



Health Plan Update July 13, 2021



Agenda

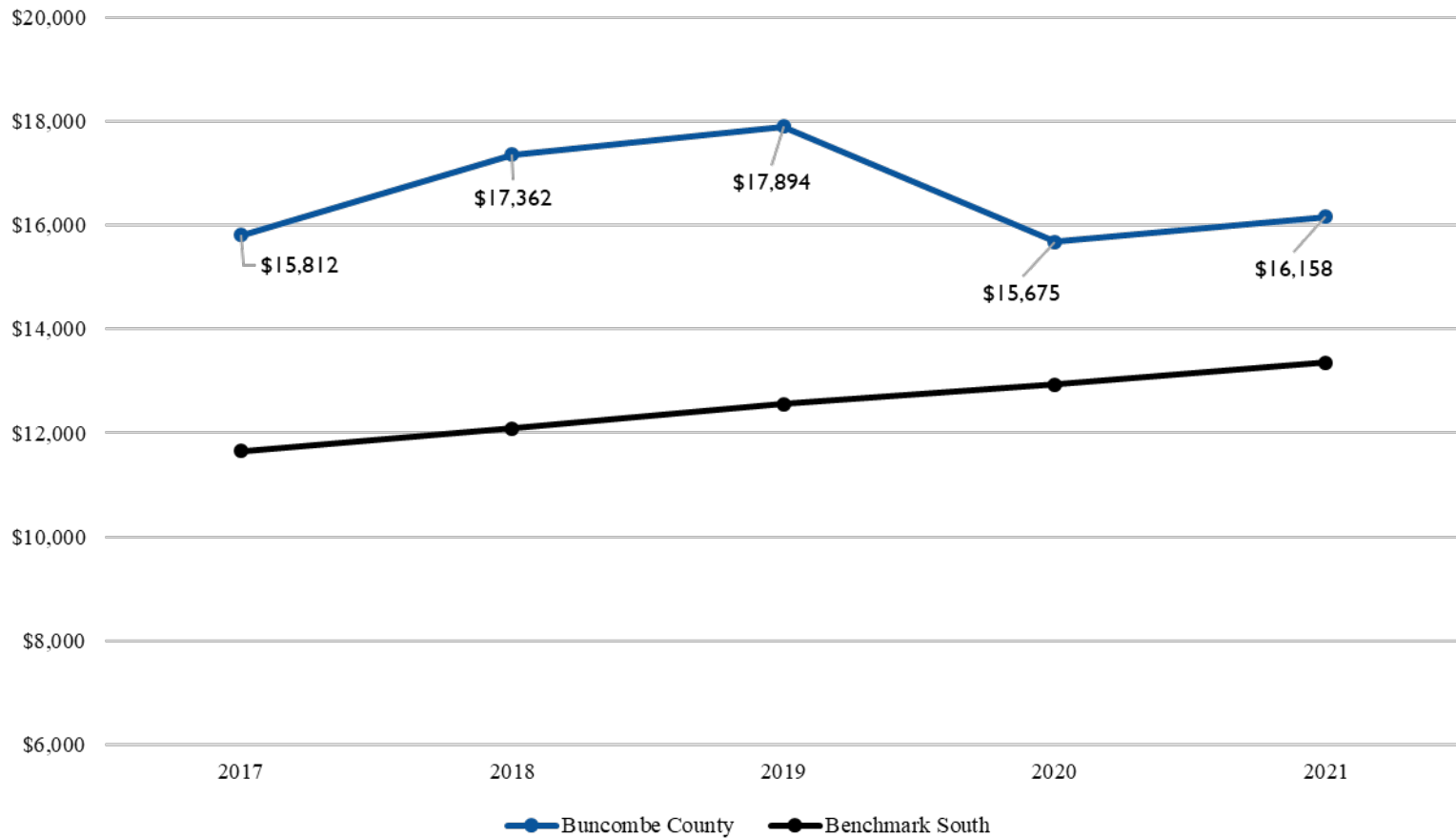
- ▶ Current Year Performance Update
- ▶ State of the Union for the Current Self Funded Health Program
 - ▶ Early signs of success with the PT program / addressing MSK claim cost
 - ▶ Benchmark comparative study (plan design and member cost sharing / payroll deductions)
- ▶ 2 Year Strategy
 - ▶ Plan design migration (draft alignment based on market research / survey data / recent claims)
 - ▶ Managing cost by managing care
 - Clinic advances (more PT, Health Risk Assessment, data suggest a need to refocus on complex case management)
 - Aligning the incentive structure, leveraging into the County clinic, with the results of the HRA
 - Aligning the incentive with the investments made by the County to promote health and deliver the best access to free or County subsidized care
 - Next Level programs: Autoimmune / Complex Care Management / Care Navigation and Advocacy

