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PARTNERSHIP FOR HEALTH AND WELFARE BENEFITS MANAGEMENT

# OKHEEI EXECUTIVE SUMMARY

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# Agenda

## **Section 1 – Executive Summary**

- Medical Plan
- Pharmacy Plan
- Dental Plan
- Retiree Health Plans
- Self Funding Value Added Services

## **Section 2 – Appendix**

- Reference Based Pricing vs. Traditional Carrier Model Exhibit
- Retiree Plan Historical Premium Comparison
- HST Specific Facility List by State
- Zero Card Employer Guide

## **Section 3 – Confidentiality Statement and Disclosure**



# Executive Summary

## Executive Summary

The goal for the 2017 plan renewal is to keep the level of benefits equal to current and negotiate the best possible financial position for the Oklahoma Higher Education Employee Insurance Group.

## Medical Plan

### **BCBSOK Fully-Insured Renewal**

The BCBSOK Fully-Insured renewal has been negotiated to an 18.9% increase over current, which is an estimated impact to current premium of \$7,706,169 annually. Possible disruption to employees is low. Alternative plan designs have been presented at a 1.9% increase and 8% increase to current cost. Possible disruption to employees is high.

### **BCBSOK Self-Funded Options**

1. Self-funding the plan through BCBSOK with SunLife Stop Loss Coverage is an estimated 6.6% increase to current, which is an estimated impact to current premium of \$2,690,706 annually. SunLife Stop Loss at expected claims using \$320,000 specific stop loss, monthly accommodation (Additional cash flow protection) and a 120% aggregate corridor. Possible disruption to employees is low.
2. Hospital Reference Based Pricing model is an estimated range of -14.2% to -2.7% lower than current, which is estimated impact to current premium range of \$5,771,575 to \$1,082,949 savings annually. Estimated based on the 140% to 200% Reference Based Pricing including carving out pharmacy to CVS/Caremark utilizing Capital Administrators as the Third Party Administrator with the PHCS Network.

Capital Administrators can incorporate a reward based incentive program utilizing their transparency tool to help drive employees to the highest quality facilities. Stats show up to an additional 11% reduction in claims cost within a year of implementing this type of program.

#### PHCS Provider Network Analysis

Total Records	5,435
Total Records Analyzed	5,178
# in the PHCS Network	2,882
% in the PHCS Network	56% (Primary Care & Specialty Physicians)

#### Facility/Claims Analysis on Rural Areas

Facilities located outside an urban setting (Date Range: 1/1/11 – 12/31/15)

- 11,609 – All Facility claims for All areas
- 5,435 – Are located outside urban areas (excludes Oklahoma City, Tulsa, Norman, Lawton, Edmond, Broken Arrow, Stillwater)
- Of the 5,435 claims located outside of the urban area 1,497 are connected with a major hospital system (Mercy/Integris) and Indian Health Services which already have a Medicare reimbursement arrangement
- In summary 3,938 of 11,609 (34%) are located outside of the urban area/non major hospital system

## Pharmacy Plan

### **Pharmacy Plan Savings Options**

1. Exclusion of the Proton Pump Inhibitor (PPI), exclude both generic and brand PPI's as they are available over the counter at low cost. Estimated savings to the renewal is -0.9%, which is an estimated impact to current premium of \$442,000 savings annually.
2. Implement Member Pays the Difference program, members would pay the difference in cost between brand and generic, if the generic is available and the member requests a brand drug. Estimated savings to the renewal is -0.5%, which is an estimated impact to the current premium of \$231,444 savings annually.

## Dental Plans

USI performed a full marketing of fully insured dental options. Based on the results of the marketing the Board voted on 07/07/2016 to move the dental plans from BCBSOK to Delta Dental. The Delta Dental plan includes the addition of a third preventive only plan selection and includes the Premium and PPO Networks. The rates are guaranteed for three years. Estimates savings to the renewal is -4.7%, which is an estimated impact to the current premium of \$159,109 savings annually.

## Retiree Health Plans

### UHC Renewal\*

The UHC Renewal for 2017 is outlined below:

Senior Supplement \$193.64 Per Retiree Per Month – 3% increase to current  
Part D High Plan \$190.32 Per Retiree Per Month – 22% increase to current  
Part D Low Plan \$65.46 Per Retiree Per Month – 19% increase to current

### Healthsmart Renewal

The Healthsmart Renewal for 2017 is \$2.55 Per Retiree Per Month – 2% increase to current  
Historical Cost 2013 – 2015 \$2.50 Per Retiree Per Month

\*See attached year over year premium comparison for historical increases

## Self-Funding Value Added Services

**ZeroCard** – Offers self funded businesses a new way to pay for health insurance. The Zero Card is a transparent medical network, meaning patient can see and compare the cost of care in advance that gives employers access to cash based prices with health care providers which the employees get health services with no out-of-pocket costs. Pricing is 25% of the transaction fee. Average savings to the plan is 25% of plan utilization.

