Continuing Education

HOUSE-KEEPING

WAKE UP!

DON'T FORGET to sign in and sign out

copy of the slides - email: gbsuniversity@gbsio.net

CELL PHONES…PLEASE?

Thanks to our Sponsor!

THANKS!

GBS
Group Benefit Services
An AmWINS Group Company

ERIC BAYNE

Director of Sales

Healthcare Enthusiast

Father of 3

Not the guy from the HANGOVER

A subject I'm interested in

Me

Anyone who will listen

TODAYS CE TOPICS

- Fundamentals of Self-Funding Health Plans
- Cost Containment Strategies
- Population Health Management

BUT FIRST… TRIVIA

TRIVIA

- In this year Hank Aaron broker Babe Ruth’s career home run record, also the Employer Retirement Income Security Act (ERISA) was passed.
- 1974

TRIVIA

- In this year the Baltimore Ravens held their inaugural season, also the Health Insurance Portability & Accountability Act (HIPAA) was passed.
- 1996

FUNDAMENTALS OF SELF-FUNDING

FUNDAMENTALS OF SELF-FUNDING

- Define Self-Funding
- Current Health Insurance Landscape
- What are you going to do differently?
- Why Small, Mid & Large Group Self-funding?
- What is Small, Mid & Large Group Self-funding?
- Who is a good prospect?

DEFINE SELF-FUNDING

DEFINE SELF-FUNDING

- Employer provides health or disability benefits to employees using the company's own **funds**.
- Employer assumes **risk** for payment of **claims** for benefits.

HOW IS IT DIFFERENT FROM FULLY-INSURED?

- Employer contracts an **insurance** company to cover the employees and dependents.
- Who makes the **promise** to pay?

FULLY-INSURED LANDSCAPE

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- Cost continue to **rise**
- Benefits continue to **dwindl**e
- Less and **Less carriers** in the marketplace
- Employer / Employee **frustration**
- ObamaCare / TrumpCare…
- …**WhoCares??**

FULLY INSURED RENEWAL POP QUIZ…

- **Shop** all 4 or 5 carriers…. then change?
- **Shop** for higher deductibles, copays or coinsurance to lower premium?
- **Raise** the employee's payroll **deductions**!
- ALL good news to the employees…right?!
- Small group market – can you even **justify** the **increase** to your clients?

THE BIG QUESTION?

What are you going to do **differently** that you haven't done in the past?

CONSIDERING SELF-FUNDING

CONSIDERING SELF-FUNDING

- Do you think your annual claims are **lower** than your annual premium?
- Do you want to see where the claim dollars are going to at least **justify any increase**?
- Do you want to share in the **reward**s when you have good claim years?
- Do you want to see an **alternative** to the same old…same old?

PREVALENCE OF SELF-FUNDING

- With the rising cost of healthcare over self-funding has become a popular option for smaller employers.
- Private sector employees that have a workplace health plan, **59%** private sector employees in the United States are covered by a self-funded health plan
- Some large employers self-administer their self funded group health plan
  - Most find it necessary to contract with a third party for assistance in claims adjudication and payment.
- Third party administrators (**TPA**'s) provide these and other services, such as access to preferred provider networks, prescription drug card programs, utilization review and the stop loss insurance market.
- Insurance companies offer similar services under what is frequently described as "administrative services only" or "**ASO**" contracts.
- Perhaps the biggest advantage of self-funded plans is transparency of claims data.
- Other advantages include plan flexibility, access to national PPO networks, and financial savings.