Plan Financial Performance Update

- ▶ Plan Year ending 12/31/20 saw actual cost (net medical claims, Rx claims, stop loss premium and administration fees) down 11.4% compared to 2019.
- ▶ This is a reduction of \$3,571,000 from 2019 (prior year).
- ▶ Medical/Rx (11 months) budget from July 2020 to May 2021 was \$30,158,000 compared to \$26,479,000 in total spend which is \$3,679,000 favorable to budget, 12% favorable.
- ▶ Claims over the past 3 months have been at budget levels (March 2021 thru May 2021).
- ▶ USI recommended no budget increase for PY21-22.
- ▶ USI recommended no increase to employee payroll deduction (premium rate increases) for 1/1/22 (CY22).
- ▶ We have included previously recommended plan changes for CY22 and CY23 based on prior strategy discussions with staff.

Plan Year Cost Benchmark History

Buncombe County Plan Year Historical Cost Benchmark (PEPY)



Benefit Comparison

	Standard	Buy-Up	Core	USI Benchmark	BCBS Industry
Membership	52%	24%	24%		
PCP	\$25	\$25	\$25	\$30	\$25
Specialist	\$40	\$40	\$40	\$50	\$50
Rx Copays	\$0/\$40/\$50	\$0/\$40/\$50	\$0/\$40/\$50		\$5/\$20/\$50
Deductible – Individ.	\$300	\$400	\$650	\$986	\$1,000
OOP Max. – Individ.	\$750	\$1,150	\$1,900	\$3,533	\$4,000
Coinsurance	5%	20%	30%	20%	20%
Single Wellness Rate*	\$26.65	\$37.31	\$21.32	\$27.89	
Family Wellness Rate*	\$74.62	\$101.27	\$69.29	\$226.70	

* Bi-weekly rates

Summary of Why?

- ▶ 2 and 3 years ago, the budget was increasing significantly each year. USI was asked to provide a strategy that would transition Buncombe County's very rich benefits closer to the benchmark average.
- ▶ Through several programs such as:
 - ▶ Reduced stop loss premiums;
 - ▶ More favorable Rx contract terms
 - ▶ MSK program;
 - ▶ Increased wellness programs with clinic follow up requirements
 - ▶ The result of the above has been no budget increases for 2 years
- ▶ However, costs over the past 3 months are up to budget levels.
- ▶ It is difficult to predict if claims will continue to increase, decrease or level off as we enter the second half of the plan year.
- ▶ The overall budget for the County compared to similar sized local governments is **\$4,000,000 to \$5,000,000 higher (approximately 15 to 17%)**. This is due to many factors:
 - ▶ Number of dependents on the plan
 - ▶ Very low cost share for the dependents (both payroll deductions and favorable plan features)
 - ▶ High benefit levels
 - ▶ High claims per member (risk profile of the group)
 - ▶ Of the above we are currently only addressing the high claims per member

