



2016 ICCMHC CONFERENCE

EMERGING TRENDS AND A
NON-TRADITIONAL APPROACH TO
CONTROLLING EMPLOYEE BENEFIT COSTS

Thursday, October 13th, 2016 – 4:15-5:00pm

APEXBENEFITS

INTRODUCTIONS


APEXBENEFITS

- Eric Dreyfus, Senior Advisor
- Bill Sylvester, Advisor
- Shawna Schwegman, Business Development Consultant

AGENDA

- Data Analytics
 - Clinical Analysis
 - Predictive Modeling
- Emerging Trends in Healthcare
 - Telemedicine
 - Supplemental Pharmacy Advocacy Programs
 - Price Transparency Tools
 - Reference-based Reimbursement
- Q&A

CLINICAL ANALYTICS ADVANTAGE

- The **“Mythical Magic Bullet”** 
- There is not ONE solution to the healthcare spending crisis nor ONE cost driver responsible for all of the spending
- Clinical Data Analytics is a crucial part of identifying the unknown to address both Population Health Management and financial trends

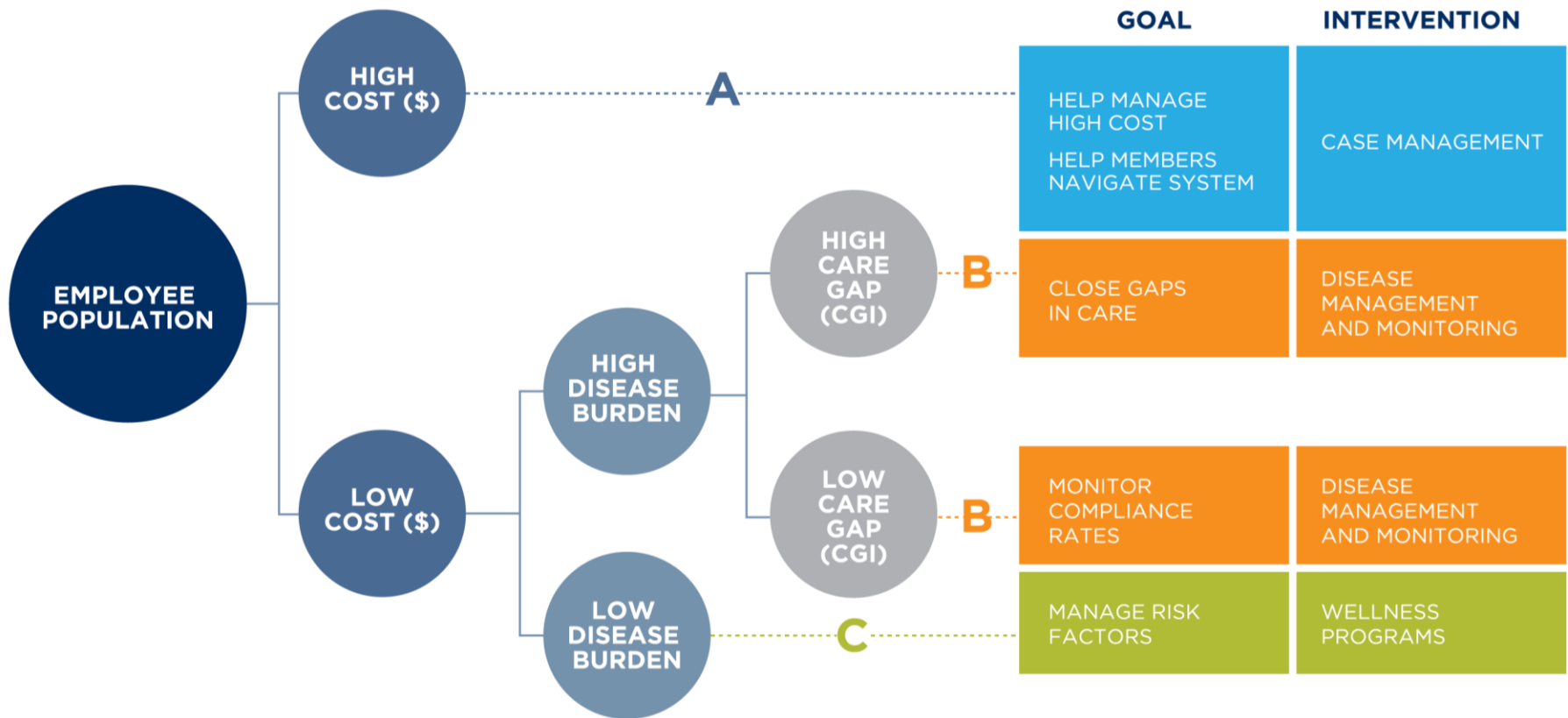
WHAT CAN ANALYTICS PROVIDE?