FINANCING HEALTHCARE

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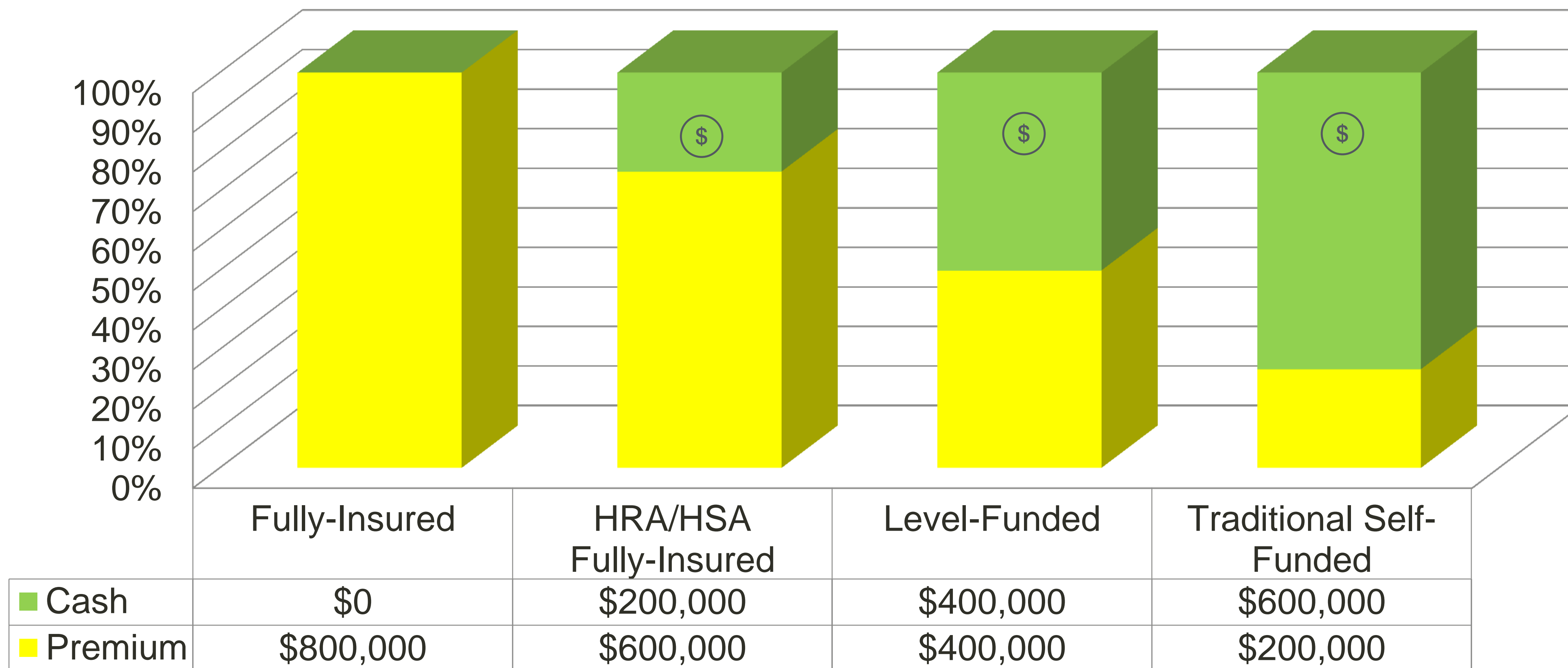
WAYS TO FINANCE HEALTH EXPENSES