### **Example: Service Description: Cervical Spinal Fusion**

PPO Billed Amount \$215,583  
PPO Allowed Amount \$137,193

Zero Card Price \$25,000  
Employer Fee (25%) \$6,250

**Total w/o Zero Card \$137,193**

**Total with Zero Card \$31,250  
Potential Savings: \$105,943**

**Compass** – Offers health advocacy services, such as transparency tools that empower employees to make high-quality, low cost healthcare decisions. Preventions services, identify expensive diseases earlier in your employee population when they are easier and less costly to treat Pathways, connect employees to high quality, cost effective providers who support efforts to impact population health and lower cost. Pricing is \$5.00 PEPM with ROI of 4 to 1.

**MedEncentives** – Web-based system designed to improve health and healthcare in a manner that lowers healthcare cost by incorporating Health Literacy, Doctor patient relationship and financial incentives. Pricing is \$84 Per Member Per Year (7,680 members) with ROI of 2 to 1.



# Appendix

## Reference Based Pricing vs. Traditional Carrier Model

### Traditional Carrier Model - Blue Cross Blue Shield

#### Pros

- 1 Large Provider Network
- 2 Administered by Health Plan
- 3 All Inclusive package (Admin, Rx, Stop Loss, Billing)
- 4 No Disruption to Members

#### Cons

- 1 Data Deficiencies
- 2 Inflated Prices
- 3 Lack of Transparency/PPO Terms Confidential
- 4 Plan Language Supportive of PPO Contracts
- 5 Hospital Pricing, Premiums & Plan Cost Always Increasing

### Reference Based Pricing Model

#### Pros

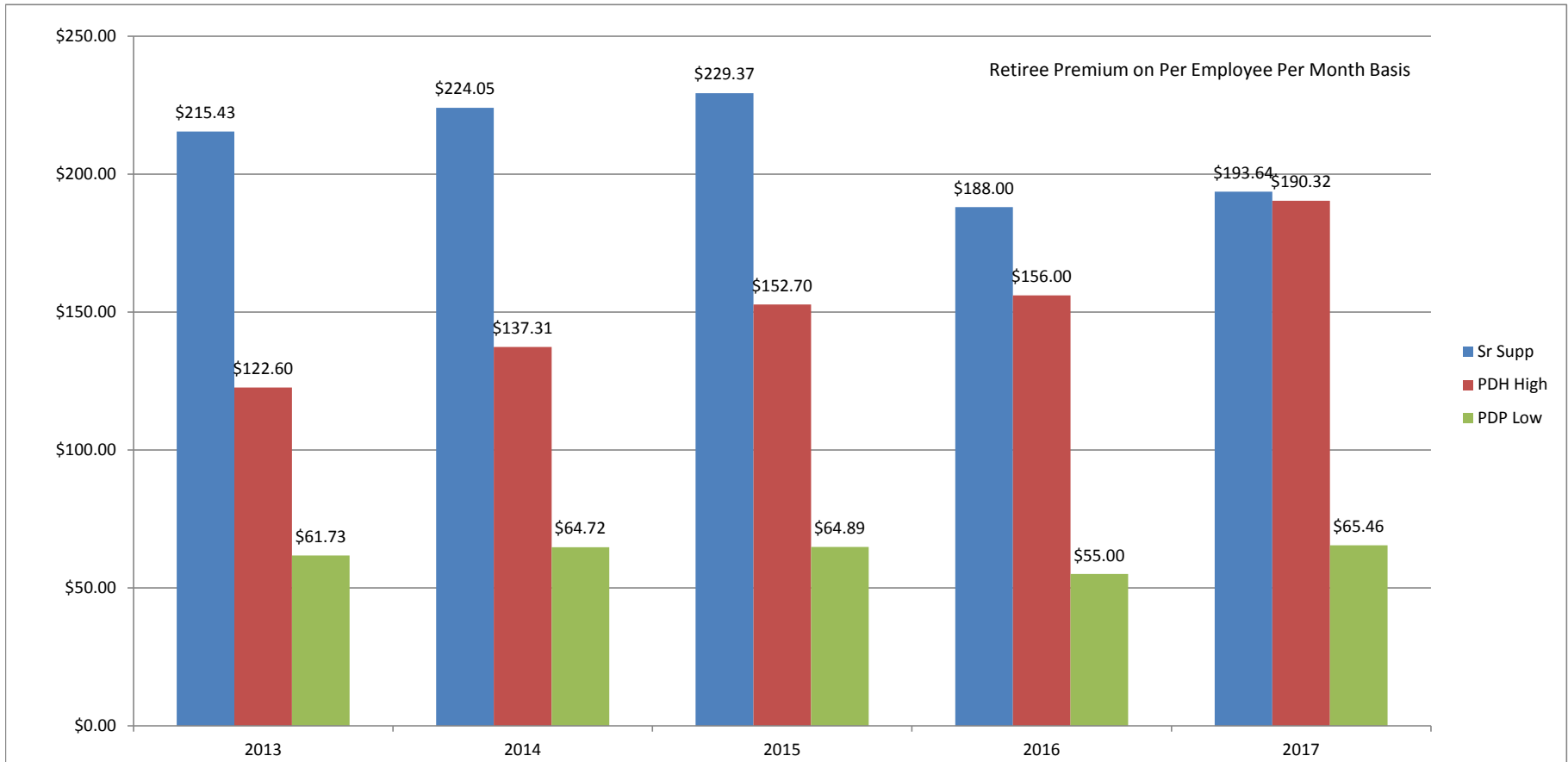
- 1 Pricing Transparency
- 2 Establishes a Sustainable Reimbursement Strategy
- 3 Predictable Benefits that Trend to Medicare
- 4 Unit Cost Reduction
- 5 Open Access For Hospitals - Any Willing Provider
- 6 Plan Language Protection of Plan and Member
- 7 New Pharmacy Network - Potential Savings

