

TBGH Value Based Benefits Workshop

Local Employer Case Study

April 15, 2008

Houston



Introduction



- Harris County (self-funded)
 - 16,000+ Employees / 3000+ Retirees (30,000 covered members)
 - 130 Departments Including Public Works, Law Enforcement, Courts and Other County Services
 - 4 Million Residents Over 1,700 sq. miles

Background and Issues

- Began Self Funded Program in 2004
 - Previous Plan was a Point of Service Plan
 - Offered Open Access PPO plan design (one plan)
 - County pays 100% for employee and 50% for dependents
 - Generous plan design
 - Modified Enrollment for Point of Enrollment “dual option” plan in 2006 and periodic plan design changes
 - Aging employee base and growing retiree population
 - Employee satisfaction high
 - Rising Claims Cost

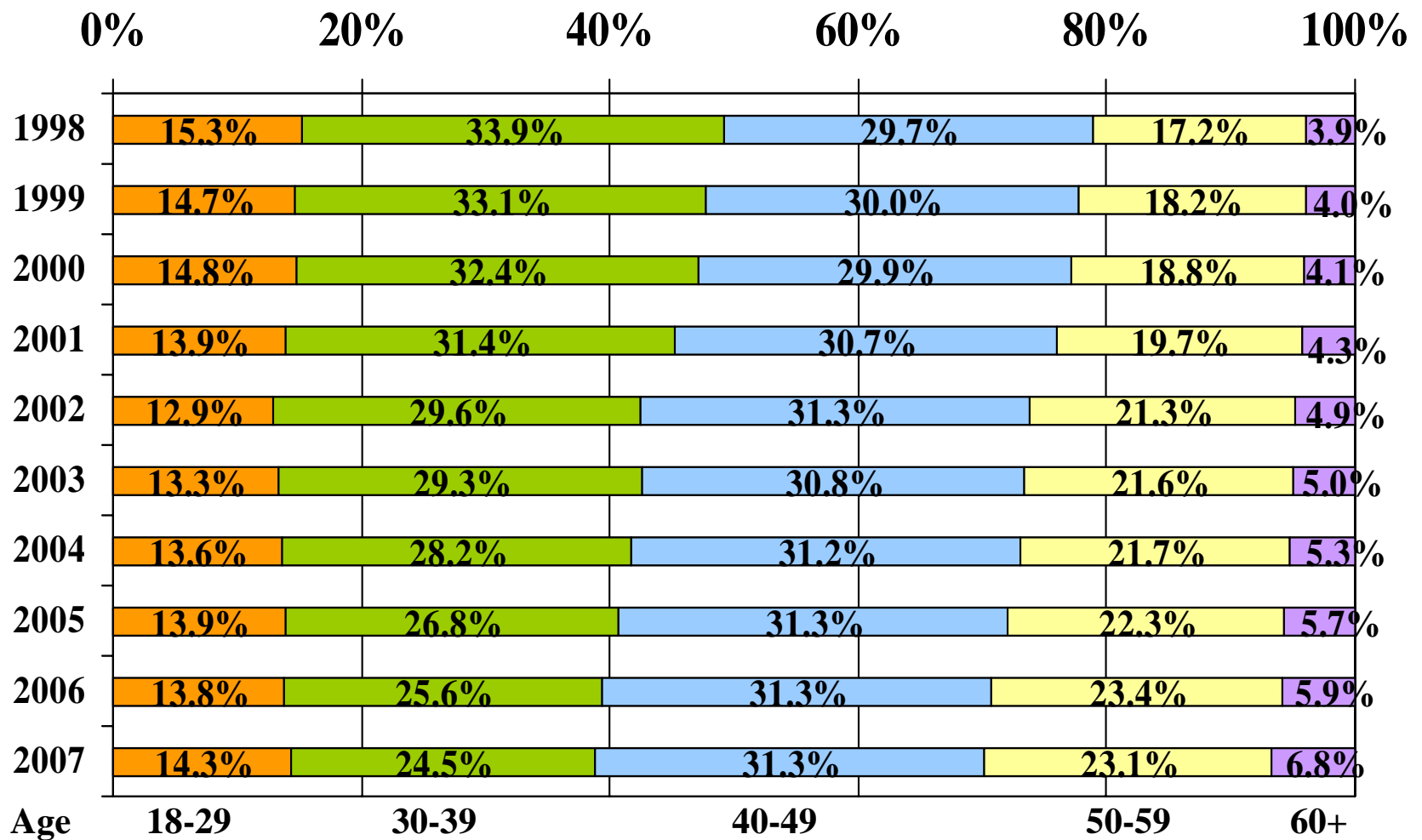


Medical Cost Drivers



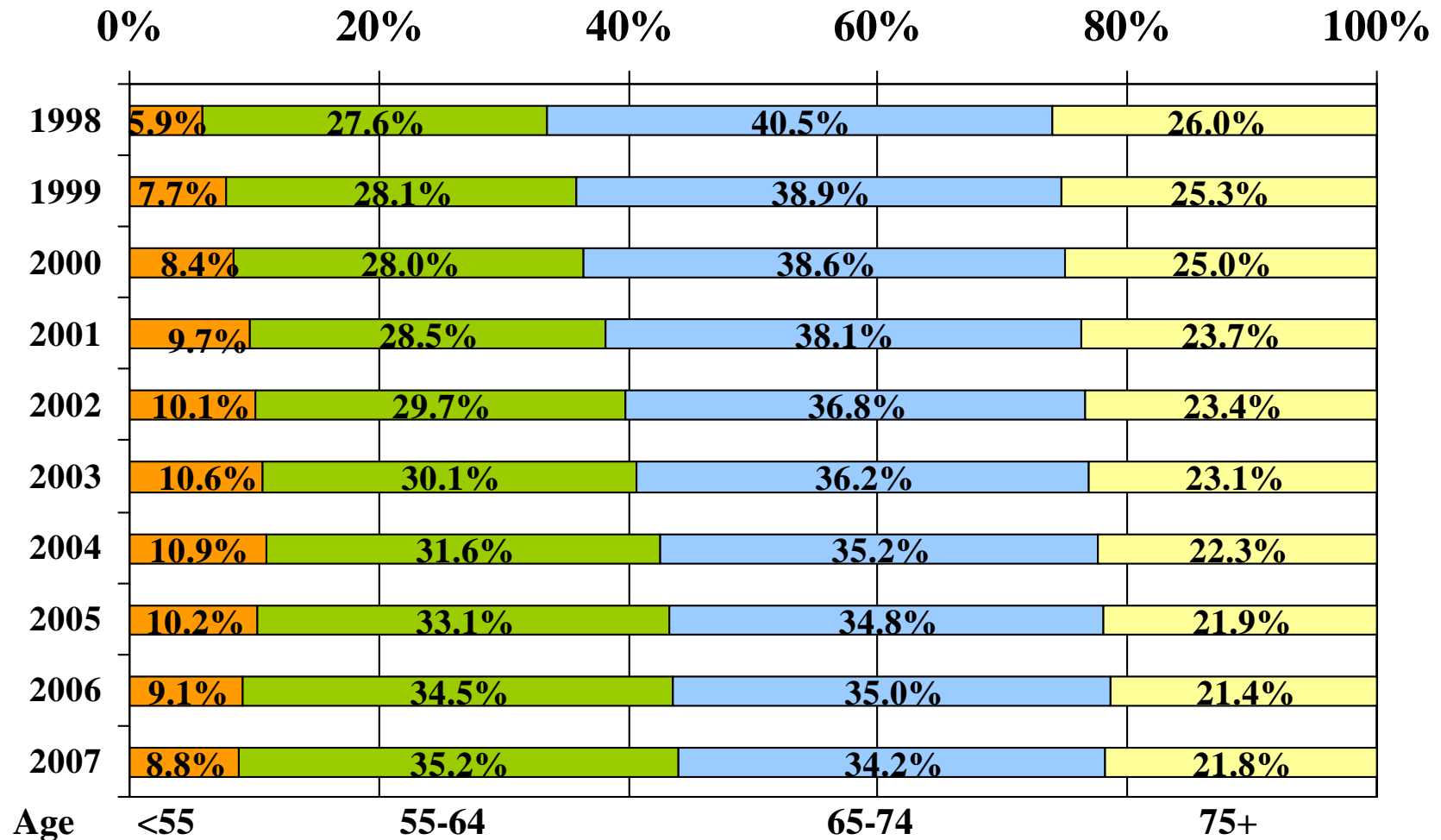
- Uncompensated Care
- Medicare Reimbursement Rates?
- Advancement in Treatment Options and Technology
- Waste and Fraud
- Pre-Mature Babies and Aging Population
- Increased Life Span
- Prescription Drugs
- Chronic and “New” Illnesses
- Legislative Changes
- Defensive Medicine
- Utilization (Demand)

An Aging Workforce:



Note: Data as of June of each year.

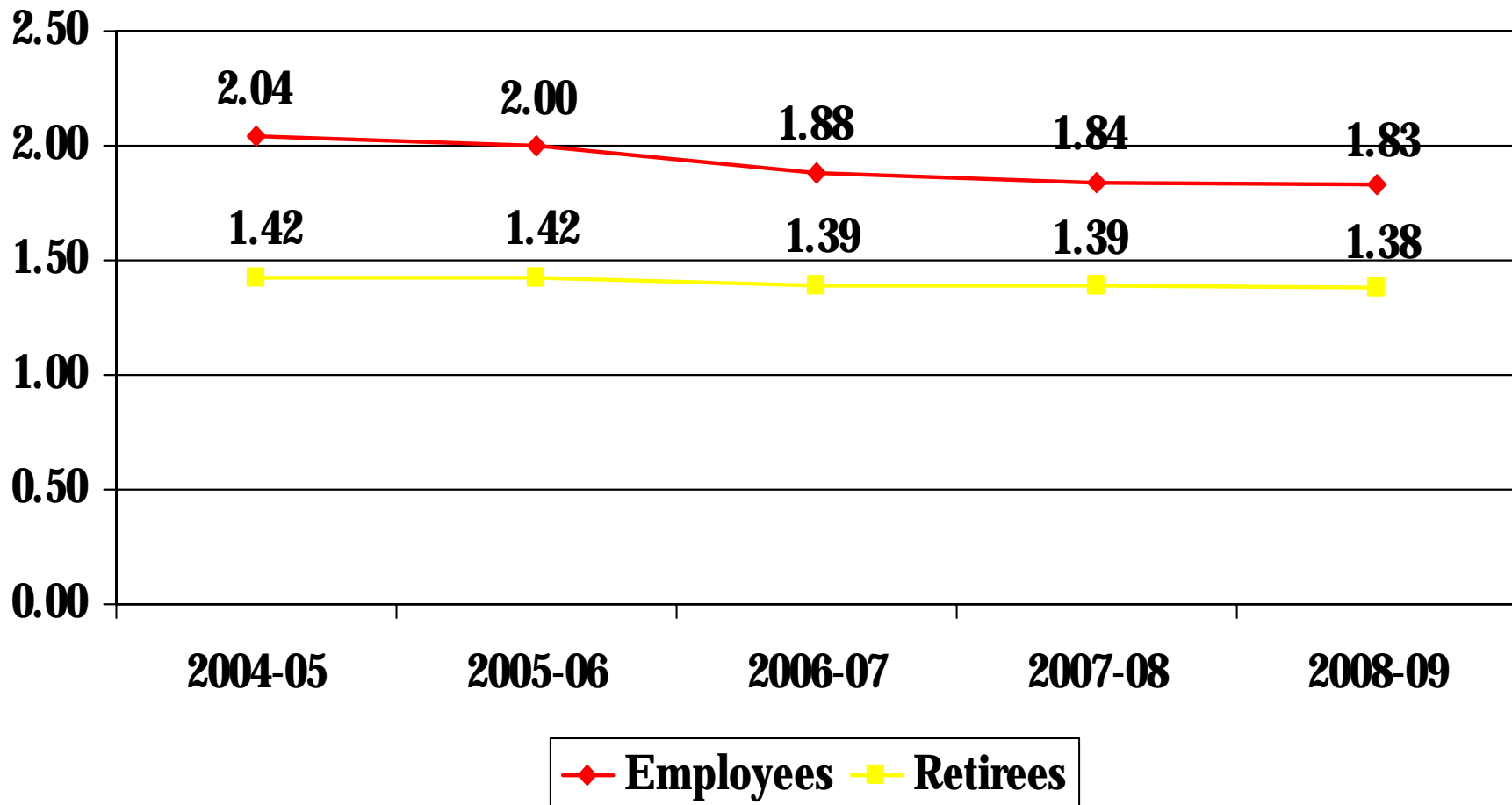
Younger Retiree Population:



Note: Data as of June of each year.