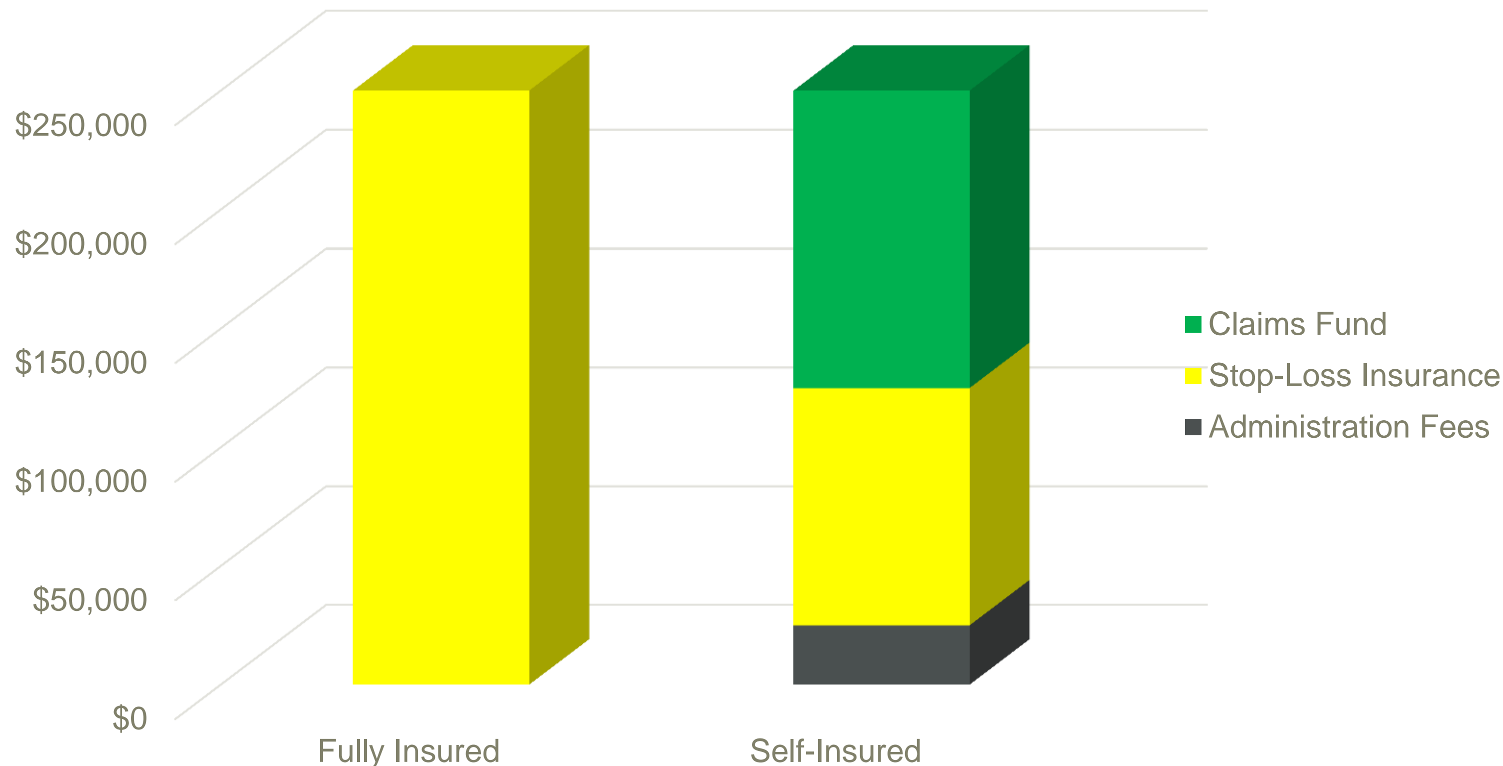
- **Traditional** fully insured plans: the insurance company assumes most of the risk and offers employees small out of pocket expenses, (i.e. deductibles, copays or coinsurance)
- Fully insured **High Deductible** Plans: the insurance company assumes the risk after a high deductible and out of pocket expenses can be financed with (HRA/FSA/HSA) or insured with GAP or Hospital Indemnity Plans
- **Self insured plans**: the employers assumes the risk with a higher deductible, then purchases stop loss insurance to assume the risk and reimburse the plan if the deductible is met. Employers hire TPAs to process, manage and pay the claims on behalf of the employer.

THE FUNDING CONTINUUM



	Fully-Insured	HRA/HSA Fully-Insured	Level-Funded	Traditional Self-Funded
Cash	$0	$200,000	$400,000	$600,000
Premium	$800,000	$600,000	$400,000	$200,000

FULLY-INSURED VS. SELF-FUNDED



Claims Fund: This fund is the equity in your plan that is used to pay for expected claims not covered by your Stop-Loss insurance

Stop-Loss Insurance: This is the insurance part of the plan that reimburses the plan for claims after deductible

Administration Fees: Cost of managing the plan

***Fully-Insured* = The Insurance Company assumes *all the risk*.**

***Self-Funded* = The Employer assumes *some of the risk*.**

CONSIDER SELF-FUNDING YOUR HEALTH PLAN

$ 0 | < $ 1,000 | < $ 3,000 | Catastrophic

COMPONENTS OF SELF-FUNDING

COMPONENTS OF SELF-FUNDING

- Claims Reserve
- Administration
- Network / Claims Re-pricing
- Re-insurance / Stop-Loss
- Broker Compensation?

