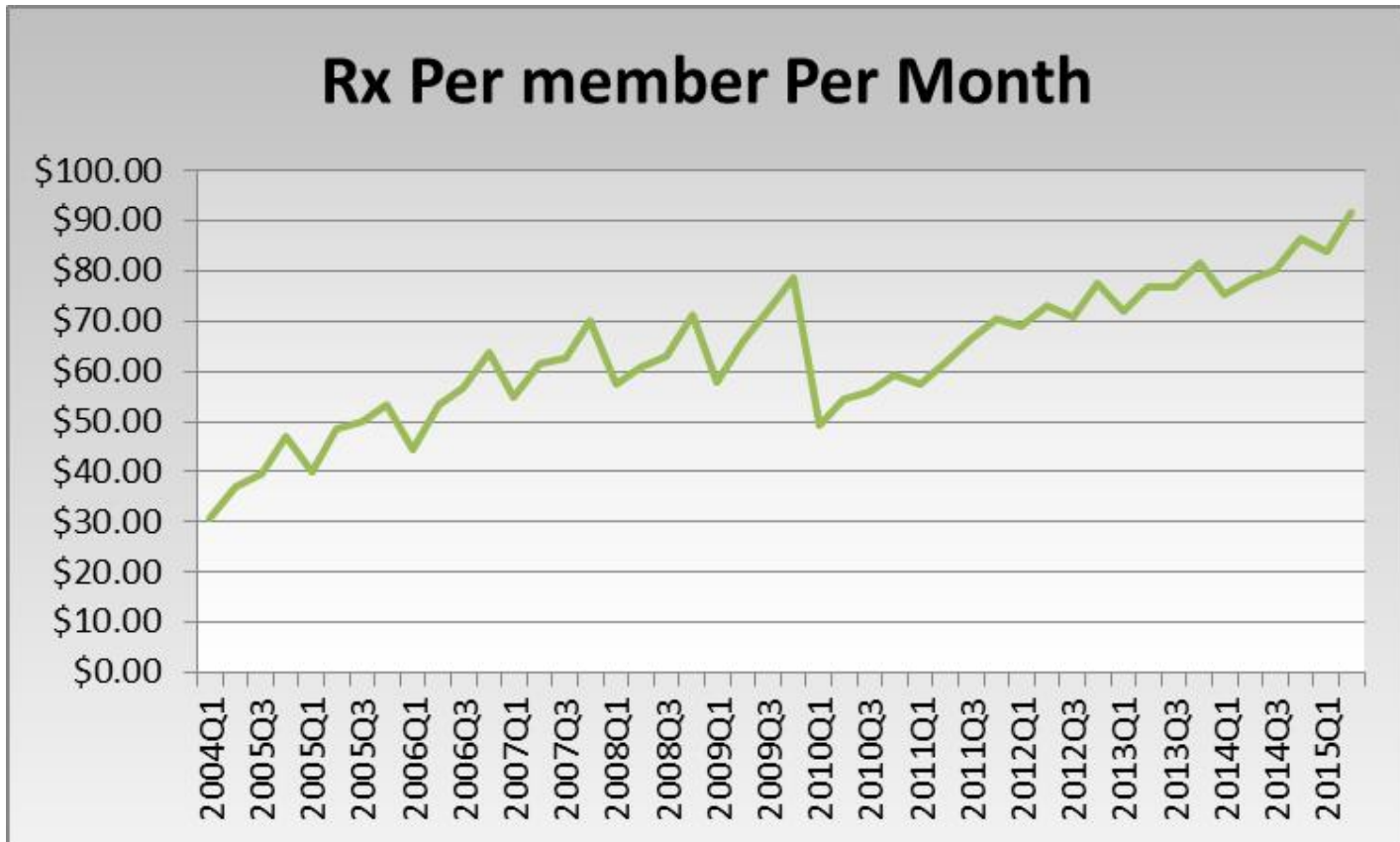
Actives	93%
Retirees under 65	132%
Medicare Retirees	124%

- Projected 2015 Plan Year: Break even

WHAT WE KNOW FROM DATA

- Medical Claims expenses are down YTD
 - Catastrophic cases – Flat at \$16 million
 - Averaging 8.7% medical trend (2009 – YTD 2015)
- Rx Claims expenses are up YTD
 - Specialty Medications
 - Infusion Rx moved to pill form
 - AON analysis of our Rx benefit
 - SOM and URx agreed upon action items