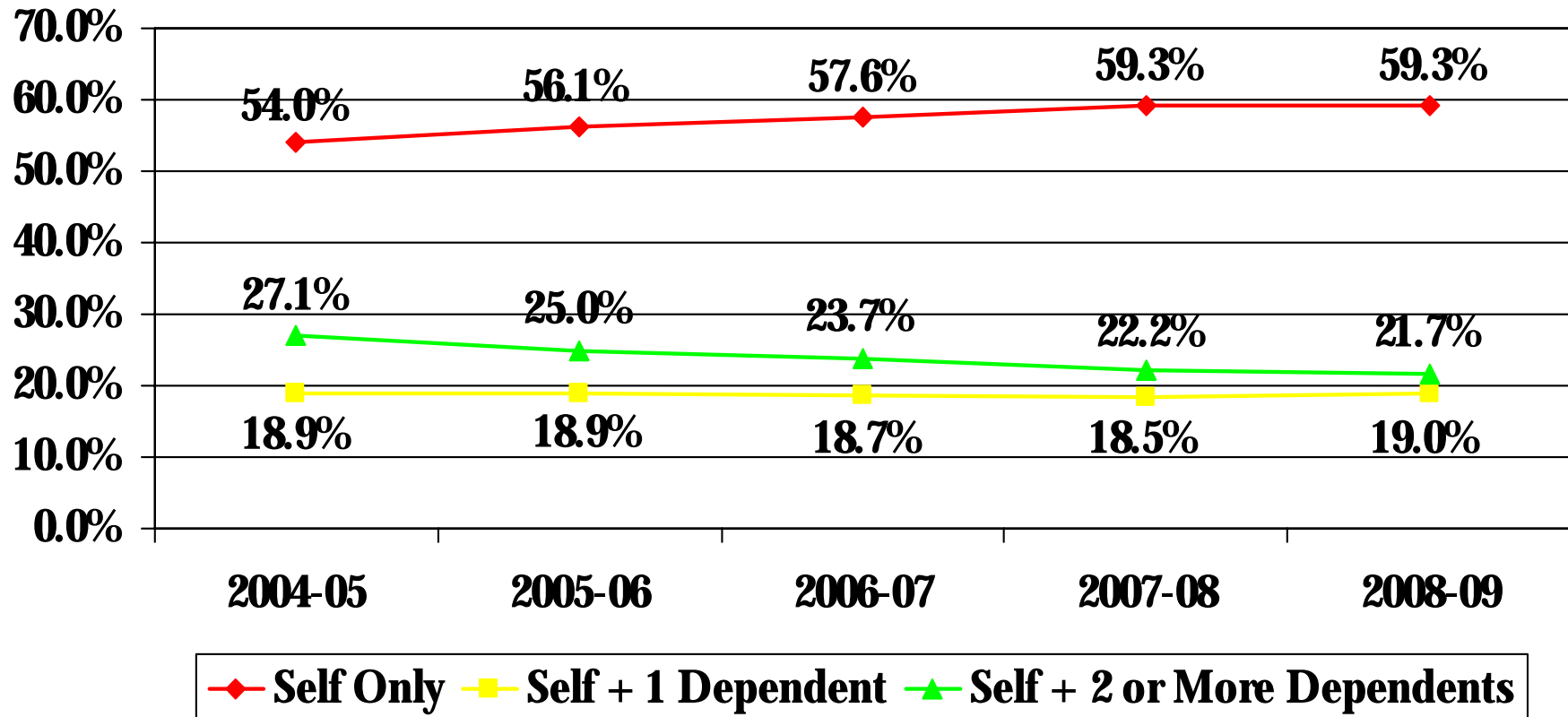
Smaller Family Size

Family Members per Employee/Retiree

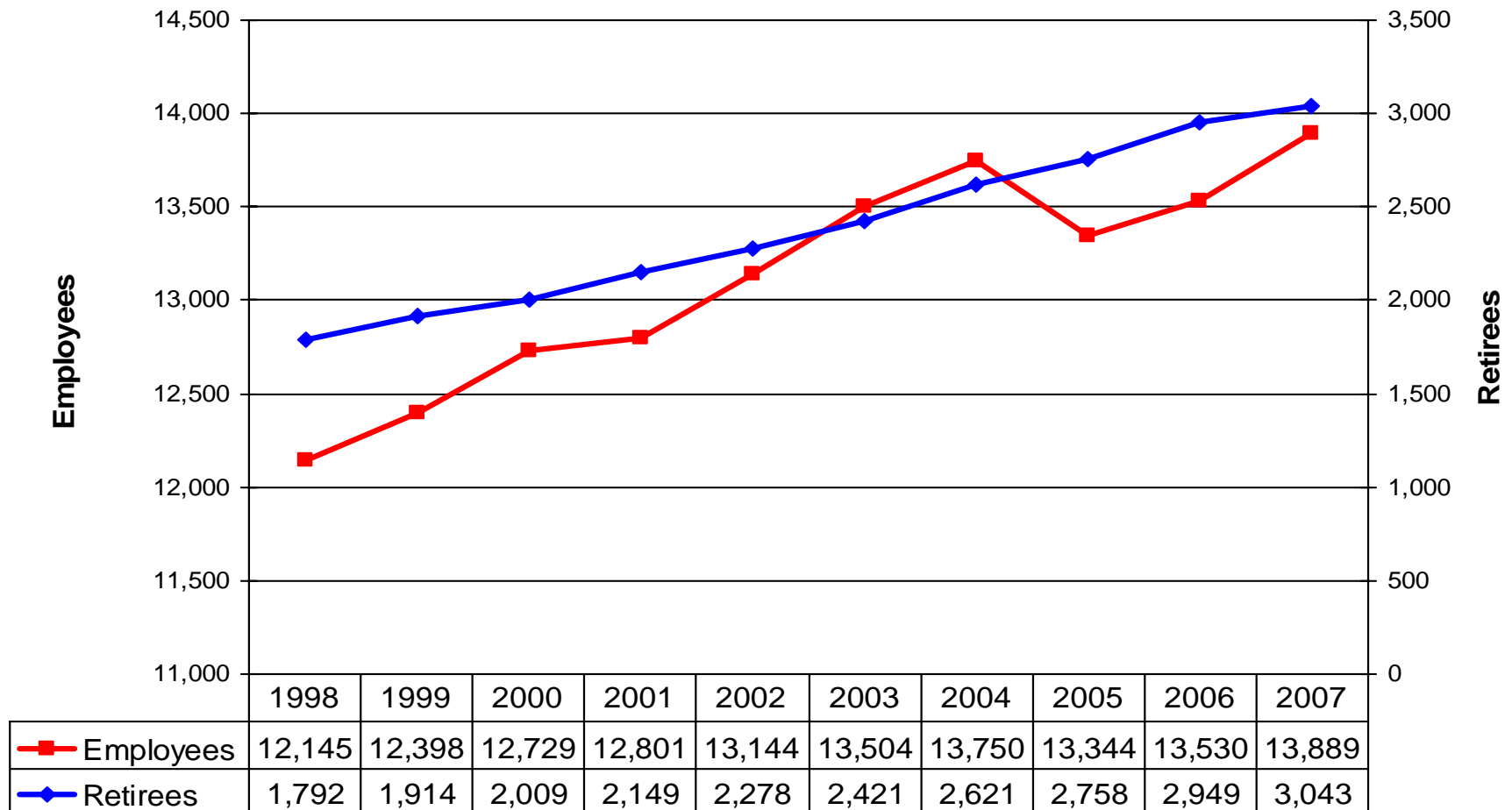


Employee Group Composition Changes

Employees by Coverage Type



Retiree Population Growing at a Faster Rate than Employees



Note: 2007 represents June enrollment. November enrollment for all other years.



Plan Management and Initiatives

■ INTRODUCE VALUE ADDED PROGRAMS

□ Prescription Drug Initiatives