COMPONENTS OF SELF-FUNDING

Level-funded plans work a lot like fully-insured plans, but there is one **BIG** difference…

Who owns 100% of the claims reserve?

REINSURANCE

- Specific Stop-Loss - The most an employer would pay against large claims on any **one** covered individual.
  - The balance of the claim is reimbursed by the Reinsurance Company
- Aggregate Stop-Loss - For all claims at or below their specific stop-loss level, if the sum of these are more than the **aggregate** stop loss level, then the insurer will reimburse the insured for the difference.

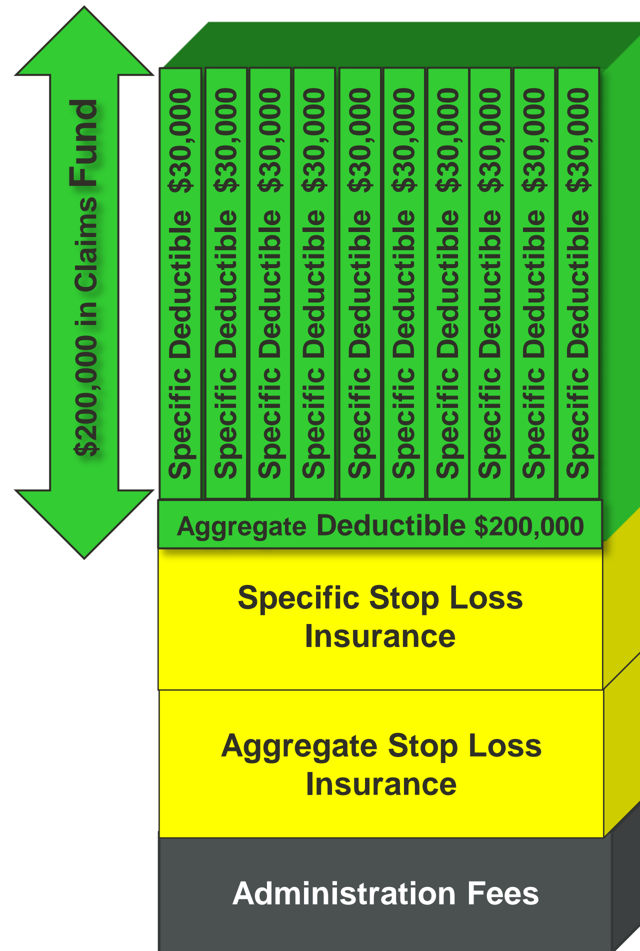
SPECIFIC & AGGREGATE STOP LOSS WORKING TOGETHER

Employer with 50 employees
$30,000 Specific Deductible
$200,000 Aggregate Deductible
$200,000 in Claims Fund

When an individual meets the Specific deductible of $30,000, Insurance reimburses the balance of the claims

When the group's claims collectively meets the Aggregate deductible of $200,000, the insurance reimburses the balance of the claims

Any claims over the Specific deductible do not count toward the Aggregate deductible. This increases your odds of not using the entire claims fund.



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Administration Fees: Cost of managing the plan

DO THE MATH?

- Group has $200,000 in claims fund with $30,000 specific deductible and then has $200,000 in claims…how much money do they get back?
- Claimant 1 has $60,000
- Claimant 2 has $80,000
- All others have $60,000
- What is the Refund?? Show of hands…
- $80,000!

UNDERWRITING

More like "NO FUN-derwiting"

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SELF-FUNDED UNDERWRITING MODELS

- One size does not fit all! **Unique** products for different size groups
- Self-funding options for groups as small as 10 employees! (States permitting)
- Typical Market segments: Level Funded & Traditional Self Funded
  - Level Funded: Fully-Insured to Self-funded
    - Small employers – 10 to 100 employees (No group claims information available)
    - Mid-Market – 100 – 500 employees (Detailed claims experience)
  - Traditional Self-funded: Currently Self-funded
    - Large employers 100+ employees

SELF-FUNDED UNDERWRITING MODELS

Small Group Level Funding (typically 10-100 employees)

- No group claims experience information available
- Personal Health Questionnaires (PHQ) Health Audits!
- Based on the PHQ, underwriter's knows whether they are a good risk for self-funding (individual PHI is not shared with Employer)
- Most Aggressive Pricing (Information that may not be in a claims report)
- Initial proposals without UW: Basic census
- Underwritten proposals after Underwriting PHQ (final rates based on final enrollment)

SELF-FUNDED UNDERWRITING MODELS

Small group Level Funding (typically 10 - 100 ees) (Contd.)