- Identification of group-specific health trends affecting member's personal health and the overall health of the plan
- Target areas of improvement
- **Ability to analyze ROI for wellness, clinics and other health initiatives**
- Provide actionable, timely data (dashboard/windshield perspective)
- Build a strategic plan and approach to address health needs of your population

EXAMPLES OF CONTRIBUTING FACTORS/MEASURES FROM ANALYTICS

- Demographic Trends
- **Rx Cost Drivers**
- Behavioral Health/Depression
- High Risk Members
- **Exorbitant Hospital Charges**
- Utilization Versus Cost
- Excessive ER Visits and Narcotic Rx
- Chronic Conditions/Comorbidities

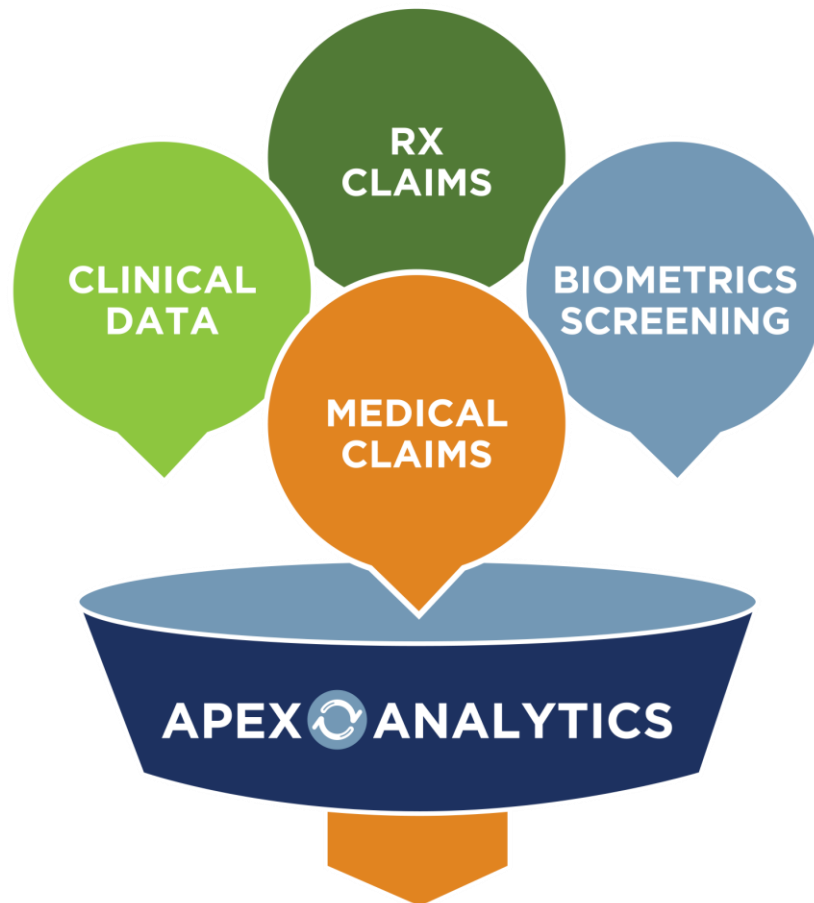
MANAGING YOUR RISK POOL



PREDICTIVE MODELING THROUGH ANALYTICS

- How would you like to know who your potential high costs claimants could be in the next 12-24 months?
- Risk scoring of all members of a population from the lowest to the highest (regardless of health claims)
- Enables employers and health plans to take a proactive action and contain/reduce their risk as well as their costs

INTEGRATION FOR ACTIONABLE RESULTS



**ROBUST REPORTING CAPABILITIES AND
INSIGHTFUL/CUSTOMIZED RECOMMENDATIONS**

Tools gather data that assess employee lifestyles and address potential risk factors

DATA

Reports help identify and analyze group-specific information trends affecting the health of members

INFO

Insight of current initiatives allows for success to be gained through adapting a custom health and wellness benefits plan to fit the specific needs of employees and company

INSIGHT

Strategic action plans accommodate the needs of your employees and target prominent health and wellness risks

