See, Set, and Achieve

Your Perfect Employee Health Strategy

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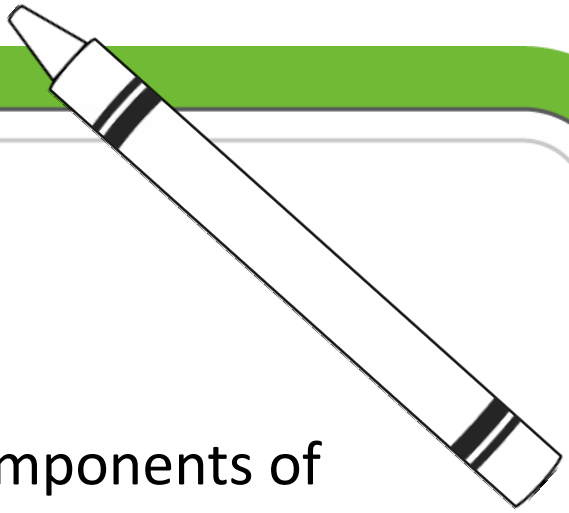
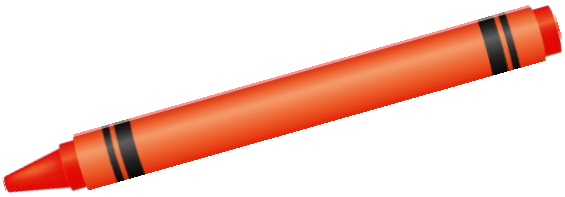
MEDCOST®