- Offers low individual Specific deductible levels to protect your Aggregate claim funds (may have a Spec. claim and still get an Aggregate claim refund at the end of the contract period!).
- Pre-packaged benefit plan options to streamline the administration.
- 4-Tier "Maximum Premium Equivalent" rates are billed to level out cash flow requirements, like a fully-insured plan. (Level Funded)
- Typically, 12/18 contract will insure the claims for 6 months past the plan year that have not yet been paid.

SELF-FUNDED UNDERWRITING MODELS

Mid-Market Level Funding (typically 100 - 500 ees)

- Detailed claims experience
- Customized benefit plan options
- 4-Tier “Maximum Premium Equivalent” rates are billed to level out cash flow requirements, like a fully-insured plan. (Level Funded)
- Typically, 12/15 contract will insure the claims for 3 months past the plan year that have not yet been paid.

SELF-FUNDING PROPOSALS

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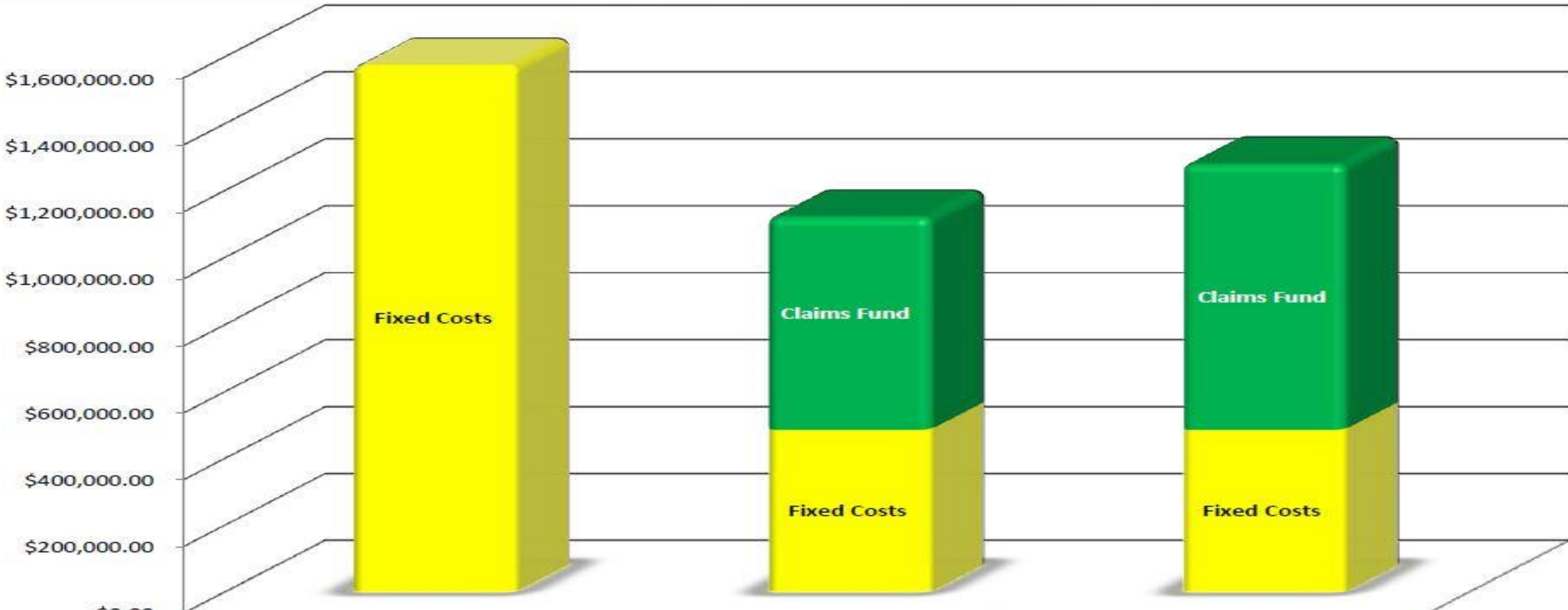
Prepared For: ABC Company
Agent: John Agent
Effective Date: 12/1/2017