- In depth utilization analysis of medical and prescription drug costs and trends on an annual basis prior to renewal to identify areas of concern.
- Implemented the following Rx programs:

□ Effective Pharmacy Benefits Utilization

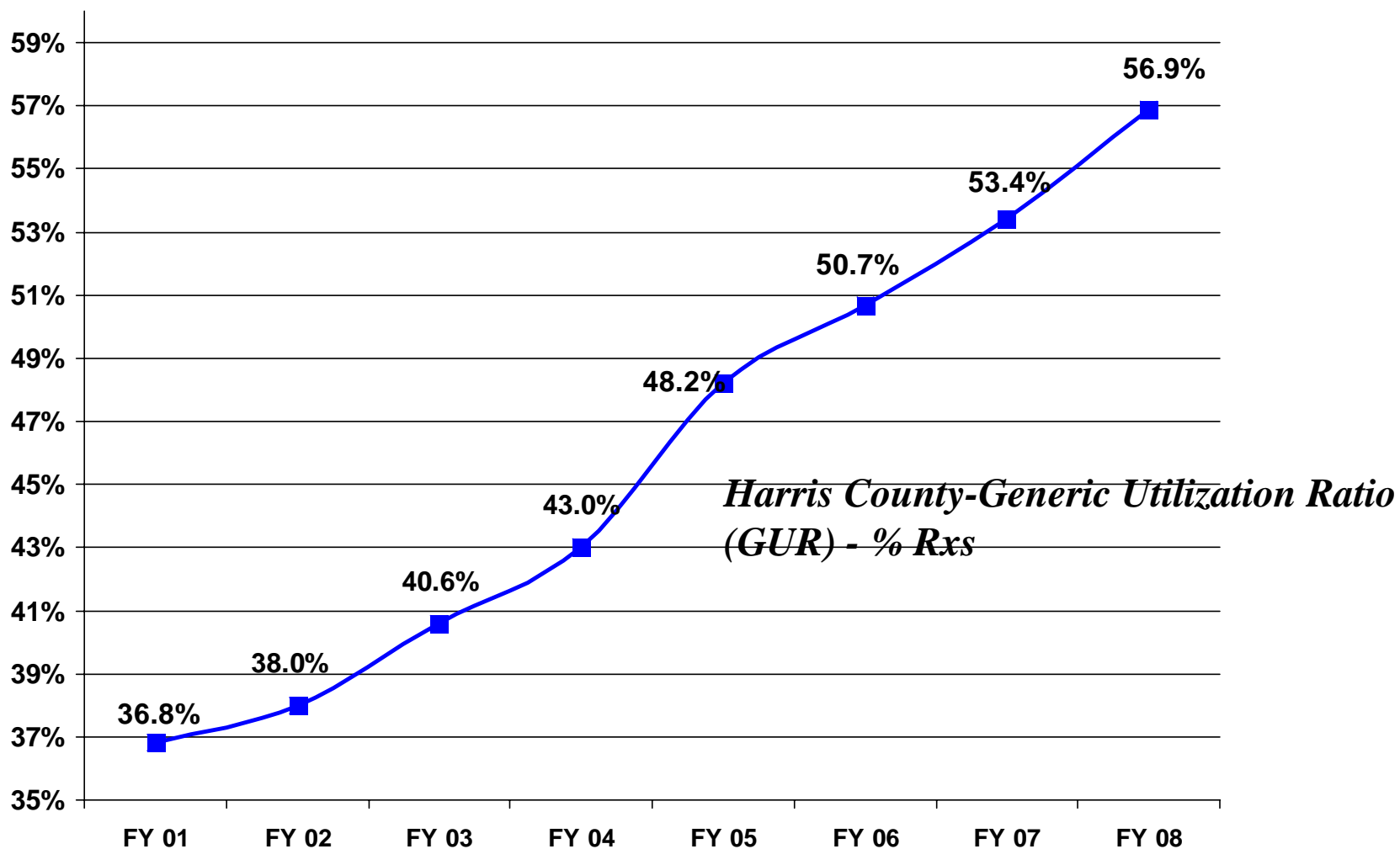
- Generic Substitution Rates
- Management of Proton Pump Inhibitors
- Mandatory Specialty Rx (high cost injectibles)
- Save a Co-pay for Statins and Anti-Depressants