ACTION

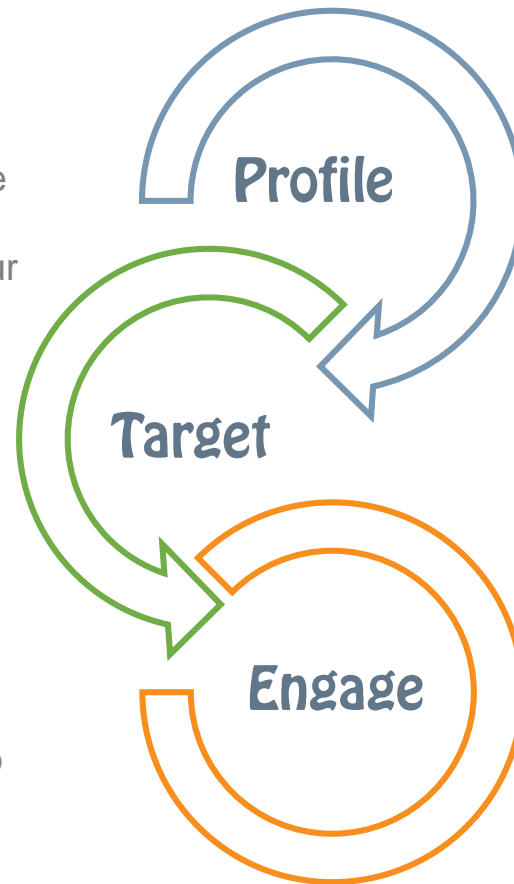
STRAIGHTFORWARD APPROACH TO EMPLOYEE ENGAGEMENT

Data Intelligence

Utilizing clinical expertise and other valuable data sources to **PROFILE** your population and each individual

Engagement Solutions

ENGAGE individuals in a personal, effective way to educate, encourage and support change in health behavior



Wellness Strategies

TARGET health conditions, gaps, health actions specific to your population and each individual

EMERGING TRENDS



Telemedicine



**Supplemental
Pharmacy
Programs**



**Price
Transparency
Tools**

TELEMEDICINE



COMMON CONDITIONS TREATED

- | | |
|--|--|
| <ul style="list-style-type: none">• Allergies• Arthritic Pain• Bronchitis• Certain Rashes• Cold/Flu• Gastroenteritis• Headaches• Insect Bites | <ul style="list-style-type: none">• Respiratory Infections• Sinus Infections• Stomach Ache/Diarrhea• Urinary Tract Infections• Minor Burns• General Information <p>...and much more</p> |
|--|--|

- Fast and convenient access to a licensed physician 24/7/365
- Speak to physician via phone or video
- Prescriptions called into your local pharmacy any time day or night

SUPPLEMENTAL PHARMACY ADVOCACY PROGRAMS



Concierge Prescription Drug Support

- Personalized Rx advocate services
- Support members on expensive brand name and specialty drugs
- Significantly lower members cost (in some cases no cost) as well as the health plan sponsor costs
- Voluntary program to the member but plan sponsor typically would pay for administrative fees

SUPPLEMENTAL PHARMACY ADVOCACY PROGRAMS



Mail-order Generic Maintenance Drug Program

- Access to over 1,200 medications
- Covers 51 major chronic therapeutic classes
- Fixed pricing tiers for 90-day supply
- All U.S. mail order solution
- Employer pays 100% of the cost
- Member receives their prescription at their residence within 5-7 days

SUPPLEMENTAL PHARMACY ADVOCACY PROGRAMS



Prescription Drug Pricing Services

- Free phone or tablet applications
- Applies prescription drug benefits from your insurance plan
- Compares prices at local pharmacies and determines out-of-pocket expenses
- Patient assistance program included
- Utilize manufacturers coupons and pharmaceutical discounts

PRICE TRANSPARENCY TOOLS



Orbitz/Amazon for Hospital Surgical Procedures

- Domestic hospital-shopping interactive experience
- Online “consumer-friendly” Web 2.0 platform
- Finds and ranks hospitals based on distance, cost and quality
- Members can receive cash rewards and no out-of-pocket expenses