Fully Insured vs. Self-Funded Comparison



	Fully Insured Renewal	Self Funded Expected Claims	Self Funded Maximum Claims
Claims Cost		$633,090.82	$791,363.52
Fixed Cost	$1,574,706.24	$487,718.76	$487,718.76
Totals	**$1,574,706.24**	**$1,120,809.58**	**$1,279,082.28**

Prepared For: ABC Company
Agent: John Agent
Effective Date: December 1, 2017

Benefit & Rate Comparison

	Current		Renewal		Alternative	
Carrier/TPA	**Fully Insured Carrier**				**GBS**	
	PPO $1,000		*PPO $1,000*		*PPO $1000*	
Annual Deductible (Single / Family)						
In-Network	$1,000 / $2,000		$1,000 / $2,000		$1,000 / $2,000	
Out-of-Network	$6,000 / $12,000		$6,000 / $12,000		$6,000 / $12,000	
Copay (In-Network)						
Primary	$20		$20		$20	
Specialist	$35		$35		$35	
Lab & X-Ray	Deductible		Deductible		Deductible	
Inpatient Hospitalization	Deductible		Deductible		Deductible	
Emergency Room (waived if admitted)	Deductible then $150		Deductible then $150		Deductible then $150	
Coinsurance (Carrier)						
In-Network	100%		100%		100%	
Out-of-Network	60%		60%		60%	
Out-of-Pocket Maximum (Single/ Family)						
In-Network	$6,350 / $12,700		$6,350 / $12,700		$6,350 / $12,700	
Out-of-Network	Combined		Combined		Combined	
Rx Drug Card						
Generic/Brand/Non-Formulary	$15/$45/$70		$15/$45/$70		$15/$45/$70	
Prescription Drug Deductible	$0		$0		$0	
	MONTHLY PREMIUMS				**MONTHLY MAXIMUM PREMIUM EQUIVALENTS**	
Employee	83	589.55	83	672.72	83	495.18
Employee & Spouse	25	1094.42	25	1255.04	25	1021.93
Employee & Child(ren)	4	953.57	4	1071.40	4	1006.62
Family	24	1442.05	24	1655.34	24	1496.48
PLAN MONTHLY PREMIUM	**$114,716.63**		**$131,225.52**		**$106,590.19**	
PLAN ANNUAL PREMIUM	**$1,376,599.56**		**$1,574,706.24**		**$1,279,082.28**	
HRA/HSA EXPENSE	**$0.00**		**$0.00**		**$0.00**	
TOTAL MAXIMUM PLAN ANNUAL COST	**$1,376,599.56**		**$1,574,706.24**		**$1,279,082.28**	
ANNUAL DIFFERENCE COMPARED TO CURRENT			**$198,106.68**		**($97,517.28)**	
ANNUAL FIXED COSTS	**$1,376,599.56**		**$1,574,706.24**		**$487,718.76**	
ANNUAL MAXIMUM CLAIMS FUND	**$0.00**		**$0.00**		**$791,363.52**	