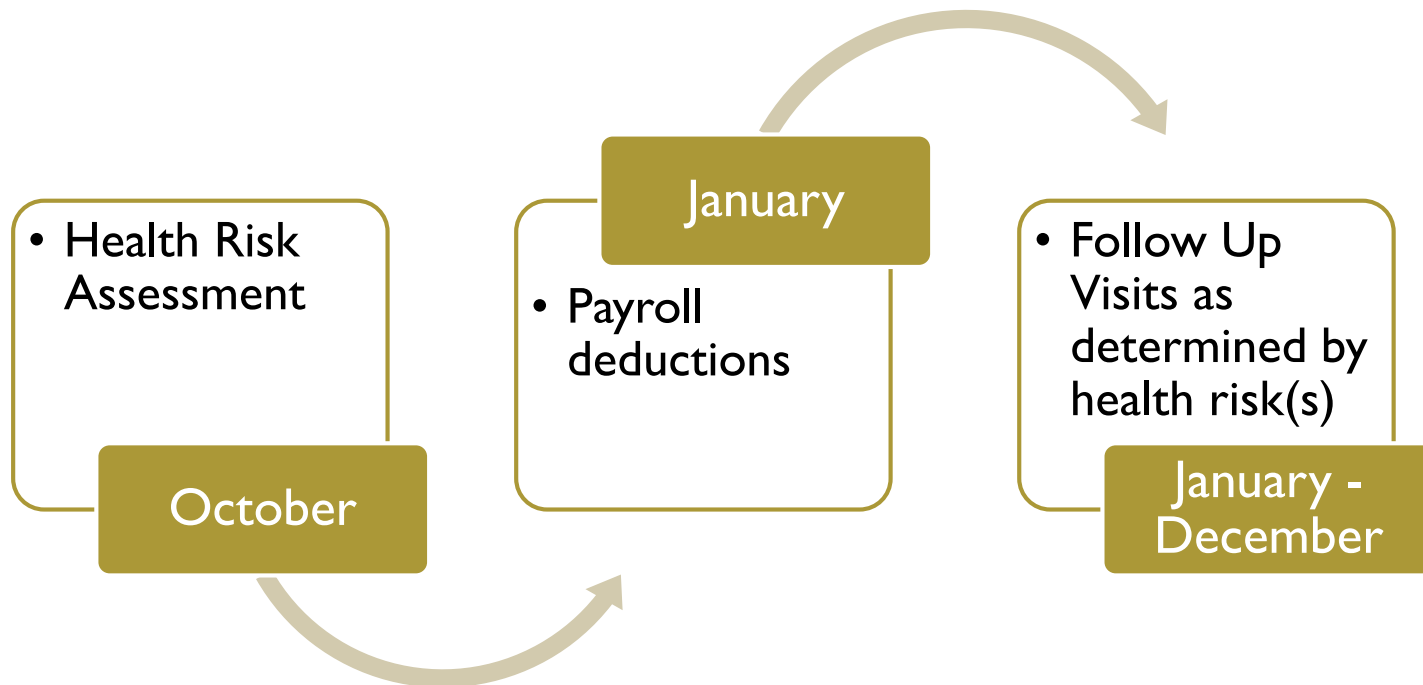
Benefit Change: Steps in CY22 & CY23

2021	Standard	Buy-Up	Core	
Deductible	\$300	\$400	\$650	
Out of Pocket Max.	\$750	\$1,150	\$1,900	
2022	Standard	Buy-Up	Core	Cost Savings
Deductible	\$525	\$600	\$750	\$331,393
Out of Pocket Max.	\$1,375	\$1,600	\$2,250	\$454,203
2023	HDHP (HSA)*	Buy-Up	Core	Benchmark
Deductible	\$1,750	\$750	\$1,250	\$1,000
Out of Pocket Max.	\$3,500	\$2,000	\$3,250	\$4,000

* Employees on the HDHP would receive an employer HSA contribution projected at \$750 for single coverage and higher amounts with dependents.

HRA Process (How it works)

- ▶ HRA is done every Fall (typically October)
- ▶ Results of HRA impact employee premiums (payroll deductions) for the following year, starting with the first paycheck in January
- ▶ The number of follow up visits is determined by the number of health risks
- ▶ Follow up visits may occur at either the clinic or with a primary care provider



HRA Results (Health Status of Population)

- ▶ From the HRAs completed in Oct 2020; general risk was better than national average; however, still room for improvement which is normal and expected.

By Comparison:

	<u>Buncombe</u>	<u>Comparison County</u>
Low Risk	58.6%	63.3%
Moderate Risk	31.8%	30.0%
High Risk	9.5%	6.7%

- ▶ 55% of higher risk members improved to moderate risk or better.
- ▶ The number of members with deteriorating health scores in the low and moderate risk levels was higher than we would like to see which mitigates the improvements made by higher risk members.

Wellness Visit Requirements (CY22)

- ▶ Current plans include next steps to introduce further participation requirements as well as health improvement incentives. We suggest the following changes:

<u>Health Risks</u>	<u>Claims</u>	<u>Members</u>	<u>Current</u>	<u>Proposed for 2022</u>
0-1	\$6,360	1,116	None	None
2	\$6,786	545	1	2
3+	\$7,847	168	1	3
Non-Participant	\$11,170	697		

- ▶ Follow up visits can be completed through personal physician.
- ▶ Non- Participants (27.6%) include employees and spouses that were NOT in both the 2019 and 2020 HRA by choice or were new hires in 2020.

Health Improvement Incentives

(HRA in Sept/Oct22 for 2023 payroll deductions)

- ▶ No Change for CY22
- ▶ We would suggest the implementation of “preferred plus” rates starting in 2023.
- ▶ To receive Preferred Plus rates in 2023 a participant needs one of the following (3 ways to win):
 - ▶ Score 0-1 (low risk) on the 2022 HRA (currently 58% of population)
 - ▶ If high/medium risk, then improve one of criteria from the 2021 HRA to the 2022 HRA
 - ▶ Improve on one high risk criteria as measured by the clinic (improvements can be submitted quarterly) (criteria means = Blood pressure, LDL/HDL, glucose level, BMI, etc.)