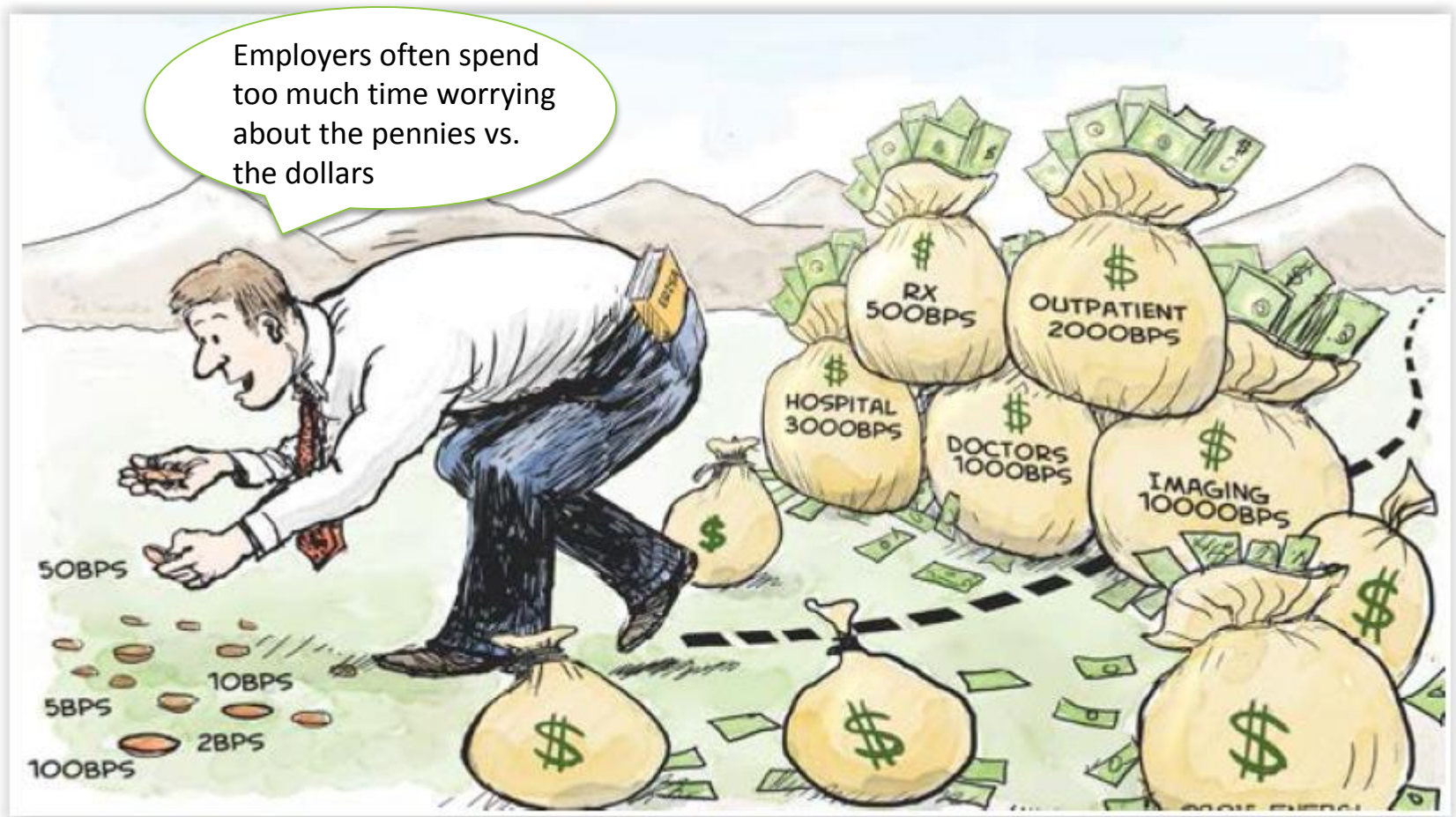
PRICE TRANSPARENCY TOOLS



Integrated Member Empowerment Solution

- Educating members on cost of procedures and services before they are rendered (included in decision process)
- Increased choice for patients and competition will drive costs down
- Works through your current health insurance administrator/PPO network
- Concierge service available to provide “hand holding” level of comfort

“SWEATING THE SMALL STUFF”



REFERENCE-BASED REIMBURSEMENT

- Chargemaster
- Hospitals are profitable
- Charge-to-Cost Ratio (Mark-up)
- Escalator Clause/Trend/Inflation
- Facility Bill Audits
- Facilities are already doing this
- Cost plus a reasonable margin
- Claims are paid according to plan

THE OPPORTUNITY

Commercial % of Medicare Estimates				
Percent of Medicare				
State	IP	OP	Prof	Total
Illinois	180%	307%	147%	220%
Indiana	242%	260%	127%	251%
Kentucky	191%	277%	114%	200%
Ohio	206%	291%	124%	213%
Nationwide	198%	267%	139%	206%

Source: Milliman Medicare and Commercial Pay Analysis, 2016

NOTE: These percentages are NET of billed charges (i.e., after network discounts)

WHY REFERENCE-BASED REIMBURSEMENT?