□ Beginning Right (maternity management)

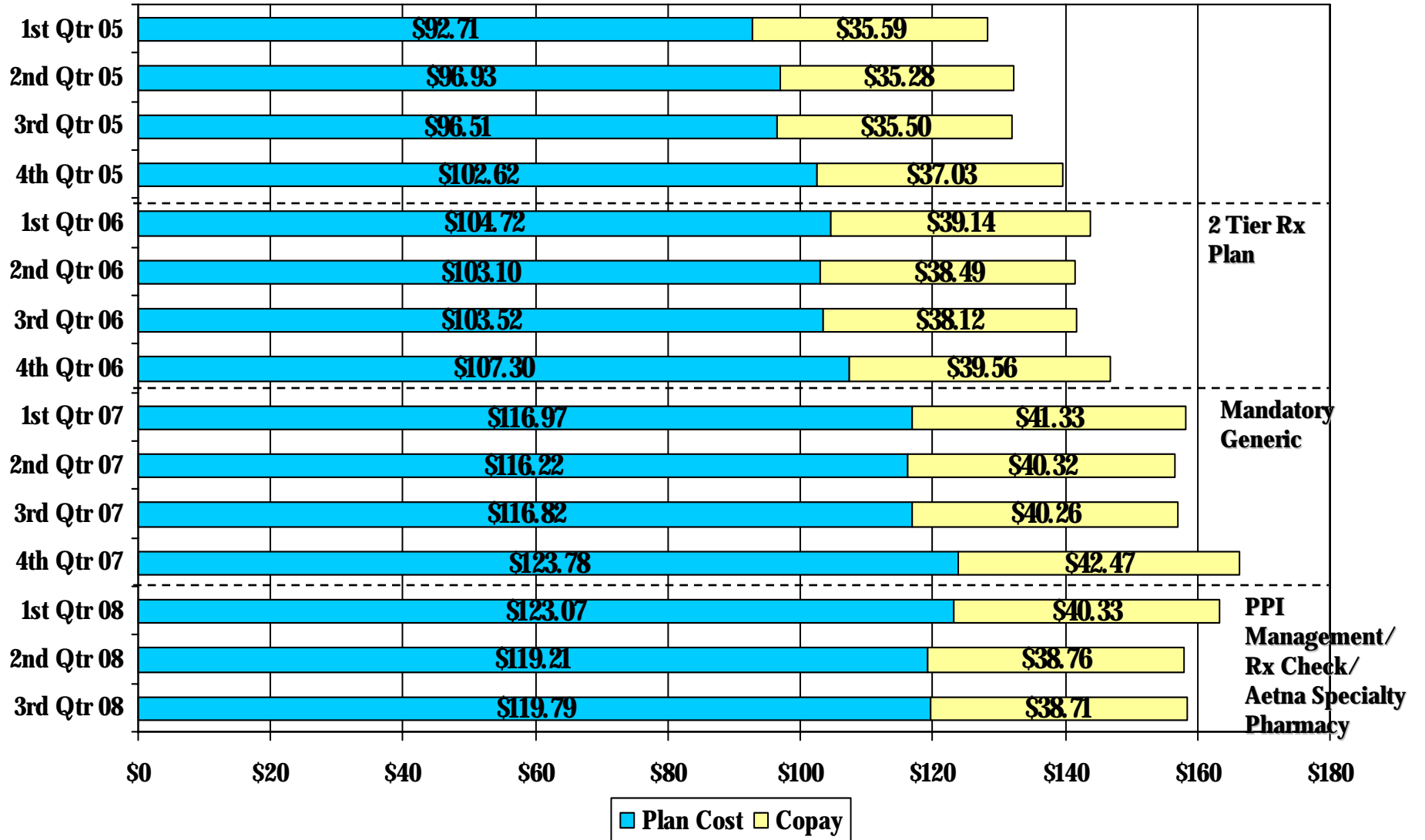
□ Aetna Healthy Connections (disease management of 34 disease states)

□ Modify Wellness Coordinator Position, Process and Programs

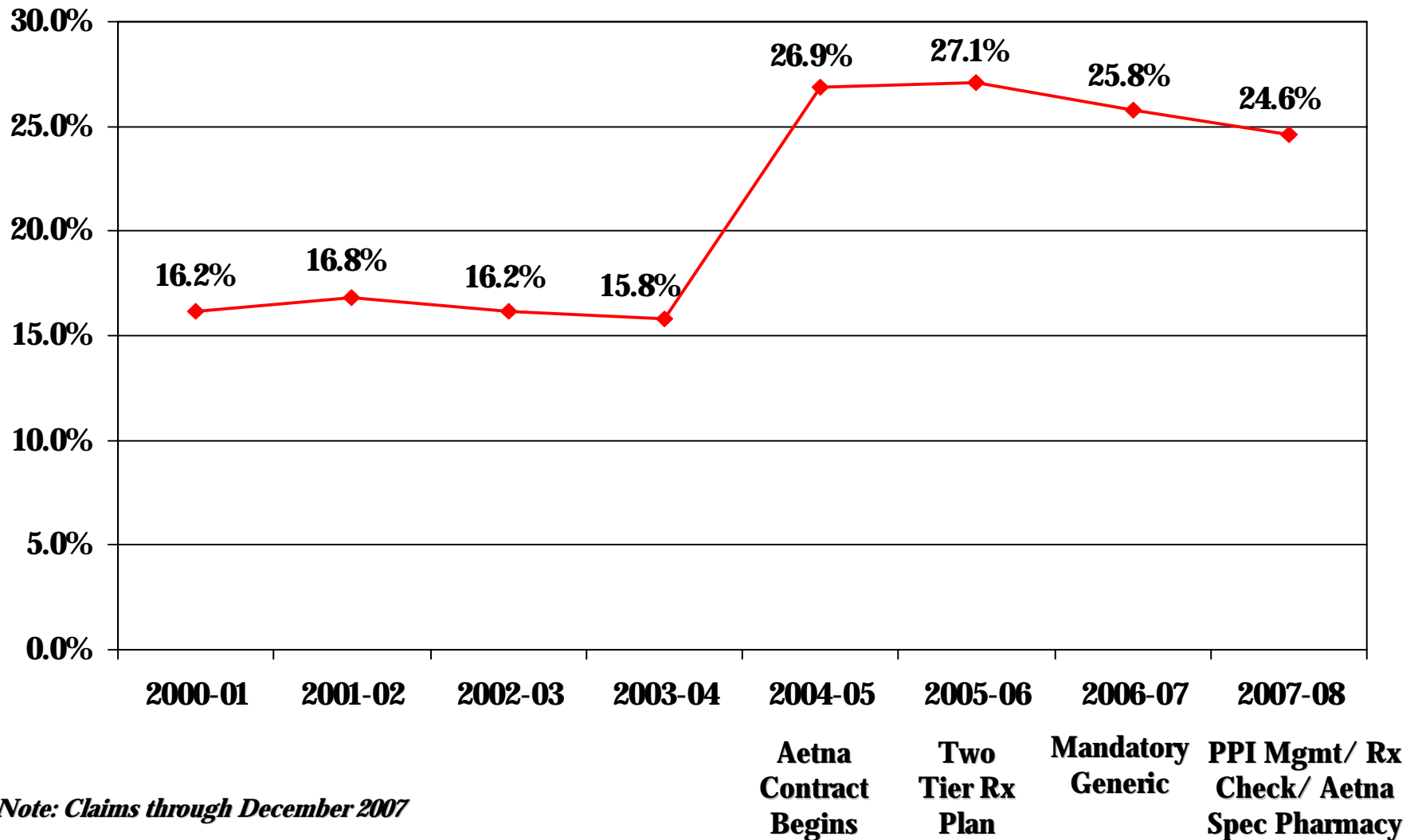
Impact of Prescription Drug Plan Design Changes