#### Cons

- 1 Change From Traditional PPO Plans
- 2 Balance Billing & Appeals Risk
- 3 Provider Noise
- 4 Potential Member Disruption
- 5 New Pharmacy Network - Potential Member Disruption

**OKHEEI UHC RETIREE PREMIUM COMPARISON**

Retiree Premium	Sr Supp	PDH High	PDP Low
2013	\$215.43	\$122.60	\$61.73
2014	\$224.05	\$137.31	\$64.72
2015	\$229.37	\$152.70	\$64.89
2016	\$188.00	\$156.00	\$55.00
2017	\$193.64	\$190.32	\$65.46
<b>Compounded annual growth rate</b>	<b>-2.6%</b>	<b>11.6%</b>	<b>1.5%</b>





# Specific Facility List by State



Client: **OKHEEI**

From: **1/1/2011**

To: **12/31/2015**

Facility Name	Facility City	Claim Count
Northeastern Health System	Tahlequah	936
Weatherford Regional Hospital	Weatherford	832
Mercy Hospital Ada	Ada	576
Share Medical Center	Alva	381
W W Hastings Indian Hospital	Tahlequah	357
Chickasaw Nation Health System	Ada	237
Jackson County Memorial Hospital	Altus	204
Alliancehealth Durant	Durant	204
St Marys Regional Medical Ctr	Enid	166
Integris Bass Baptist Health Cntr	Enid	139
Alliancehealth Midwest	Midwest City	94
Mercy Hospital Ardmore	Ardmore	90
Alliancehealth Ponca City	Ponca City	84
Choctaw Nation Indian Hospital	Talihina	65
Integris Canadian Valley Hospital	Yukon	62
Alliancehealth Blackwell	Blackwell	56
Advanced Wound Care & Hyperbaric	Muskogee	55
Great Plains Regional Medical Cen	Elk City	52
Eastar Health Systems	Muskogee	48
V A Medical Center	Muskogee	37
Mercy Hospital Logan County	Guthrie	37
Alliancehealth Clinton	Clinton	36
St Anthony Shawnee Hospital	Shawnee	34
72 Mdg	Tinker Afb	33
Mercy Hospital Tishomingo	Tishomingo	30
Tahlequah Dialysis Center	Tahlequah	28
Alliancehealth Seminole	Seminole	27
Mercy Hospital El Reno	El Reno	26
Clinton Indian Hospital	Clinton	24
Cherokee Nation Health-Muskogee	Muskogee	24
Community Home Health	Muskogee	19
Surgery Center Of Enid	Enid	19
Alliancehealth Madill	Madill	18