HOSPITAL NAME	BEDS	2013 NET INCOME	2012 NET INCOME	2011 NET INCOME	AVERAGE MARK-UP
OHIO HOSPITAL A	1,272	\$ 646,121,222	\$ 434,206,838	\$ 59,085,984	432 %
INDIANA HOSPITAL A	123	\$ 40,043,243	\$ 46,866,098	\$ 7,534,372	312 %
MICHIGAN HOSPITAL A	189	\$ 23,859,669	\$ 19,059,492	\$ 9,879,084	309 %
INDIANA HOSPITAL B	36	\$ 11,598,450	\$ 17,487,932	\$ 11,299,485	359 %
INDIANA HOSPITAL C	1,266	\$ 579,065,786	\$ 762,656,517	\$ 166,793,241	405 %
INDIANA HOSPITAL D	352	\$ 39,884,790	\$ 35,777,570	\$ 733,078,377	490 %
INDIANA HOSPITAL E	72	\$ 49,434,921	\$ 51,847,249	\$ 43,035,081	712 %
INDIANA HOSPITAL F	386	\$ 153,824,682	\$ 158,283,289	\$ 160,526,532	622 %
INDIANA HOSPITAL G	39	\$ 32,205,065	\$ 26,711,993	\$ 23,390,867	713 %
INDIANA HOSPITAL H	38	\$ 49,201,598	\$ 43,836,297	\$ 41,410,765	267 %
INDIANA HOSPITAL I	36	\$ 11,598,450	\$ 17,487,932	\$ 11,299,485	359 %
INDIANA HOSPITAL J	37	\$ 56,567,490	\$ 35,872,041	\$ 22,656,373	462 %
INDIANA HOSPITAL K	112	\$ 6,859,723	\$ 8,556,035	\$ 3,707,905	292 %

WHY REFERENCE-BASED REIMBURSEMENT?

Procedure...	Otherwise known as...	Unit Price
Oral cleansing device	Toothbrush	\$1050.00
Cranial support system	Neck support pillow	\$450.00
Mucus recovery system	Facial/Nasal tissues	\$75.00
Tuberculin syringe	Diabetic syringe	\$14.00
Acetaminophen Tablet	Tylenol	\$513.23
CBC	Blood Count	\$280.00
Blood Glucose Monitoring	One Diabetic Test Strips	\$20.90

WHY REFERENCE-BASED REIMBURSEMENT? CHARGEMASTER VERSUS RETAIL

	Hospital Price	Retail Price
Bacitracin (Antibiotic)	\$108.00 Each	Pack of 3 for \$12.33
Acetaminophe (Tylenol)	\$1.50 Each	Bottle of 100 for \$1.49
Gauze Pads	\$77.00 a Box	Pack of 50 for \$4.90
Diabetes Test Strip	\$18.00 Each	Box of 50 for \$27.00

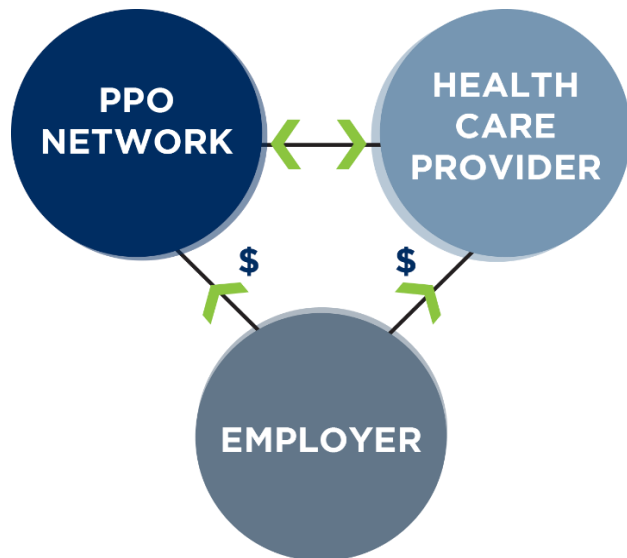
WHY REFERENCE-BASED REIMBURSEMENT? FACILITY CHARGE EXAMPLE

This is a “CT Scan without contrast” at a major system hospital:

- Billed: \$3,037 Approximately 14.5 times Medicare
- Medicare: \$175
- Cost: \$45
- **RBR: \$210 Including Reasonable Profit Margin**
- National Average: \$1,674 National Average for CT Scan

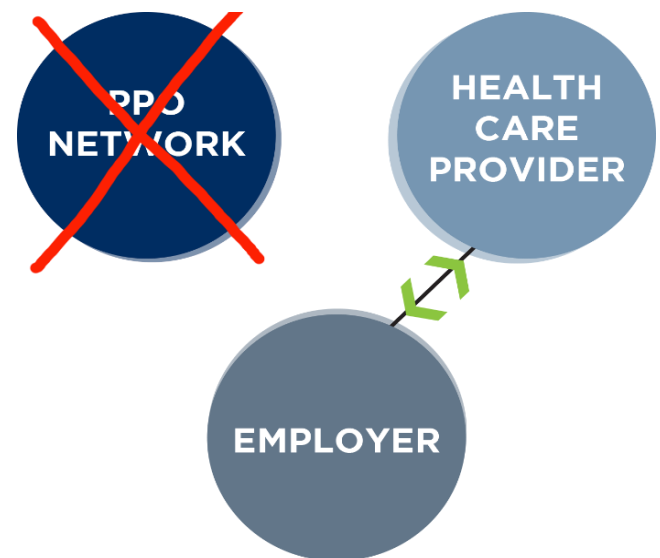
PARADIGM SHIFT FROM THE NORM

Traditional PPO Approach



- 3rd party agreement between an insurance company/PPO network and health care provider

RBR Approach



- Eliminates middleman
- Allows you to have a direct deal that benefits you

HOW DOES IT WORK?

STEP 1

PHYSICIAN ONLY SERVICES

Abandon network of medical facilities

STEP 2

MODIFY PLAN DOCUMENT

Install Smart Plan language for RBR methodologies including TPA as co-fiduciary

STEP 3

CLAIMS AUDIT

Audit ALL in-patient and out-patient facility claims applying the RBR formulas, as per the new Plan language

STEP 4

ERISA BASED APPROACH

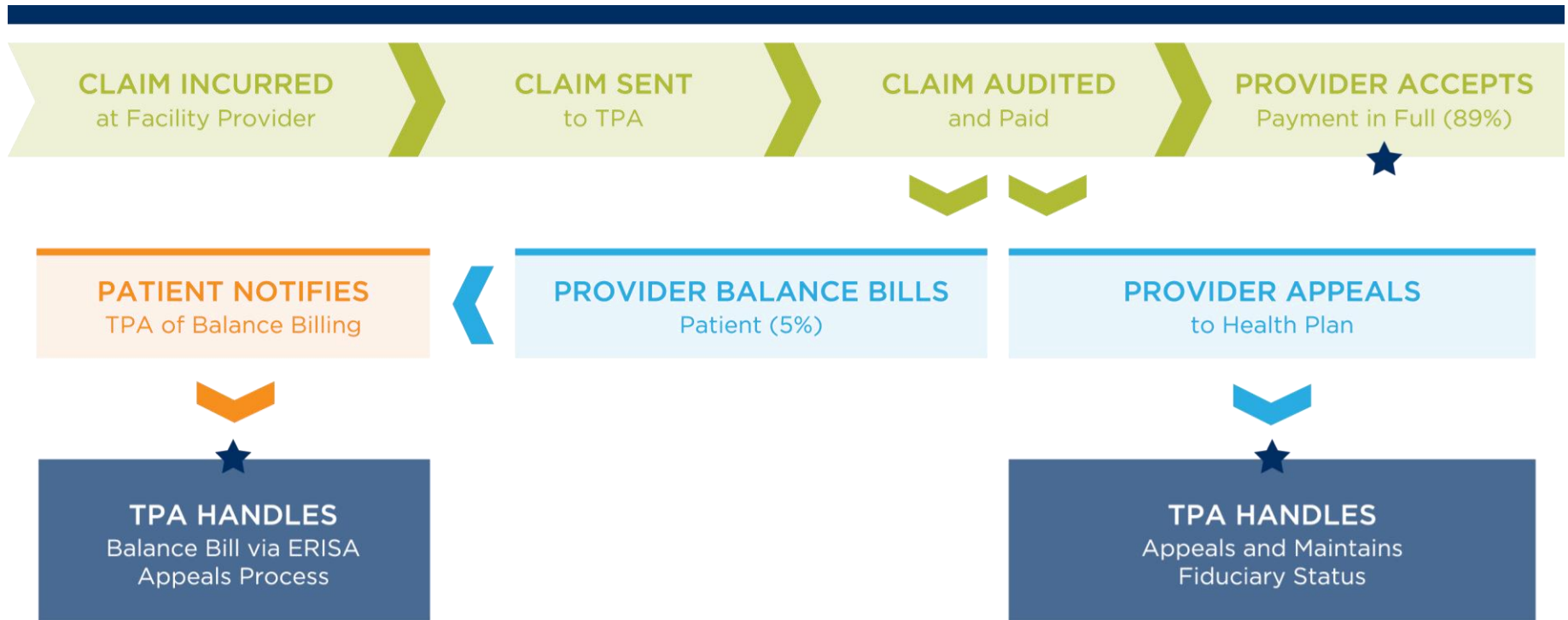
TPA handles all claim appeals on behalf of the employer and responsible for legal defense of Plan