Prepared For: ABC Company
Agent: John Agent
Effective Date: December 1, 2017

Self Funded Illustration

	Current		Renewal		PPO $1000	
Carrier/Managing General Underwriter	Fully Insured Carrier		Fully Insured Carrier		AmWINS	
Specific Stop Loss Premium	#		#		#	
Single	83		83		83	$114.10
EE + Spouse	25		25		25	$283.69
EE + Child(ren)	4		4		4	$278.73
Family	24		24		24	$437.33
Total Annual Specific Stop Loss						$338,080.68
Aggregate Stop Loss Premium	#		#		#	
Single	83		83		83	$7.37
EE + Spouse	25		25		25	$7.37
EE + Child(ren)	4		4		4	$7.37
Family	24		24		24	$7.37
Monthly Aggregate Accommodation						$1.50
Total Annual Aggregate Premium						$14,475.84
Transplant Carveout Premium (TC)	#		#		#	
Single	83		83		83	$0.00
Family	53		53		53	$0.00
Total Annual TC Premium						$0.00
Annual Stop Loss Premium						$352,556.52
PLAN MANAGEMENT FEES						
Medical/Rx Drug Admin. Fee						$33.00
GBS CarePlus UR/CM						$2.50
Healthy Solutions Fee						$0.00
Broker Consulting Fee						$30.00
PPO Access Fee						$15.82
Provider Choice Rewards						$1.50
Monthly Plan Management Fee						$82.82
Annual Plan Management Cost						$135,162.24
Annual Total Fixed Cost						$487,718.76
Aggregate Funding Factors	#		#		#	
Single	83		83		83	$289.39
EE + Spouse	25		25		25	$646.55
EE + Child(ren)	4		4		4	$636.20
Family	24		24		24	$967.46
TOTAL EXPECTED CLAIMS						$633,090.82
TOTAL MAX. AGG. ATTACH. POINT						$791,363.52
ANNUAL HSA/HRA EXPENSE		$0.00		$0.00		$0.00
TOTAL EXPECTED COST		$1,376,599.56		$1,574,706.24		$1,120,809.58
TOTAL MAXIMUM COST		$1,376,599.56		$1,574,706.24		$1,279,082.28
RENEWAL INCREASE (EXPECTED)			14.39%		-18.58%	
CURRENT VS. EXPECTED COST			$198,106.68		-$255,789.98	

DATA IS POWER!

Large Group Traditional Self-funding 100+

- Two years of renewals
- Two years of detailed claims reports
- High claimant reports with prognosis
- Current summary of benefits or customize
- “Pay as you go” claims
- Completely customize “best in class” vendors
- Strategic cost containment measures

SELF-FUNDING KNOWLEDGE APPLIED

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WHO ARE GOOD PROSPECTS FOR SMALL GROUP SELF-FUNDING?

- Employers that are fully-insured looking for **creative**, **cost effective solutions**
  - vs. the same old story
- Financially **stable**
- Low turnover
- Average age under 50
- Generally **healthy**
- Meet with business Owner and/or CFO in addition to HR
- Stable carrier history
- Employers that are willing to meet prior to renewal

SET THE RIGHT EXPECTATION

- **Field Underwriting**: Are you generally healthy group? Do you think your claims are lower than your annual premium?
- Individual Health Underwriting: Group may or may not be currently suited for self-funding
- **Final rates** are based on **final enrollm**ent: late enrollees after underwriting will be sent back through underwriting

STABILITY IN SELF-FUNDING

- Choose your **benefits**
- **Choose** your network
- Can shop/change stop-loss carriers every year if you want and is invisible to employees (not disruptive)
- **More** stop loss **carriers** in the market than fully insured carriers

IS SELF-FUNDING RIGHT FOR YOU?

Remember,

Self-Funding is not about risk….

It's about plan design!

REVIEW

- As the cost of health care continues to escalate more and more Employers are looking for cost effective solutions.
- Self-funding offers employers a powerful, practical alternative to traditional insurance. It allows employers to directly fund their actual claim costs while limiting their risk with the purchase of stop-loss insurance.
- Stop-loss insurance protects the Plan against individual catastrophic claims (specific stop-loss) or their total annual claim expenses (aggregate stop-loss).
- More than 65% of all Americans are covered by their employers' self-funded health plan. With today's self-funding products and stop-loss carriers, self-funding is a viable alternative for employers of most sizes, large and small.

AND FINALLY… TRIVIA

TRIVIA

- In this year the Kansas City Royals won the World Series, also the Consolidated Omnibus Budget Reconciliation Act (COBRA) was passed?
- 1985

TRIVIA

- In this year Willie Mays hit over 50 home runs repeating what he had done 10 years earlier, also Medicare was passed.
- 1965

QUESTIONS?

