



Blount County Government HR/Insurance Committee

03/5/2019

Presented by:

Cole Harris, RHU

Vice President of Sales & Marketing

CBIZ Benefits & Insurance Services of Tennessee, Inc.

Office: 865-251-5149; Fax: 865-251-5143





Topics –Employee Benefit Planning

- 2018-19 Medical Utilization
- Specialty Pharmacy
- Dependent Audit
- Medical Rates



Medical Utilization



Medical Utilization - Snapshot

Metric	Reporting Period		Comparison Period		%Δ
	Jan 2018 through Jan 2019	Benchmark	Jan 2017 through Jan 2018		
Medical Paid	\$14,349,485	--	\$13,317,273		7.75%
Pharmacy Paid	\$6,089,241	--	\$5,204,782		16.99%
Total Paid	\$20,438,726	--	\$18,522,054		10.35%
Subscribers	1,657	--	1,668		-0.66%
Members	3,702	--	3,676		0.71%
Employee Months	21,458	--	21,862		-1.85%
Average Family Size	2.23	--	2.20		1.38%
Inpatient PEPM	\$156.88	\$168.74	\$153.95		1.90%
Outpatient PEPM	\$376.47	\$263.66	\$328.08		14.75%
Office Visit PEPM	\$135.37	\$129.59	\$127.12		6.49%
Medical PEPM	\$668.72	\$562.02	\$609.15		9.78%
Pharmacy PEPM	\$283.77	\$199.97	\$238.07		19.20%
Medical and Rx PEPM	\$952.50	\$761.98	\$847.23		12.43%

Utilization Metrics	Reporting Period (Jan 2018 through Jan 2019)				Comparison Period (Jan 2017 through Jan 2018)		% Change
	Per 1000		Plan + Member Paid Avg		Per 1000	Plan + Member Paid Avg	
	Group	Benchmark	Group	Benchmark	Group	Group	
Member Months (Total)	47,583.0	--	--	--	47,734	--	-0.3%
ER Visits	181.33	194.78	\$2,174	\$1,549	187.79	\$2,121	-3.4%
Urgent Care Visits	41.11	64.06	\$141	\$141	18.6	\$125	121.0%
Retail Clinic Visits	0.76	8.46	\$197	\$122	0.5	\$96	50.5%
Total Office Visits	4,139.46	4,258.86	\$154	\$133	3,867.68	\$148	7.0%
Routine Office Visits	3,368.51	3,528.03	\$151	\$126	3,166.8	\$145	6.4%
Preventive Office Visits	493.03	439.61	\$193	\$197	490.72	\$187	0.5%
Mental Health Office Visits	271.61	270.95	\$115	\$107	200.36	\$102	35.6%
Substance Abuse Office Visits	6.3	8.74	\$244	\$202	8.3	\$135	-24.0%
Other Office Visits	0	11.52	\$0	\$120	1.51	\$54	-100.0%
Chiropractic Visits	1,317.7	417.42	\$109	\$66	1,060.63	\$114	24.2%
Physical Therapy	781.04	535.93	\$101	\$134	724.26	\$95	7.8%
MRI Scan	73.14	61.95	\$1,163	\$1,017	67.62	\$1,105	8.1%
CT Scan	121.81	92.29	\$1,258	\$844	103.57	\$1,256	17.6%
PET	4.54	2.55	\$3,893	\$3,145	3.27	\$2,249	38.9%
Mammograms	159.13	141.73	\$241	\$199	167.93	\$216	-5.2%
Dialysis Services	56.49	47.70	\$523	\$957	41.48	\$531	36.2%
Colonoscopies	43.12	46.48	\$2,094	\$1,861	40.22	\$2,102	7.2%
Outpatient / Ambulatory Surgeries	198.47	164.32	\$3,188	\$3,744	209.66	\$3,046	-5.3%
Newborn Deliveries	10.59	9.45	\$6,184	\$10,290	8.55	\$6,686	23.9%
Vaginal Deliveries	7.31	6.01	\$5,362	\$9,053	6.54	\$6,106	11.9%
C-Section Deliveries	3.28	3.44	\$8,018	\$12,380	2.01	\$8,571	63.0%
Inpatient Days	208.06	223.55	\$3,943	\$4,419	288.1	\$3,611	-27.8%
Medical Inpatient Days	58.26	47.75	\$2,636	\$3,390	71.65	\$2,579	-18.7%