STEP 5

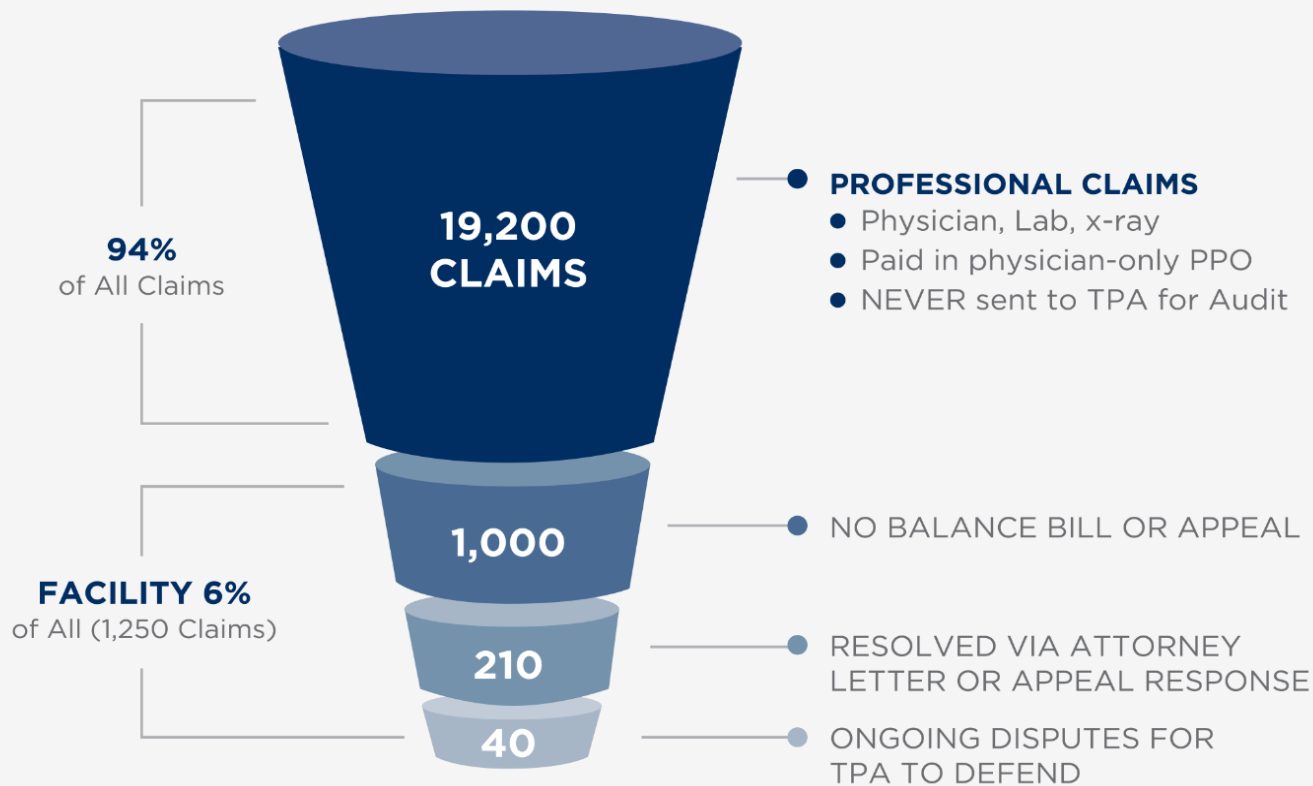
PROTECT THE PLAN MEMBER

Protect member with expert attorneys from balance billing from providers or collection agencies at no additional costs

WHAT IS THE PROCESS?