Learning Objectives

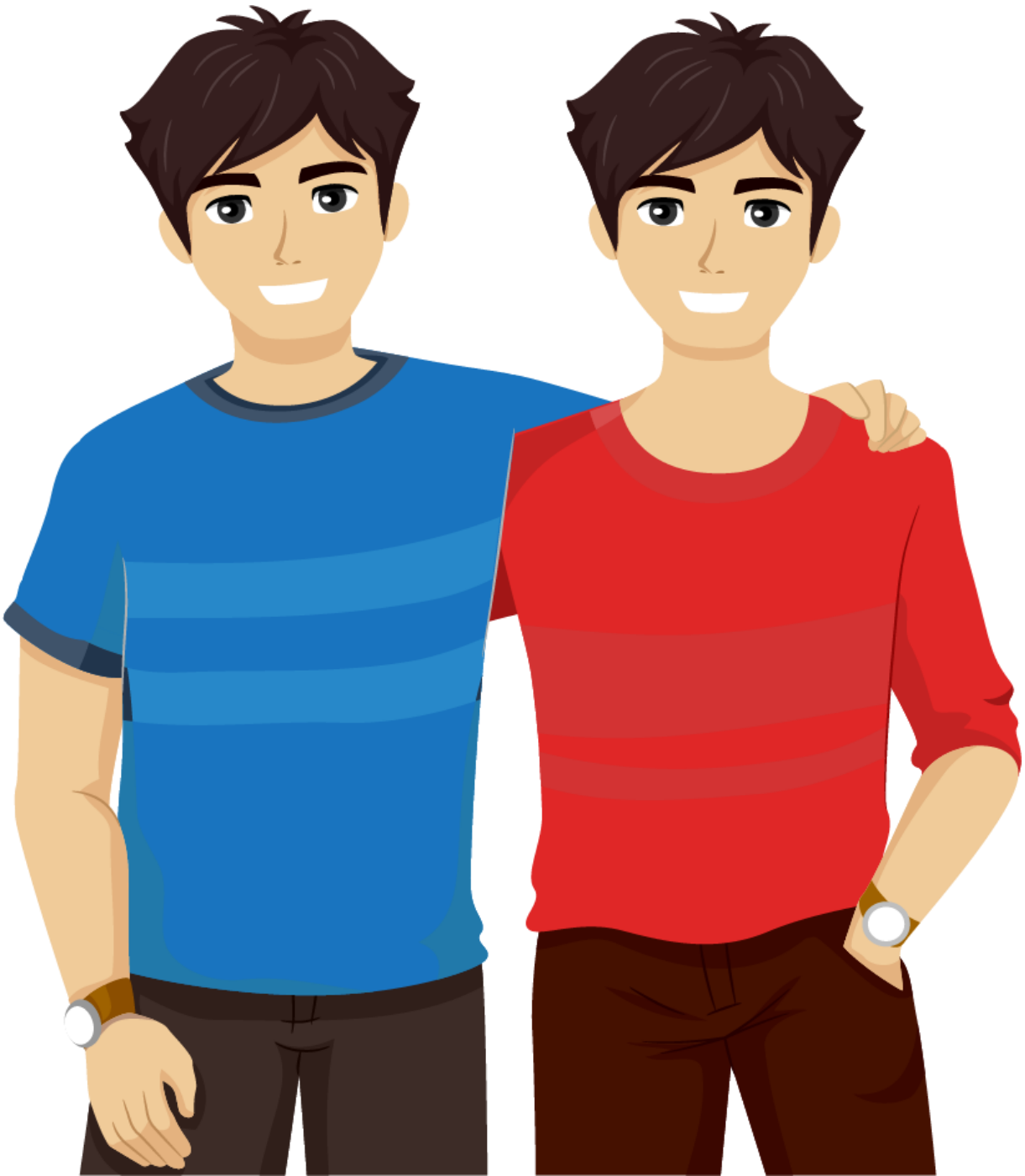


- Understand components of employee health strategy, how and why they work together.
- Identify ways to see and manage risk in both large/low and small/high risk populations.
- Measure intersecting metrics and prioritize programs by population-specific impact/objectives.
- Be aware of health plan trends and opportunities to elevate a health strategy for employees.



I. Introduction

What is your favorite color?



II. SEEING Your Perfect Employee Health Strategy

I feel _____ about my plan for employee health?

I feel this way because _____

_____

_____

_____

I would like to feel _____ about my health plan.

How do you measure for a perfect employee? (list 3 qualities)

1.)_____

2.)_____

3.)_____

II. SEEING Your Perfect Employee Health Strategy

Employee Sample Report

Employee	Active	Tenure	Score Current	Score Year -1	Score Year -2	DEPT	SUPER	Attend	Attend Year -1	Attend Year -2	PTO Used	Health Plan	Coverage Tier	Wellness?	401(k)?
ex. Curtis Lawyer	Y	2.5	3.9	3.7	4.1	Sales	Cornwell	99%	99%	99%	45	HDHP	Family	Y	Y

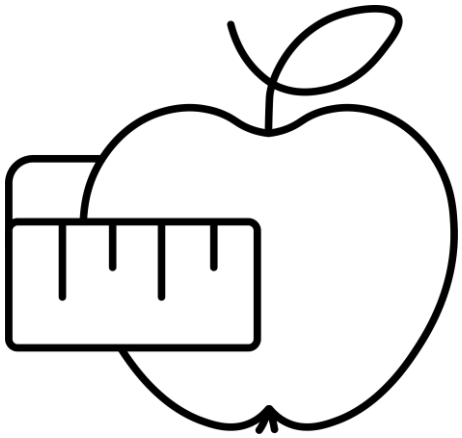
What other metrics/kpi's are affected by employee health?

1.) _____

2.) _____

3.) _____

II. SEEING Your Perfect Employee Health Strategy



State a strategic health objective and key results.

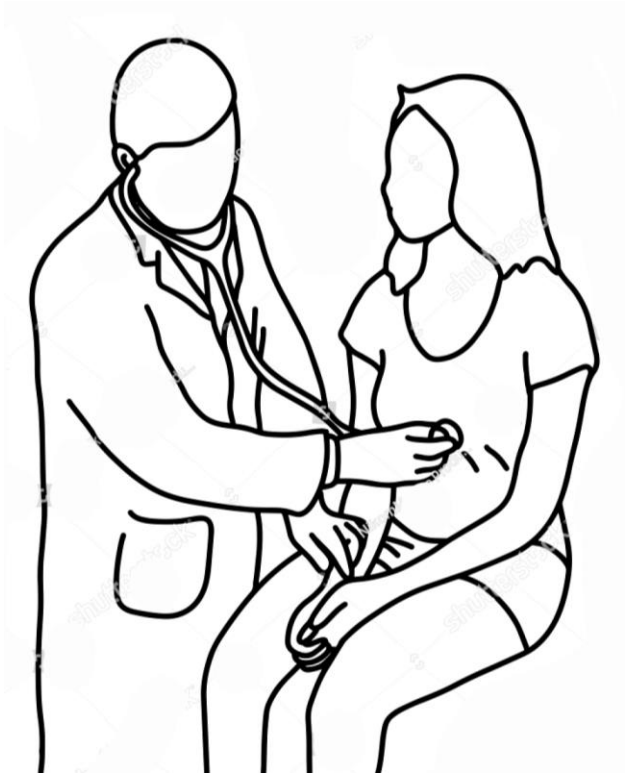
"Measure What Matters"
John Doerr – Portfolio Publishing, 2018

Objective

Achieve A
1.)
2.)
3.)