Single Rate	Current & CY22		Sample 2023		
	Regular	Discounted	Regular	Preferred	Preferred +
Standard	\$53.30	\$26.65	\$61.82	\$44.24	\$26.65
Buy-up	\$74.62	\$37.31	\$86.56	\$61.94	\$37.31
Core	\$42.64	\$21.31	\$49.46	\$35.39	\$21.31

- ▶ Program needs to be communicated in CY21, members take action in 2022, incentives to start in 2023.
- ▶ Increased “regular” rate for 2023 would also provide a higher incentive for members to participate and address the non-participant claim levels (p9).

Musculoskeletal Program: Update

- ▶ Total musculoskeletal (MSK) claim costs, excluding rheumatoid arthritis, were \$3,643,000 in 2018, \$4,497,000 in 2019, and went down to \$3,063,000 in 2020.
- ▶ Early intervention PT program was introduced in September 2020.
- ▶ Through March 2021 there have been 285 members go through the early intervention program, which was much higher than expected.
- ▶ 93% of participants state their MSK issue has improved or has been completely resolved with only 7% stating no improvements.
- ▶ Though COVID has complicated data analytics, it appears that MSK claims are down a minimum \$50,000 a month, potentially even more in savings.
- ▶ Annual net program savings should be greater than the projected \$300,000.

Condition Care Program (w/ PPCN)

- ▶ Staff and USI are aligned with recommendation to sunset the Condition Care Program and no longer use PPCN.
- ▶ Only 10% of members with chronic conditions are participating in the Condition Care Program.
- ▶ Members in the program have significantly higher costs compared to members with similar health conditions working through the onsite clinic and related community providers.
- ▶ The overall program has not shown a savings to the County in reduced claims nor in increased health improvement.
- ▶ Removing this program would remove the additional wellness incentive (estimated to be \$250 per enrolled person, in first dollar coverage incentive) along with the Value Based Design Drug List through BCBS (lower rx copays).
- ▶ Example of low program participation - the County has 580 Diabetics and only 59 are in the care condition program.

New Approach: Plan Member Advocate

- ▶ There were 346 members identified in need of Case Management this past year with just 21 engaged (6%) in the BCBSNC program.
- ▶ Buncombe County had just 13 members complete a pre/post operative call out of 192 inpatient stays and many more outpatient surgeries.
- ▶ BCBS projects \$543,000 in potential savings with a 10% increase in case management support from 6% to 16%.
- ▶ Staff and USI are recommending Synergy Healthcare's Plan Member Advocate program to address the gap in Condition Care management and care navigation.
- ▶ Synergy's program includes a dedicated Advocate (RN/CCM) rather than a call center. HR can refer employees to a person with clinical experience and insurance knowledge. The advocate would collaborate and cross refer with the health clinic. The Advocate can also support members with insurance issues navigating claims payment and referrals.
- ▶ We project employee engagement levels at 50%+ of the high-risk members based on the dedicated access, clinic coordination and Advocate outreach capabilities/efforts.
- ▶ Annual cost is estimated \$191,000 with a projected net savings of \$352,000.

Autoimmune Support Program

- ▶ There are known 151 members with 4 autoimmune diagnosis categories (multiple sclerosis, rheumatoid arthritis, psoriasis and inflammatory bowel disease) with an annual spend of \$2,588,000, of which \$1,600,000 is for medication.
- ▶ The number of members on an autoimmune specialty medication has risen by 33% in the past two years.
- ▶ 61% of current cost are from 32 people currently on medication.
- ▶ With specialty medications averaging \$50,000 annually and 119 known members not yet on a medication (future cost), there is risk that costs could significantly increase.
- ▶ We are recommending an autoimmune health coaching program through Synergy Healthcare that is based on protocols from the Cleveland Clinic.
- ▶ The consulting MD for the Synergy program, Dr. Hanaway, helped start the Cleveland Clinic program and practices in Asheville.
- ▶ The projected estimated annual cost would be \$153,000 which is 5.9% of the 2020 spend and would include access for all 151 current patients, assuming 50% enroll.
- ▶ Program includes 30 hours of coaching time, 5 hours MD time.

Summary of Recommendations

- ▶ USI is proposing the 2 year strategy presented herein, which would bring the County's plan more in-line with other local governments in NC for consideration.

Proposed Change	Savings / (cost) Impact
Plan Design (p7)	\$785,596
Dependent Contribution Adjustment	TBD for CY23
Incentive Structure (p10-11, CY22 & CY23)	TBD (+/- 0.5%)
Autoimmune / Complex Care Management / Care Navigation and Advocacy (p14-15, CY22)	\$352,000
Total Savings Impact for CY22	\$1,137,596

- ▶ Estimated savings of \$1.1M on a CY annual budget of approximately \$35M is approximately 3% savings (or more accurate to suggest this would be future cost avoidance).