REFERENCE-BASED REIMBURSEMENT CASE STUDY EXAMPLE



GROUP SAVINGS

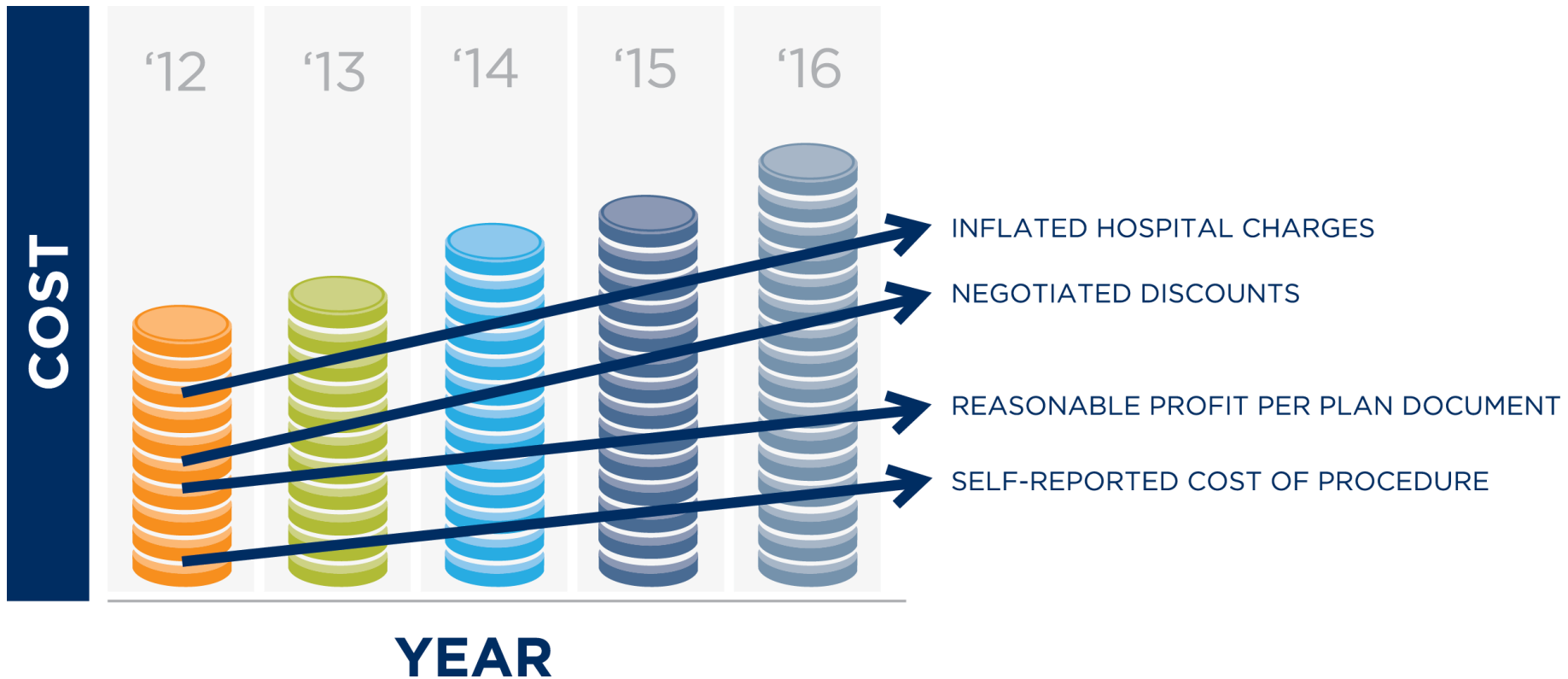
\$1,500,000

(at \$150,000 per 100 EEs)

**40 DISPUTES FOR TPA
ATTORNEYS TO DEFEND**

(4 per 100 EEs)

DIFFERENT TRACK – LOWER AND FLATTER TREND



Q&A

- Thank you very much for the opportunity to present at the 2016 ICCMHC Conference
- Please let us know if you should have any further questions or concerns with anything we discussed this morning

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