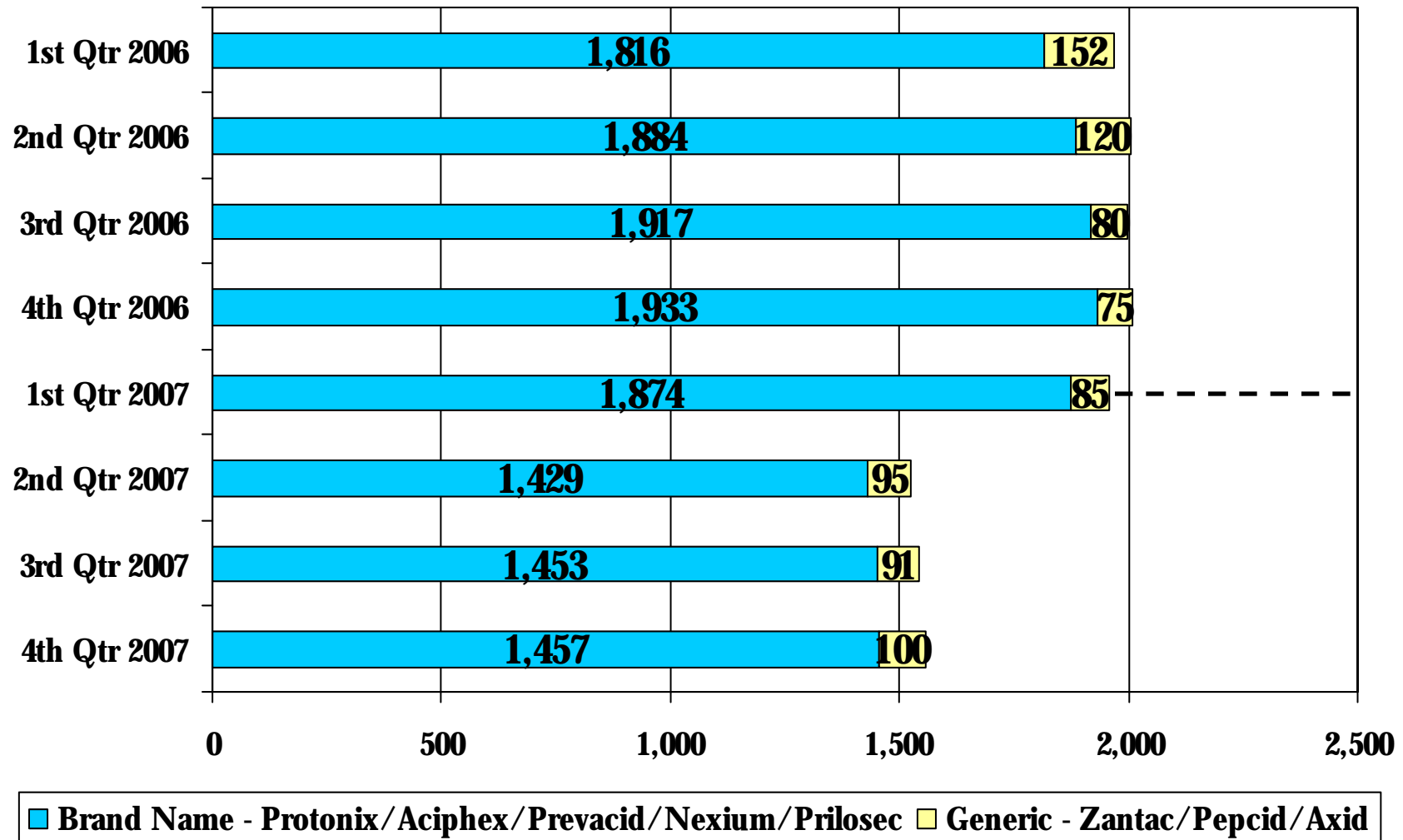
Per-Subscriber-Per-Month Cost by Fiscal Quarters



Average Employee/Retiree Co-pay Percentage



PPI (Heartburn) Rx Management Program Implemented in FY 2007-08



Disease Management Results

Healthy Outlook Program (2004 to 2006 Calendar Years)