Achieve B
1.)
2.)
3.)

Achieve C
1.)
2.)
3.)

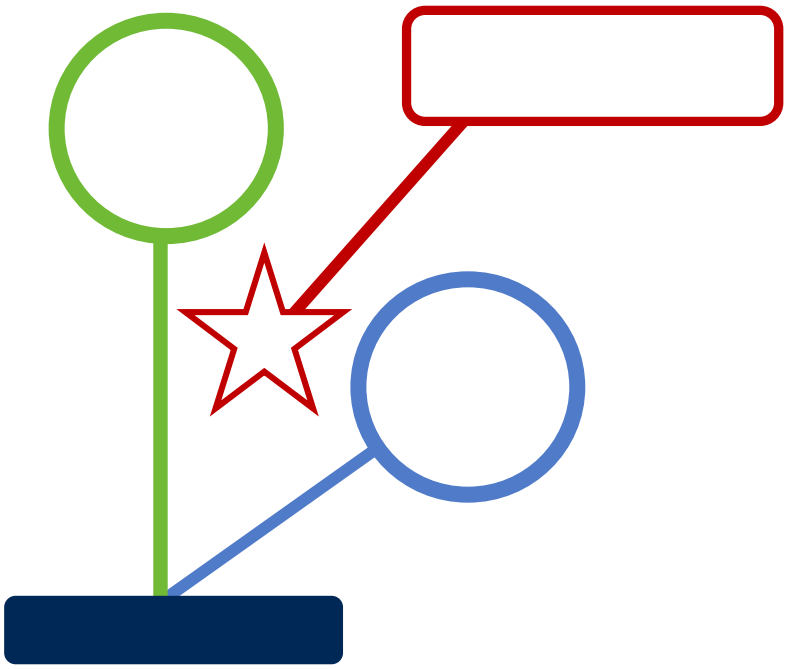


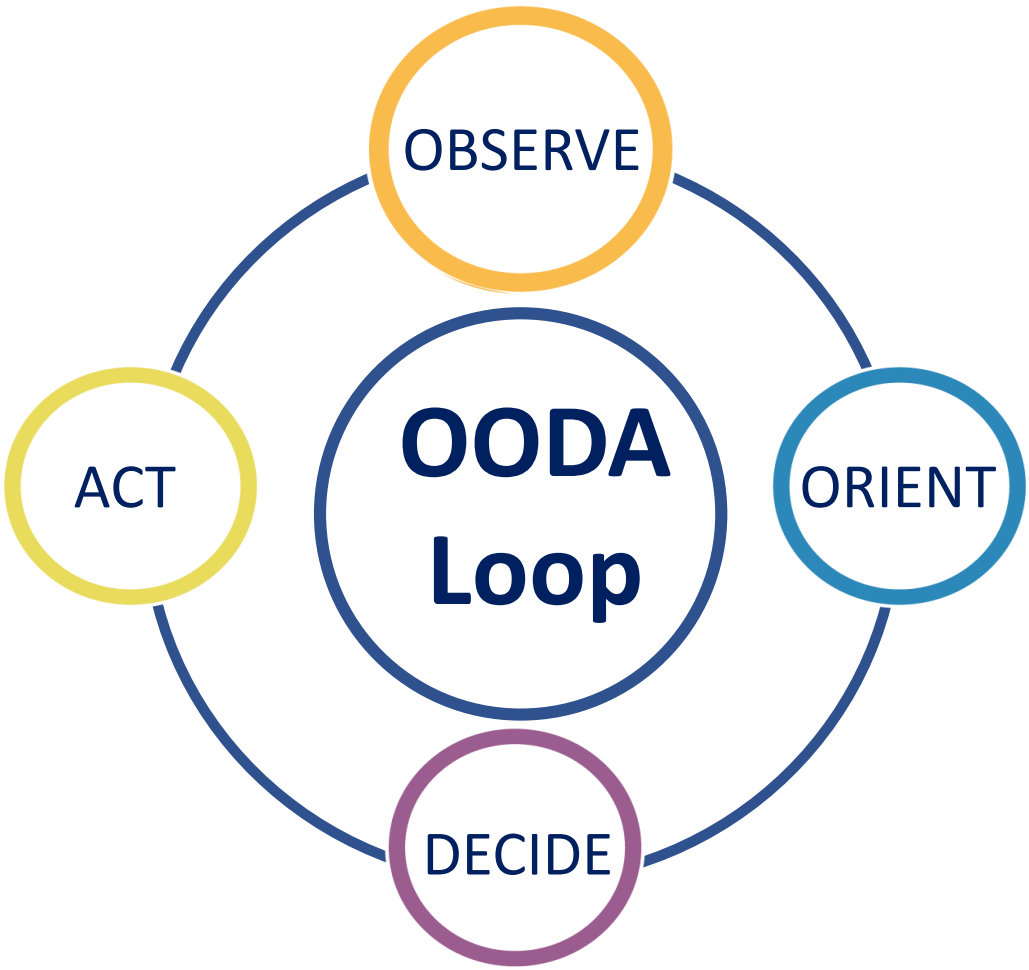
III. SETTING Your Perfect Employee Health Strategy