SN	Place of Service	Reporting Period (Jan 18 through Jan 19)			Comparison Period (Jan 17 through Jan 18)		%Δ	Prior Period Rank
		Total Paid Amount	PEPM	Benchmark	Total Paid Amount	PEPM		
1	Outpatient Hospital	\$5,392,400	\$251.30	\$178.32	\$4,416,643	\$202.02	22%	1
2	Inpatient Hospital	\$3,365,132	\$156.82	\$168.45	\$3,355,672	\$153.49	0%	2
3	Office	\$2,892,749	\$134.81	\$128.96	\$2,762,171	\$126.35	5%	3
4	Emergency Room - Hospital	\$1,373,793	\$64.02	\$24.41	\$1,398,094	\$63.95	-2%	4
5	Ambulatory Surgical Center	\$518,708	\$24.17	\$23.04	\$598,442	\$27.37	-13%	5
6	Home	\$275,429	\$12.84	\$13.67	\$318,420	\$14.57	-14%	6
7	Other Place of Service	\$207,593	\$9.67	\$1.63	\$109,131	\$4.99	90%	8
8	Independent Laboratory	\$191,418	\$8.92	\$6.68	\$205,731	\$9.41	-7%	7
9	Skilled Nursing Facility	\$61,757	\$2.88	\$1.08	\$61,248	\$2.80	1%	9
10	Ambulance - Land	\$44,017	\$2.05	\$2.67	\$53,664	\$2.45	-18%	10
11	Urgent Care Facility	\$7,360	\$0.34	\$1.02	\$4,563	\$0.21	61%	14
12	Public Health Clinic	\$5,900	\$0.27	\$0.08	\$4,941	\$0.23	19%	13
13	Independent Clinic	\$5,712	\$0.27	\$0.18	\$11,488	\$0.53	-50%	11
14	Community Mental Health Center	\$1,930	\$0.09	\$0.13	\$1,290	\$0.06	50%	18
15	Inpatient Psychiatric Facility	\$1,240	\$0.06	\$0.25	\$8,152	\$0.37	-85%	12
16	Mobile Unit	\$1,176	\$0.05	\$0.05	\$1,673	\$0.08	-30%	16
17	Psychiatric Facility-Partial Hospitalization	\$964	\$0.04	\$0.33	\$763	\$0.03	26%	19
18	Assisted Living Facility	\$688	\$0.03	\$0.00	\$546	\$0.02	26%	20
19	Walk-in Retail Health Clinic	\$348	\$0.02	\$0.05	\$154	\$0.01	126%	24
20	Residential Substance Abuse Treatment Facility	\$292	\$0.01	\$0.45	\$0	\$0.00	0%	N/A
	All Others	\$879			\$4,484		-80%	
	Total	\$14,349,485	\$668.72		\$13,317,273	\$609.15		



Utilization Review – Employee vs. Dependent

Relationship Class	Reporting Period (Jan 2018 through Jan 2019)			Comparison Period (Jan 2017 through Jan 2018)		%Δ
	Amount Paid	%	Benchmark	Amount Paid	%	
Employee	\$11,888,392	58.17%	44.59%	\$10,765,091	58.12%	10.43%
Spouse	\$5,567,302	27.24%	18.26%	\$4,980,862	26.89%	11.77%
Dependent	\$2,982,634	14.59%	34.37%	\$2,775,839	14.99%	7.45%
Other	\$398	0%	--	\$263	0%	51%
Total	\$20,438,726	100%	--	\$18,522,054	100%	10%



Benefits Strategies

Prior to 2020:

- Explore Dependent Audit
- Look into extreme high dollar cost prescriptions for Patient Advocacy

2020:

- Full PBM review including further use of Patient Advocacy for Specialty, International, and different PBM vendor for remainder of medications
- Claims steerage mechanisms within current platform (i.e. additional direct contracting, and/or use of narrow network)
- Additional plan design offerings



Specialty Pharmacy Patient Advocacy



Specialty Pharmacy- Patient Advocacy

- Prescriptions over \$50,000 per dose will be directed towards patient advocacy
- \$4.67 Per Employee Per Month for the first prescription
 - \$13.50 Per Employee Per Month when 2nd medication and beyond occurs
- Reviewing proposals for new PBM and Patient Advocacy for 2020
 - Initial reviews have come back with a \$600,000 - \$1 Million potential savings



Dependent Audit



Dependent Audit – Vendor (Who)

HMS – Same vendor who performed the medical claim audit in 2016:

- Typical ROIs exceed 1,000%
- 16 years of experience auditing over 10 million dependents
- Only vendor exclusively endorsed by the American Association of School Administrators (AASA)
- Dedicated call center (recorded and logged claims)