	Asthma			Coronary Disease			Congestive Heart Failure			Diabetes		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Acute Inpatient Days/1000	N/A	N/A	N/A	2,438	1,771	1,343	4,248	3,510	2,384	950	775	654
Disease related Acute Inpatient Days/1000	213	129	62	1,109	588	522	346	434	320	97	62	35
Acute Inpatient Admissions/1000	N/A	N/A	N/A	643	448	426	820	647	544	194	176	176
Disease related Acute Inpatient Days/1000	56	39	24	352	177	209	96	93	71	15	16	10
ER Visits/1000	N/A	N/A	N/A	375	357	323	596	465	328	247	252	218
Disease related ER Visits/1000	139	81	76	124	94	78	45	13	7	13	9	10
Eligible Members	N/A	1,244	1,426	N/A	755	938	N/A	287	325	N/A	2,055	2,195
Total Eligible Members	2004	N/A	<p><i>Green = Favorable Trend; Orange = Flat/little Trend; Red = Unfavorable Trend</i></p> <p>Nearly every utilization metric was favorable in direction.</p> <p>Total eligible membership for Disease Mgmt also increased by nearly 13%.</p>									
	2005	4,341										
	2006	4,884										



Network Management and Plan Changes to Help Manage Cost

- High Tech Radiology Pre-certification Program – network steerage
- Improved Utilization of Par Dialysis Providers
 - In-network at “select providers” = \$387 per encounter
 - In-network at all other “non-select providers” = \$767 per encounter
 - Non-par provider = \$1,348 per encounter
- Partnership with Aetna and Diabetes America for diabetic population
 - Waive office copayments at DA facilities
 - Waive copayments for diabetic supplies
- Provide Colonoscopy at 100% for routine and non routine
- Acupuncture Benefit
- Limit Bariatric Surgery to in-network only.



High Performance Network

- Implemented Aexcel Network (smaller network of specialists who have proven outcomes of excellence of care)
 - 12 specialties in network
 - Carrot versus Stick approach
 - Base Plan has PCP copayment, Aexcel copayment and increased office visit copayment if non-Aexcel specialist is utilized (3 tier copayment strategy). 40.6% use of designated providers.
 - Base Plus Plan has same office visit copayment as PCP and all other specialists are at a higher office visit copayment (2 tier copayment strategy). 41.7% use of designated providers.
 - Cost savings for Specialty Network Utilization:

Aexcel Utilization

	Aexcel Providers	Non-Aexcel Providers
<ul style="list-style-type: none"> ■ Base Plan <ul style="list-style-type: none"> □ Prof. PMPM ■ Episode of Care ■ Base Plus Plan <ul style="list-style-type: none"> □ Prof. PMPM ■ Episode of Care 	<p style="text-align: right;">\$136.22</p> <p style="text-align: right;">\$1,320.11</p>	<p style="text-align: right;">\$175.50</p> <p style="text-align: right;">\$1,703.92</p>
<ul style="list-style-type: none"> <ul style="list-style-type: none"> □ Prof. PMPM ■ Episode of Care 	<p style="text-align: right;">\$198.99</p> <p style="text-align: right;">\$1,924.21</p>	<p style="text-align: right;">\$223.37</p> <p style="text-align: right;">\$2,400.61</p>

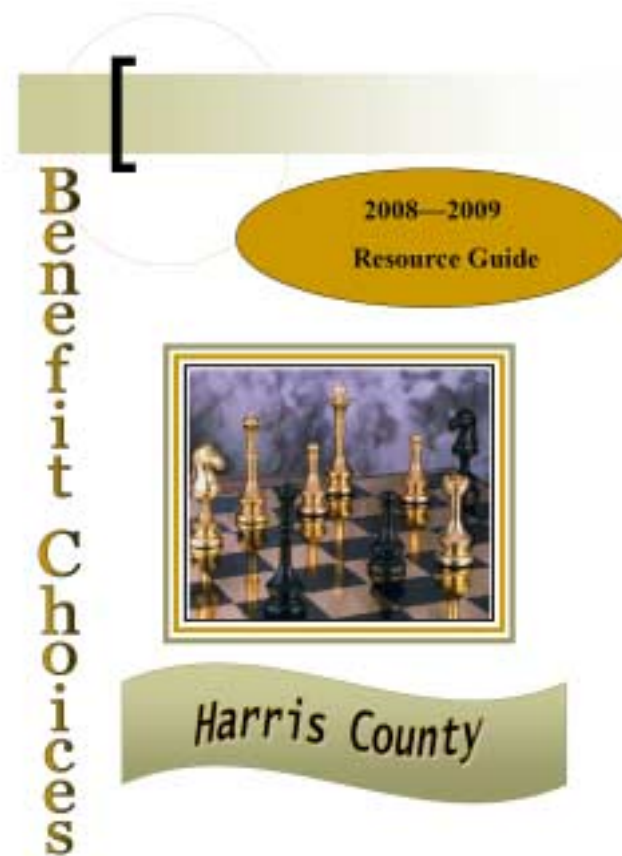


Action Plan to Reduce Retiree Medical Spend

- Introduce Harris County Voluntary Medicare PFFS Plan
 - Internal GASB Analysis
 - Development of plan designs and rates
- Prescription Drug coverage remains in Active Plan and submit for Rx subsidy reimbursement from CMS.
- Offer a Retiree Reimbursement Account (RRA) to offset contributions for Medicare Part B.
- RRA paid out on a quarterly basis based on months enrolled in the plan.
- Analyze projected savings per retiree

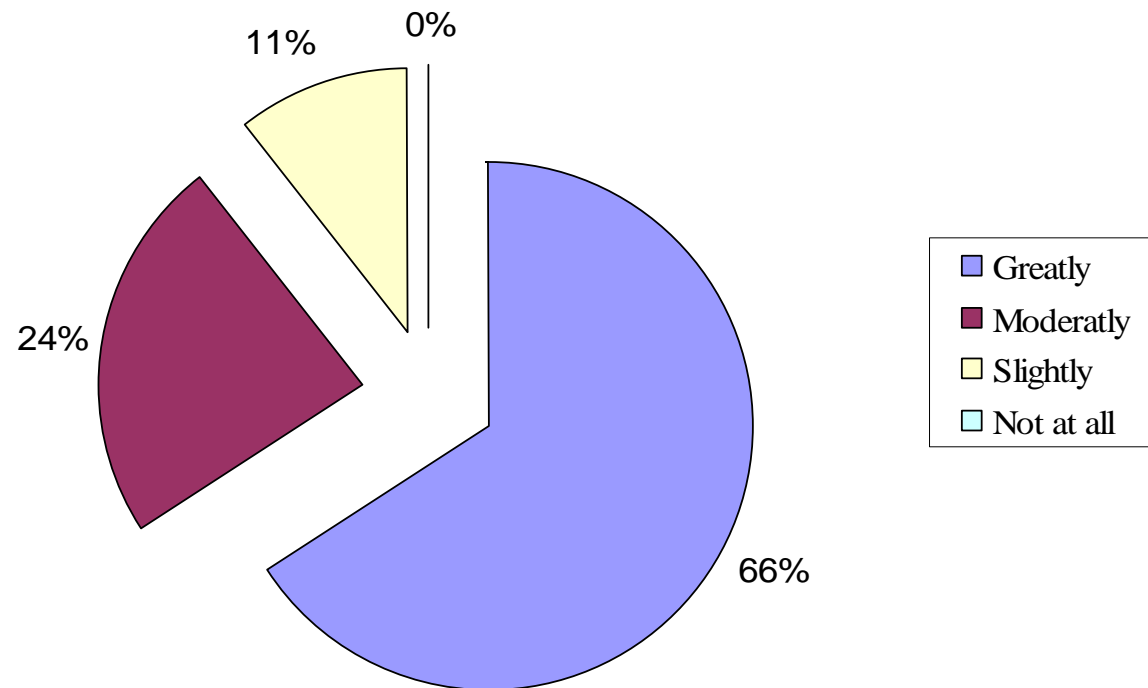
Benefits Committee and Employee Communication