Set Point

Process Variable

Control





III. SETTING Your Perfect Employee Health Strategy

Case Study # 1

OBSERVE

Stratifying The Population

	Low Risk	At Risk	Rising Risk	Complex Risk
	MARA Risk Score Between 0 and 0.99	MARA Risk Score Between 1 and 2.29	MARA Risk Score Between 2.3 and 8.39	MARA Risk Score 8.4+
Enrollment	385 members 77% of total membership 79% of benchmark	72 members 14% of total membership 13% of benchmark	38 members 8% of total membership 7% of benchmark	5 members 1% of total membership 1% of benchmark
% Paid	17% of total paid 16% of medical paid 18% of Rx paid	21% of total paid 18% of medical paid 28% of Rx paid	26% of total paid 25% of medical paid 29% of Rx paid	37% of total paid 40% of medical paid 25% of Rx paid
PMPY Paid	$1,279 Total PMPY $956 Medical PMPY $323 Rx PMPY	$8,377 Total PMPY $5,715 Medical PMPY $2,662 Rx PMPY	$20,148 Total PMPY $14,946 Medical PMPY $5,202 Rx PMPY	$215,424 Total PMPY $182,005 Medical PMPY $33,419 Rx PMPY
Outreach	1% Outreached in Care Mgmt	7% Outreached in Care Mgmt	34% Outreached in Care Mgmt	80% Outreached in Care Mgmt
Utilization	52 ER Encounters/1000 8 IP Admits/1000 62 IP Days/1000	319 ER Encounters/1000 69 IP Admits/1000 417 IP Days/1000	658 ER Encounters/1000 237 IP Admits/1000 2,342 IP Days/1000	400 ER Encounters/1000 0 IP Admits/1000 0 IP Days/1000
Prevalence	7% Hypertension 4% Hyperlipidemia 1% Diabetes 3% Depression 1% Asthma	19% Hypertension 21% Hyperlipidemia 8% Diabetes 8% Depression 6% Asthma	37% Hypertension 13% Hyperlipidemia 18% Diabetes 5% Depression 16% Asthma	40% Hypertension 0% Hyperlipidemia 0% Diabetes 0% Depression 0% Asthma
Demo	45% Female / 55% Male Average Age = 30 49% Employee	54% Female / 46% Male Average Age = 41 69% Employee	53% Female / 47% Male Average Age = 40 58% Employee	60% Female / 40% Male Average Age = 46 60% Employee
Risk	0.26 Average Risk Score 0.24 Benchmark Risk	1.45 Average Risk Score 1.50 Benchmark Risk	3.81 Average Risk Score 3.78 Benchmark Risk	13.82 Average Risk Score 16.41 Benchmark Risk

III. SETTING Your Perfect Employee Health Strategy

Financial					
Category	**Prior**	**Current**	**% Changes**	**Benchmark***	**% Variance**
Demographics					
# Employees	236	238	1%	---	---
# Members	445	445	0%	---	---
Avg Contract Size*	1.88	1.87	0%	1.82	3%
Overall Expenses (Paid PMPY)					
Inpatient*	$685	$551	-20%	$1,088	-49%
Outpatient*	$2,643	$2,523	-5%	$1,617	56%
Professional*	$1,518	$1,321	-13%	$1,663	14%
Ancillary*	$451	$409	-9%	$372	10%
Total Medical*	$5,298	$4,804	-9%	$4,329	13%
Pharmacy*	$1,183	$1,146	-3%	$1,233	-7%
Grand Total*	**$6,481**	**$5,950**	**-8%**	**$5,472**	**9%**
High Cost Claimants (YTD vs. YTD)					
# Members	1	2	100%	---	---
% Members*	0.31%	0.65%	0.3%	%	-0.4%
% Paid*	28.8%	31.8%	3.0%	34.0%	-2.2%
Emergency Room					
Encounters/1000*	182	251	38%	214	18%
Cost Per Encounter*	$1,613	$1,373	-15%	$1,957	-30%
PMPY*	$294	$345	18%	$419	-18%