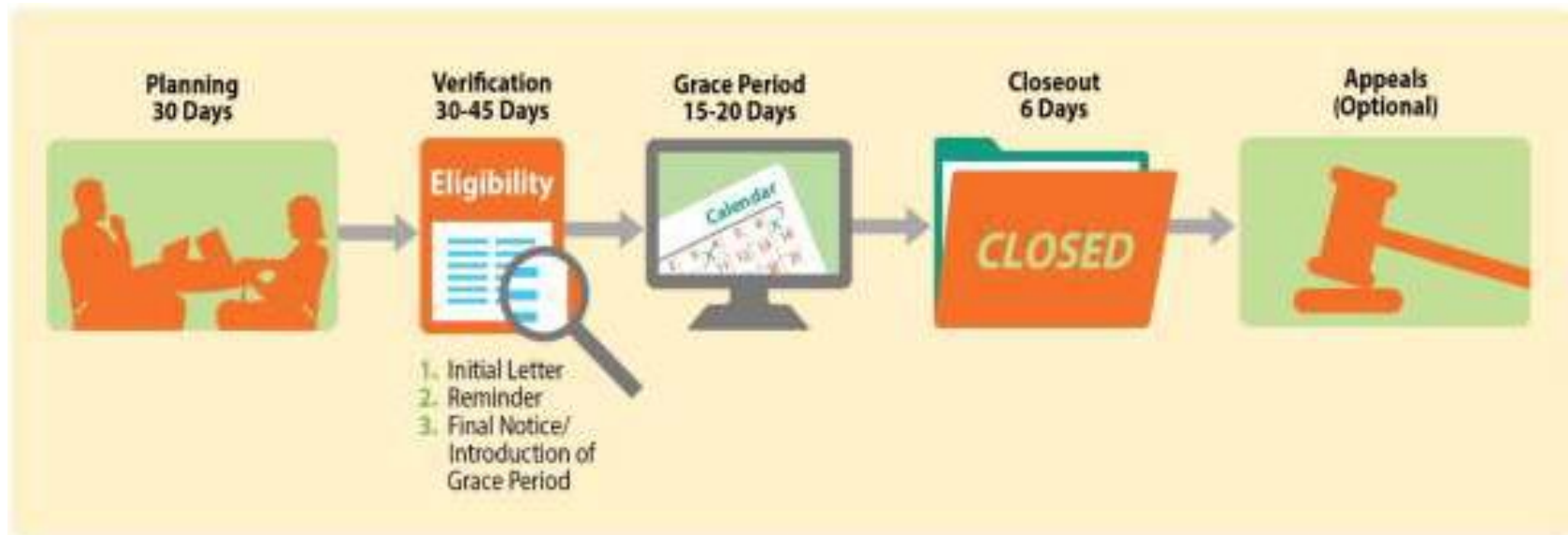


Dependent Audit – Purpose (Why/What)

To ensure dependents aren't erroneously on the plan:

- Ex-spouse
- Non-dependent children
- Working spousal surcharge

Dependent Audit – Process (How)





Dependent Audit – Process (How)

Project Manager dedicated to Blount County will use a proprietary project-planning workbook to define all of the aspects of the project and document them accordingly.

These aspects include, but are not limited to, the following:

- Defining the project timeline
- Determining the required Verification documents for each situation
- Customizing the outbound communications and Frequently Asked Questions (FAQ) documents
- Customizing the website content for members/employees
- Defining and testing the Enrollment File
- Defining and facilitating the ongoing approach



Dependent Audit – Process (Verification)

Forms of verification:

- Marriage certificates/Domestic Partner paperwork
- Birth Certificate (must match at least one parent)
- Legal guardianship/adoption paperwork
- Affidavits (working spouse provision)

How:

- Secure document upload portal
- Secure toll-free fax number
- Secure Picture upload via smartphone
- Postal Service



Dependent Audit – Cost

Cost based on approximately 2,046 dependents:

- \$34,604
- \$11.81 per dependent adjustment above or below 2,046

ROI:

- Expected ROI of 314% with the removal of 2% (41) enrolled dependents

Factor	Conservative (2%)	Moderate (5%)	Typical (8%)
Ineligible Dependents	41	102	164
Annual Savings	\$143,220	\$358,050	\$572,880
Return on Investment	314%	935%	1556%





Dependent Audit – Performance Guarantee

Metric	Measurement	Fee at Risk
Document Processing Accuracy	We will accurately process 99% of inbound documents as measured by an internal quality assurance process of 2%–5% of the documents received.	2%
Document Processing Timeliness	We will process 98% of inbound mail within an average of 5 business days based on the technology time-stamp for each item.	2%
Call Center Responsiveness	We will answer 98% of calls within an average of 55 seconds	2%
ROI Savings Guarantee	2:1 – HMS will guarantee that the projected savings as a result of the audit will be 2X the cost of the audit.	If we do not meet this guarantee, we will adjust the invoice accordingly.



Premium Recommendations



Medical Rate

- Based on the current claims expected for the next 12 months we would recommend a 15.40% increase
- If claims continue as have occurred since November of 2018, there will be a funding deficit of 6.7% for the remainder of 2019
- Based on the plan to carve out the Specialty Rx with a change in PBM vendor in January, 2020, we recommend a 9.25% increase
 - The full carve-out specialty program, plus the change in PBM vendors, we expect a net difference (after admin fees and changes in rebates/discounts) of \$600,000 over staying with the current vendors for 2020



Thank you!