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To: **12/31/2015**

Facility Name	Facility City	Claim Count
Indian Territory Home Health	Tishomingo	18
Alliancehealth Woodward	Woodward	15
Physicians Surgical Center	Moore	14
Vizown	Tecumseh	13
Carter Healthcare Inc	Vinita	13
Quartz Mountain Healthcare System	Mangum	13
Cordell Memorial Hospital	Cordell	12
Wagoner Community Hospital	Wagoner	11
Advanced Homecare Services	Weatherford	11
Three Rivers Surgical Care	Muskogee	10
Ardmore Regional Surgery Cen	Ardmore	10
Roger Mills Memorial Hospital	Cheyenne	9
Holdenville General Hospital	Holdenville	9
Pawnee Indian Health Center	Pawnee	9
St John Owasso	Owasso	8
Alliancehealth Pryor	Pryor	8
Healthback Of Central Oklahoma	Seminole	8
Elkview General Hospital	Hobart	8
Texoma Regional Eye Institute	Durant	8
Memorial Hosp And Phys Grp	Frederick	7
Mccurtain Memorial Hospital	Idabel	7
Mcalester Regional Hospital	Mcalester	7
Grady Memorial Hospital	Chickasha	7
Hillcrest Hospital Cushing	Cushing	6
Hillcrest Hospital Claremore	Claremore	6
Bailey Medical Center	Owasso	6
Arbuckle Memorial Hospital	Sulphur	6
97th Medical Group Sgam	Altus Afb	5
Atoka County Medical Center	Atoka	5
Healthback Of Nw Oklahoma Inc		5
Victory Home Health And Hospice	Marlow	5
Healthback Of Se Oklahoma	Mcalester	5
Duncan Regional Hospital	Duncan	5

# Specific Facility List by State



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From: **1/1/2011**

To: **12/31/2015**

Facility Name	Facility City	Claim Count
Jane Phillips Medical Center	Bartlesville	4
Shepherd Home Health	Clinton	4
Mary Hurley Hospital	Coalgate	4
Healthback Of Nw Oklahoma Inc	Weatherford	4
Newman Memorial Hospital	Shattuck	4
Carter Healthcare Inc	Shawnee	4
Prague Community Hospital	Prague	4
Triad Eye Institute Pllc	Muskogee	3
Mercy Hospital Kingfisher	Kingfisher	3
Craig General Hospital	Vinita	3
Fairview Regional Medical Center		3
Beaver County Memorial Hosp	Beaver	3
Healthback Of Central Oklahoma	Ada	3
Great Plains Home Care	Elk City	3
Integris Bass Pain Mgmt Ctr	Enid	3
Integris Bass Pavilion	Enid	3
Lifespring Home Care	Mcalester	3
Integris Grove Hospital	Grove	2
Indian Territory Home Health	Ada	2
Mccortney Family Hospice Inc	Ada	2
Carter Healthcare Inc	Altus	2
Ideal Home Care	Ardmore	2
Memorial Hospital Of Stilwell	Stilwell	2
Cornerstone Health Care Inc	Tahlequah	2
Sienna Extended Care & Rehab	Midwest City	2
Okeene Municipal Hospital	Okeene	2
Purcell Municipal Hospital	Purcell	2
Cherokee Nation Hlth Sys-Salin	Salina	2
St John Sapulpa	Sapulpa	1
Pauls Valley General Hospital	Pauls Valley	1
Perry Memorial Hospital	Perry	1
Haskell County Healthcare System	Stigler	1
Cherokee Nation Hlth Sys-Stilw	Stilwell	1

# Specific Facility List by State



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From: **1/1/2011**

To: **12/31/2015**

Facility Name	Facility City	Claim Count
Creek Nation Community Hosp	Okemah	1
Carter Healthcare Inc	Okmulgee	1
Sooner Health Services Ii Inc	Muskogee	1
Surgery Center Of Midwest City	Midwest City	1
Angels Care Home Health Of East O	Muskogee	1
Ga Du Gi Health Center	Tahlequah	1
Stroud Regional Medical Center	Stroud	1
Angels Care Home Health Of East O	Tahlequah	1
Carter Healthcare Inc	Tahlequah	1
Victory Home Health & Hospice	Tishomingo	1
Victory Home Health And Hospice	Tishomingo	1
Mercy Home Health Ardmore	Ardmore	1
Pcd Bristow	Bristow	1
Ross Health Care Svc Of Sw Ok Hha	Chickasha	1
Carter Healthcare Inc	Chickasha	1
Onhl Medical Home Health Services	Drumright	1
a	a	1
Connie Wilson	Ada	1
Day Surgery	Ardmore	1
Sam Hider Jay Comm Clinic	Jay	1
New Hope Recovery Center	Mangum	1
Mercy Health Love County	Marietta	1
Integris Baptist Regional Health	Miami	1
Midwest Regional Home Health	Midwest City	1
Integris Bass Occ Med	Enid	1
Epic Medical Center	Eufaula	1
Fairview Regional Medical Center	Fairview	1
Reynolds Army Community Hosp	Fort Sill	1
Nw Center For Behavioral Health	Fort Supply	1
Victory Home Health And Hospice	Durant	1
El Reno Indian Health Center	El Reno	1
<b>Totals:</b>		<b>5435</b>



# Confidentiality Statement and Disclosure

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## Confidentiality Statement

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