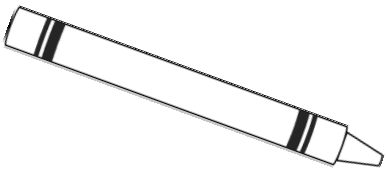
* MedCost Benchmark

**MCG National Benchmark

III. SETTING Your Perfect Employee Health Strategy

Proposed Renewal Action

	Current	Renewal
Annual Fixed Costs (1)	**$761,744**	**$873,335**
Annual Expected Cost	**$2,979,002**	**$3,296,464**
Annual Maximum Cost	**$3,514,567**	**$3,883,496**
Overall Increase		**10.5%**



	12 Months Ended Nov - 16	12 Months Ended Nov - 17	8 Months Ended July - 18	3 Years Ended July - 18
Medical and Vision				
Paid Medical Claims	$2,074,865	$2,176,876	$1,406,057	$5,657,799
Stop-Loss Claimants (current spec)	$1,058,503	$1,115,670	$532,821	$2,706,995
Normalized Claims	$1,016,362	$1,061,206	$873,236	$2,950,804
Annual EE Enrollment	2,908	2,894	1,898	7,700

Solve the claims per employee per month (PEPM) to compare the most recent 2 periods.

Solve and compare again, after removing the high cost claimants (i.e. Stop-Loss Claimants)

III. SETTING Your Perfect Employee Health Strategy

➢OBSERVE

Claims to Premium Ratio	
MONTH	**PRIOR**
1	88.7%
2	110.9%
3	54.3%
4	99.5%
5	36.7%
6	144.5%
7	59.1%
8	25.3%
9	42.4%
10	40.8%
11	35.1%
12	115.7%
MONTH	**CURRENT**
1	109.0%
2	106.9%
3	48.7%
4	131.4%
5	51.4%
6	47.7%
7	40.6%
8	32.5%
9	64.6%
10	24.7%
11	56.6%
12	73.7%

PRIOR	**64.9%**
CURRENT	**71.2%**

Year/Month	Members	Subscribers	Premium	Premium PMPM	Medical Payments	Capitation Payments	Managed Pharmacy Payments	Total Payments	Claims to Premium Ration	Total Payments PMPM
2017-09	250	153	$102,695	$410.78	$84,448	$3,643	$23,875	$111,966	109.0%	$447.86
2017-10	241	148	$99,413	$412.50	$78,158	$3,526	$24,597	$106,281	106.9%	$441.00
2017-11	245	150	$101,317	$413.54	$15,339	$3,584	$30,468	$49,391	48.7%	$201.60
2017-12	245	151	$101,461	$414.13	$105,054	$3,584	$24,687	$133,326	131.4%	$544.19
2018-01	253	154	$105,156	$415.64	$49,314	$3,771	$1,006	$54,091	51.4%	$213.80
2018-02	256	153	$103,970	$406.13	$19,164	$3,727	$26,753	$49,643	47.7%	$193.92
2018-03	251	152	$102,827	$409.67	$36,836	$3,712	$1,163	$41,711	40.6%	$166.18
2018-04	259	158	$106,388	$410.76	$14,392	$3,845	$16,342	$34,580	32.5%	$133.51
2018-05	262	157	$113,193	$432.03	$54,919	$3,890	$14,279	$73,089	64.6%	$278.96
2018-06	259	161	$115,790	$447.07	$10,974	$3,890	$13,686	$28,549	24.7%	$110.23
2018-07	236	149	$106,727	$452.23	$48,759	$3,594	$8,092	$60,445	56.6%	$256.12
2018-08	231	146	$103,157	$446.57	$50,326	$3,490	$22,260	$76,077	73.7%	$329.34
Total by Experience Period										
Current Period	2,988	1,832	$1,262,095		$567,684	$44,258	$207,208	$819,149	64.9%	$274.15
Prior Period	3,338	2,075	$1,307,349		$741,777	$47,913	$141,323	$931,013	71.2%	$278.91
Average Membership/PMPM Premium and Payments by Experience Period										
Current Period	249	153	$422.39		$189.99	$14.81	$69.35	$274.15		
Prior Period	278	173	$391.66		$222.22	$14.35	$42.34	$278.91		
% Change										
Current Period vs Prior Period	(10.5%)	(11.7%)	7.8%		(14.5%)	3.2%	63.8%	(1.7%)		