- Committee limited to chief decision makers, finance and legal
- Ongoing Consultative Communications with Plan Provider and Communication with Department Benefit Coordinators
- Periodic Benefit Coordinator Training and Appreciation Day
- Employee Communication, Focus Groups and Survey

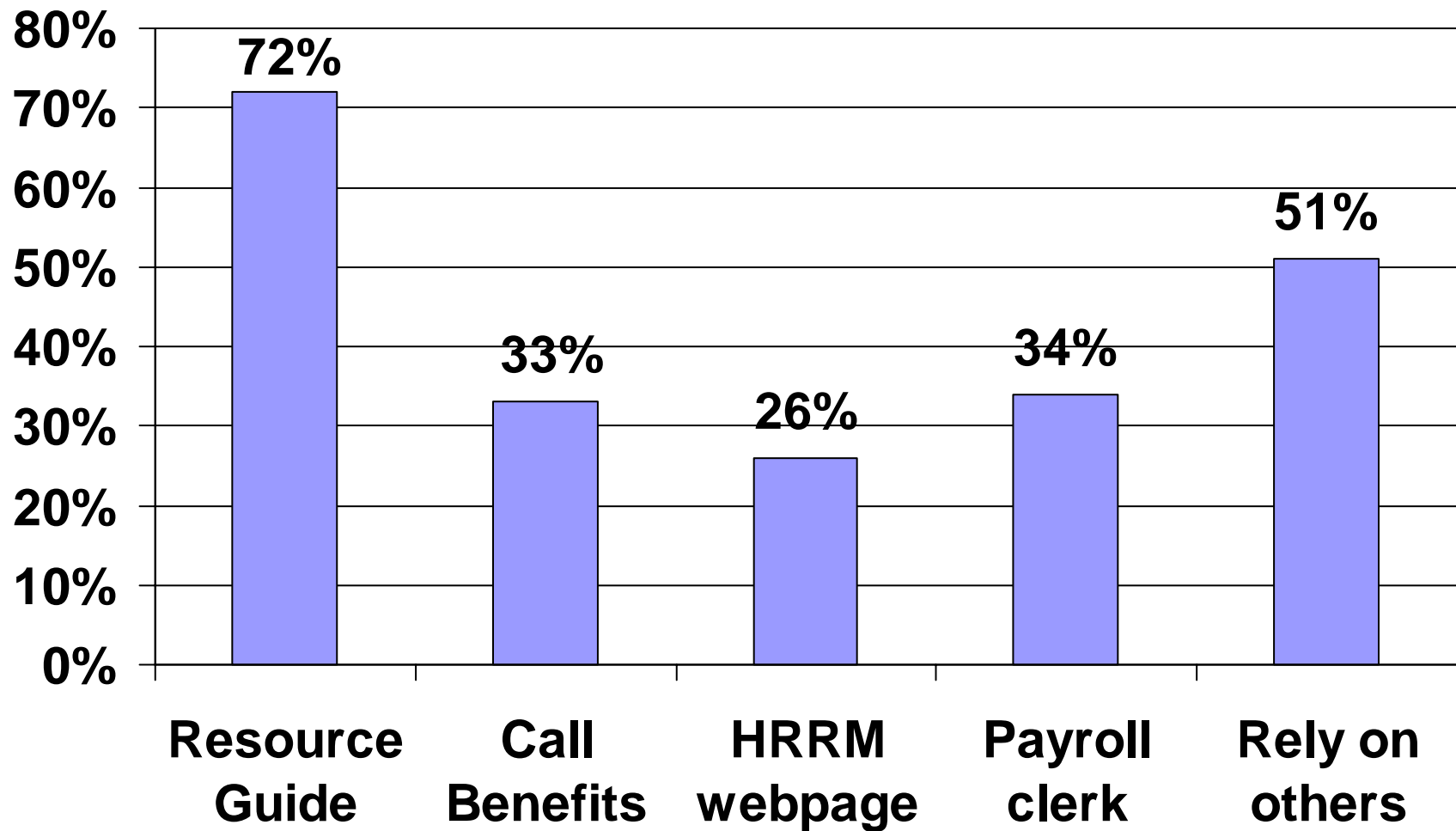


To what extent should employees be held accountable for improving, managing, and maintaining their health?

Question 5: Employees Accountability for His/Her Health
All Members Surveyed



How do you obtain Harris County benefits information?



Benefits Committee – Discussion Topics

- Plan Cost Review
 - Includes breakdown by group and type of expenses
- Market and Legislative Overview
- Impact of Previous and Proposed Plan design changes
- Communication Issues and Strategies
- Wellness and disease management programs and plans





Implementation-Summary

- Education of Staff Members and Coordination with Medical Provider
- Ongoing Awareness of Issues Relating to Cost and Employee Satisfaction
- Communication to Senior Staff and Department Representatives
- Open Rapport With Employees/Retirees on a Daily Basis
- Allow Ample Time for Implementation of Plan Changes or New Programs
- Ongoing and continuous evaluation of program results