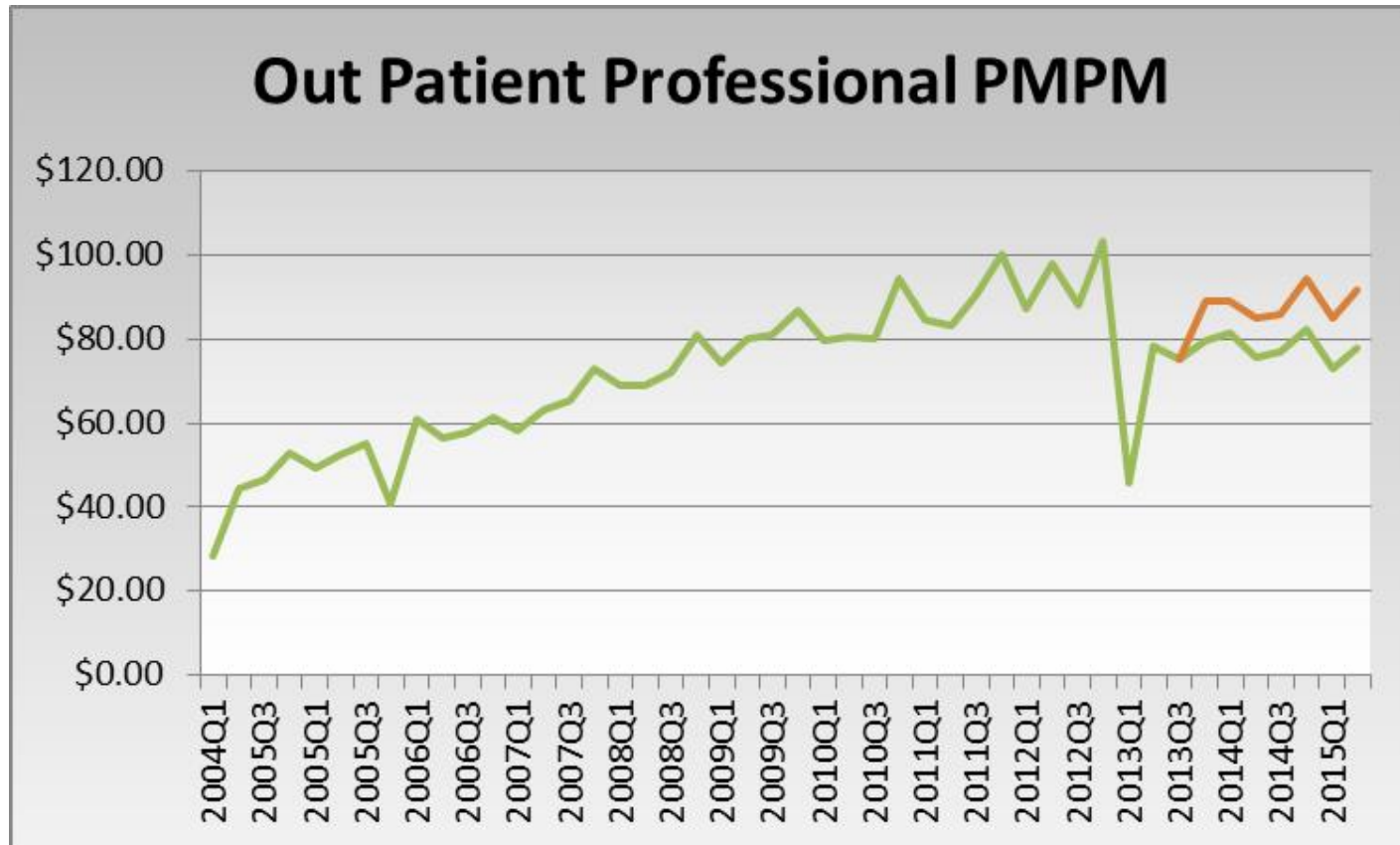
WHAT WE KNOW FROM DATA



WHAT WE KNOW FROM DATA

- Health Centers
 - 73% of SEGBP members are located near an existing Health Center
 - Medical trend decrease is consistent with industry observations after second year of clinic operations
 - Verification of Health Plan Impacts:
 - ✓ Actuaries NW analyzing Health Center impacts on Plan Costs
 - ✓ United Health Actuaries will analyze 2014 Health Center Data (Experience in Employer Clinic analysis)
 - National Mercer study showed 29% employers with over 5,000 employees offer onsite clinics for primary care services:
 - ✓ Controlling total health spend
 - ✓ Enhancing health/wellness
 - ✓ Managing risk and chronic conditions
 - ✓ Improving Access to Primary Care

WHAT WE KNOW FROM DATA



SEGBP ACTIONS SINCE JANUARY 2015

- Manage the Vendor
 - Contract compliance, reporting, performance analysis
 - Actuaries NW work reviewed by second independent actuary, as of June 30, 2015.
 - Face-to-face meetings with TPA and tracked action items
 - Health Center audits of pass through costs, health center utilization rates, and third party contracts
 - Contracted with Alliant Insurance Services for benefit plan consulting
- CIGNA
 - Terminated fully insured product and moved to Fee-for-Service for Behavioral Health
 - Terminated Lifestyle Management program
 - HCBD Claims/Eligibility Auditing
 - HCBD Case Management

SEGBP CHANGES SINCE JANUARY 2015

- Data Services: Terminated third party contract
 - Data Warehouse with SITSD – target completion December 2015
 - 30 months data on VERISK population management platform with HCBD access
 - Data Analytics moved to HCBD
- Health Centers:
 - Eliminated Health Center “referral” third party contracts for MRI; CPT
 - Implemented appointment utilization standards
 - Renegotiated CareHere contract
 - ✓ 18% reduction in Administrative Fees
 - ✓ Performance Guarantees for EMR, Clinic Utilization, Health Condition Management

CURRENT INITIATIVES

- Third Party Administrator (TPA) Request for Proposal
- Expect new TPA decision by October 16th
 - Implementation for January 2016
 - Alliant Consultants will assist and support implementation
- Reference-Based Pricing (RBP)
 - Facility Reimbursement currently based on billed charges less a discount.
 - ✓ Not transparent
 - ✓ How is billed charge determined?
 - ✓ Billed charge increases, our cost increases
 - ✓ SEGBP Medicare Pricing Analysis completed
 - ✓ RFP requires RBP responses
 - Discussions with facilities, other payers, TPA, and Purchasing Groups

CURRENT INITIATIVES

- 2016 Rate Setting
 - Average 12% employee rate increase
 - Increased member deductible and Out-of-Pocket Limits
 - Primary Care Visit copay increase; Specialty Care Visit copay implemented
 - Rx Tier C drug copay increased from \$40 to \$50
- Wellness Program
 - Looking at options
 - Raising the bar on incentive requirements
- Case Management
 - Dr. Burkholder, Consultant
 - Evaluating Pilot Program options
 - Rx case management
 - Better integration with Health Centers

QUESTIONS?

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