➢ORIENT

- Oncology is often a top driver of plan costs, but only number 6 for this group.
- Circulatory is 28% above norm, and Endocrine is 14% above norm.
- Preventive screening compliance is low:
  - Mammogram at 41%
  - Colonoscopy at 13%
  - Cervical at 30%
  - Annual Physical at 28%

IV. ACHIEVING Your Perfect Employee Health Strategy

➢DECIDE & ACT

Healthy & Well 75%

Supporting a full spectrum of wellness needs

- Health & Wellness Business Consultation
- Health Risk Assessment & Biometric Screenings
- Wearable Devices
- Lifestyle Coaching
- Tobacco Cessation
- Financial Health Education
- Fitness Center Network
- Telehealth
- Emotional Health
- Preventive Care Reminders

At-Risk/Rising Risk 24%

Hands-on nurse coaching & education

- Personal Care Management
- Transitional Care Counseling
- Maternity Programs
- Chronic Condition Disease Education
- Rx Clinical Programs
- Telehealth

Complex 1%

Navigating severe health conditions with members

- Case Management of Complex & Long-Term Conditions
- Specialty Rx Management
- Advocacy & Care Coordination
- Board Certified Specialty Case Managers
- Telehealth

Acute

Selecting care that provides positive health and financial outcomes

- Inpatient Care Review
- Outpatient Care Review
- Pre/Post Discharge Planning
- 24/7/365 Access Telehealth Services
- Rx Clinical Program
- Behavioral Health

IV. ACHIEVING Your Perfect Employee Health Strategy

COMPLEX CASE MANAGEMENT

A Case Study

Situation

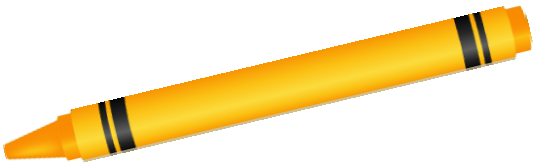
Mr. M* is a middle-aged male diagnosed with chronic inflammatory demyelinating polyneuropathy (CIDP). Relative to his condition, Mr. M has significant issues with balance and daily living activities, resulting in an inability to continue working. IVIG infusions were utilized but did not have the desired impact. Plasmapheresis was also attempted but resulted in undesirable complications. Mr. M returned to monthly IVIG infusions but reported that these were having little to no benefit with a gradual decline in his overall level of function. At this point, Mr. M could only walk 200 feet with the assistance of a cane, was experiencing bilateral foot drop, and numbness in his hands and feet.

Research

Case Management researched Mr. M's plan of treatment and confirmed that IVIG and plasmapheresis are the only standard of care treatment options for CIDP. Mr. M had failed both plasmapheresis and steroids. Further research found an autologous stem cell transplant for CIDP was in a phase II clinical trial.

Findings

A physician panel determined that an autologous stem cell transplant was experimental/investigational for CIDP based on the plan language. With assistance from the Case Manager, the member appealed the decision and made a clinical justification for the procedure. The procedure was then deemed medically necessary for Mr. M's CIDP since standard treatment options were not working and a transplant would possibly cure the disease. If allowed to progress, the disease would eventually debilitate Mr. M and he would likely require approximately 16 hours a day of private duty nursing care for daily



living activities and medication administration at an average cost of $82,644 per month. If hospitalized, charges for room and board only would average $5,000 per day.

Actions

The Case Manager advocated for Mr. M and engaged the MedCost Account Manager, reinsurance carrier, and the employer in the discussion to support coverage for the stem cell transplant. The employer agreed to cover the cost. Mr. M successfully underwent the stem cell transplant.

Results

Mr. M reports that he is physically doing much better with improved balance and mobility. He continues outpatient physical therapy, walks independently, and has returned to work. His family expressed their appreciation for the life-changing intervention of the Case Management team:

"To say 'thank you' is hardly adequate, but we wish to express our sincere gratitude for the thoughtful work you did on our son's behalf. He was a very healthy young man that was struck suddenly by a life-changing disease. Because of your extra efforts, he now will be able to recover and go on living a productive life. Your kindness means the world to our family."

Overall Plan Savings

$754,519

** The patient's name has been changed to protect his privacy.*

NOTES

See, Set and Your Perfect Employee

By Curtis Lawyer

You offer a health plan and you are happy with it. Or, at least, it is familiar; and familiar makes people happy. There is legitimate value in that. Do not let anyone tell you otherwise.

If nothing else, familiarity presents consistency and fosters a sense of security among employees. For many employers, a health plan is a sort of open-loop system. You select the input on the effective date as cost sharing, premiums and funding levels, then react to the renewal action output, and try again.

Trial and error ensues ad nauseam. Trial and error works well enough when other factors are known or, better yet, fixed. But, employee health is dynamic and often obscured by the veritable black box that is a health plan. This is another case in favor of the familiar. Annual intervention in your health plan is like trying to maintain your refrigerator's temperature with a timer rather than a thermostat. You may only realize it is not cooling for long enough when you open the door to discover your food has spoiled, or cooling for too long if the contents are frozen. More experience (i.e. familiarity) with a particular system's inputs and respective outputs helps to better guess an expected range of potential results. You may finally find the perfect settings for the desired outcome – until a change is discovered, likely in retrospect and after quite a bit of waste. While it has its merits, familiarity in and of itself is not a sustainable strategy. At best, it is temporary survival.

Plan-level adjustments based on annual output require reactive changes, a slippery slope. Employee health becomes eclipsed by the distracting touch of your plan's ever-present premium, which often has increased from the underlying spoiled performance. Maybe your response to a renewal premium increase is to require that employees raise their payroll deduction. That is, if you feel it prudent or even appropriate to offset an increase by cutting someone's pay. You would probably not ask your office employees to accept a lower wage because the landlord inflated your rent, right? Perhaps a change in plan design mitigates the impact, but then that is effectively the same exercise. It is a conundrum. And, at some point, adverse selection sets in. This means the healthiest enrollees somewhat understandably decide to discontinue paying thousands of dollars to over-insure their disproportionately low risk. So begins a downward spiral toward unfavorable risk, the most expensive kind. Ultimately, the value of familiar is no longer worth its cost. This is where change typically happens. This is also the toughest time to make a change.

While it may seem counterintuitive, expanding your approach to a health strategy is best executed when the health plan is actually performing well. The health plan will remain the core component of your strategy.

If your plan is already spiraling downward, the first phase of your new strategic approach may simply be to invest in measures that improve participation and engagement. Avoiding adverse selection in order to more completely spread risk is important for recovering the viability and effectiveness of your health plan. Promoting adherence with recommended preventive screenings is also impactful as you begin your graduation from health plan to health strategy. Many enrollees have zero claims, which means their risk factors may be unknown and lurking. Be prepared for a worthwhile surge in claims as employees are encouraged to access healthcare. The key element to health strategy is accepting that the largest cost of employee health is claims expense, which is mostly driven by the conditions and behaviors of people. Shift your attention and efforts away from the eventual premium and focus first on the human beings in your population.

Shift your attention and efforts away from the eventual premium and focus first on the human beings in your population.

Achieve
Health Strategy

MONSTER ZTUDIO/SHUTTERSTOCK.COM

As with any sound strategy, a mature employee health strategy needs a declared purpose, objectives, metrics, milestones and a feedback system. Real-time analysis of claims and other feedback reduces the size and lessens the opacity of that dynamical black box. Stratifying risk in this analysis allows for meaningful interventions. An employer can confidently launch programs specific to the population's need, which have the highest probability of the best health outcomes. Most importantly, return on investment is produced by improving a person's health. Beyond lowering healthcare expenses, an employer's investment in employee wellbeing also improves workforce retention.[1] Employers' specific goals will vary, but these methods should be fundamental.

You may choose to ease into an elevated health strategy or move immediately to your comprehensive strategic plan. Whatever you decide, spend time with your benefits consultant describing your ideal future state for employee health. Discuss your goals, the impact of accomplishing them, and how it will all be measured. Identify what each phase will require for a conversion from the prior one. Be precise. Once you know what your perfect strategy looks like, get started. Do not wait for a perfect opportunity – work to achieve it.

Remember, your perfect employee health strategy is ongoing and operational. It is not something you can just buy. It will not fit on the standard renewal spreadsheet. It is, however, something you will use to positively affect everyone in your organization. ■

Curtis Lawyer is a senior business development executive with MedCost, and has worked with employer-sponsored health plans since 1999. He is an approved continuing education instructor for insurance agents in Virginia. Curtis is the professional development chair for the Virginia Association of Health Underwriters, as well as the Central Virginia Association of Health Underwriters.

Source:

1. The Surprisingly Strong Connection Between Well-being and Turnover, Mercer LLC, 2018; https://www.mercer.us/our-thinking/healthcare/the-surprisingly-strong-connection-between-well-being-and-turnover.html.

Do Your Insured Employees Really Have "Access to Healthcare"?

By Curtis Lawyer, Business Development Exec., MedCost Benefit Services, LLC

When asked this question, HR professionals commonly respond with their health plan premium share, enrollment numbers, and an explanation of their benefit plan design. Larger employers almost invariably mention the requirements they meet as dictated by the Affordable Care Act (ACA). Qualifying "access" may seem simple, but how does one ensure employees have actual access to healthcare?

When assessing access to care under employer-sponsored health plans, employees' access is only as good as their utilization. In fact, the U.S. Department of Health and Human Services (HHS) has better explained "access to healthcare" as "the timely use of personal health services to achieve the best health outcomes."[1] With that in mind, it is easy to understand why many of these conversations turn to the uninsured and/or indigent populations, and the challenges they face in accessing care. Clearly these groups are at a disadvantage That does not mean, however, that the rest of us necessarily realize timely use and receive the best outcomes in our healthcare.

It is important to recognize that most people, including your insured employees, have both internal and external barrier(s) to care. Finances, social/cultural inclinations, and psychological barriers are among the most common internal impediments. Externally, employees may be further challenged by their rural residence, which requires a longer drive for healthcare services Perhaps the only local hospital recently left their PPO network – or worse, went out of business. These are real-life examples affecting communities in Virginia. The obstacles to healthcare access present themselves in different ways to different people in as many different situations. In every case, these challenges can reduce the quality and increase the cost of healthcare.

Access to healthcare is defined as the "timely use of personal health services to achieve the best health outcomes."

Enabling employees to receive the most appropriate care without delay is critical to helping them realize the full value of their health benefits. Here are five initiatives employers may use to improve their employees' access to care:

Education and Engagement Activities – Employees are often unaware of the full scope of what is available to them. Annual enrollment meetings are not enough to equip your employees with the knowledge and comfort they need to take full advantage of their benefits. Benefits education should be part of your culture. Incorporate benefits-related "Did You Know?" topics into internal meetings. Implement an email campaign to promote annual or semiannual health fairs.

Telehealth – Telehealth services, including telephonic consultations and videoconferencing, can make medical care more accessible and convenient for your employees while reducing medical expenses for your health plan. By 2019, 94 percent of employers will offer telemedicine, up from 78 percent in 2017.[2]

Care Management – These programs are proven to reduce claims costs by improving healthcare outcomes, and often score very high participant satisfaction ratings. Case managers, usually registered nurses, will work with health plan members and their providers to better manage care, coordinate treatments, and avoid redundant or otherwise unnecessary services

Onsite Health Care Clinic/Services – Hospitals and other medical providers are working with employers to bring services to the workplace. Examples of onsite health services that may be available are biometric screenings, mobile imaging, and nurse practitioners. Some employers have even established dedicated onsite clinics for employees, and the trend is expected to grow, from 20 percent in 2017 to 34 percent by 2019.[2]

Near-Site Health Care Clinic/ Services – Employers may cooperate

to establish services in a shared location. Working together mitigates the startup cost for these employers to create or partner with a clinic. This strategy is typically used by smaller employers in a local area and is expected to more than triple in the next few years, from 8 percent in 2017 to 26 percent by 2019.

Ultimately, employers and employees want the same thing from their benefits plan – quality services that ensure the best health outcomes at a manageable cost. By implementing a variety of approaches to improve employees' access to healthcare, employers can foster a culture of health and wellbeing and move themselves and their employees closer to that goal.

Sources

1 U.S. Department of Health and Human Services. (Plan last updated February 28, 2018). Strategic Plan FY 2018-2022. Retrieved from: **www.hhs.gov/about/strategic-plan/index.html**

2 High-Performance Insights – Best Practices in Healthcare, 2017 22nd Annual Willis Towers Watson Best Practices in Health Care Employer Survey.

best practices for self-funded Health Plans

1 Approach Your Health Plan As An Opportunity

- ☐ State your health strategy
- ☐ Set and measure targets
- ☐ Develop a multi-year plan

2 Focus on People, then Claims, then Premiums

- ☐ Know the population and the plan
- ☐ Reinforce programs financially
- ☐ Educate employees

3 Apply Appropriate Resources

- ☐ Meet regularly on your plan
- ☐ Fund for reserve
- ☐ Leverage your counsel

4 Foster a Health Culture

- ☐ Weave health into the fabric of your culture
- ☐ Include your employees
- ☐ Model the way

Notes:

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