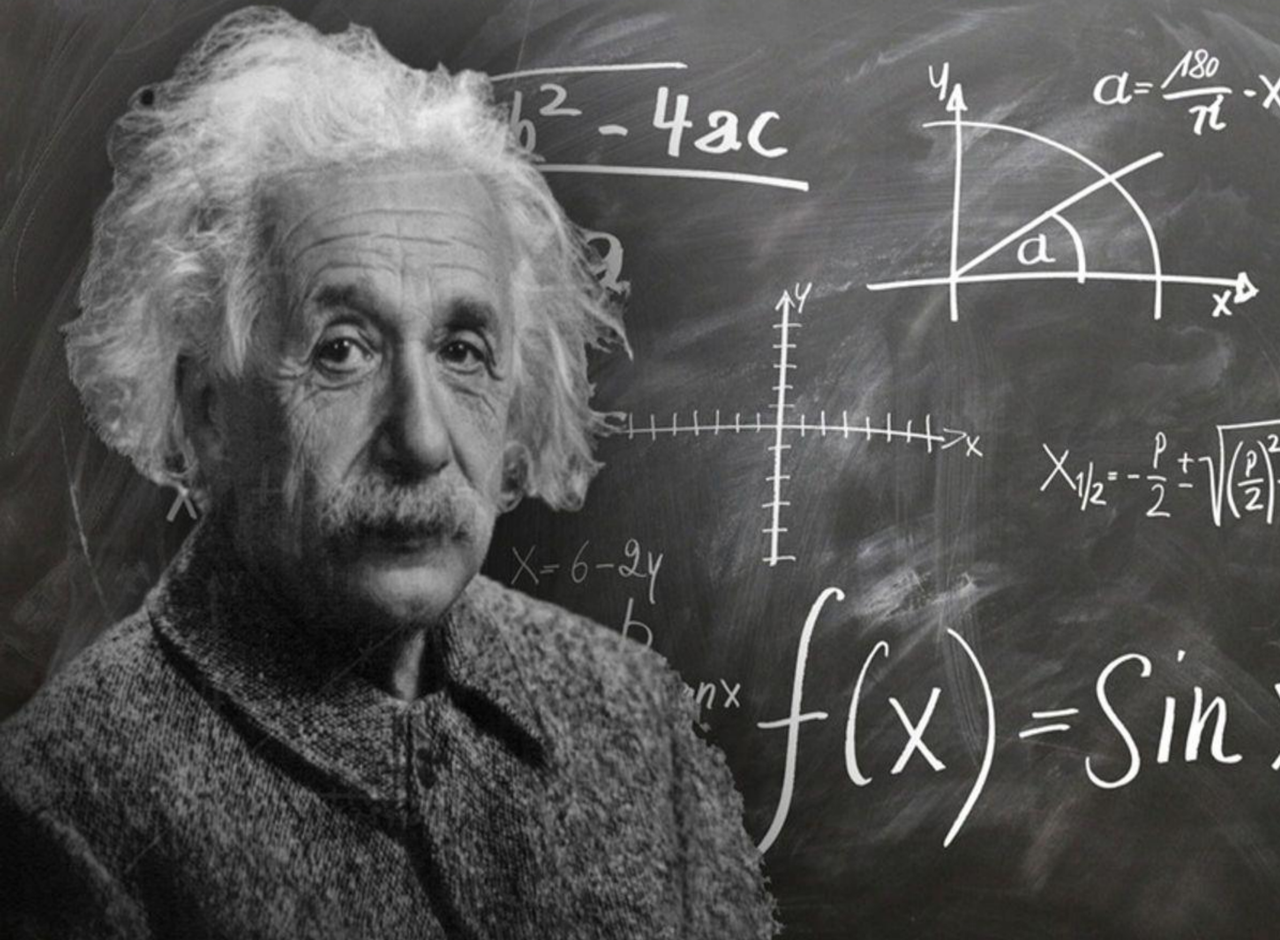
COST CONTAINMENT STRATEGIES

PRESENTED BY:

DAVID CARDWELL, SR EXECUTIVE VICE PRESIDENT

ON YOUR TEAM

I'M A LIBRA AND LIKE LONG WALKS ON THE BEACH



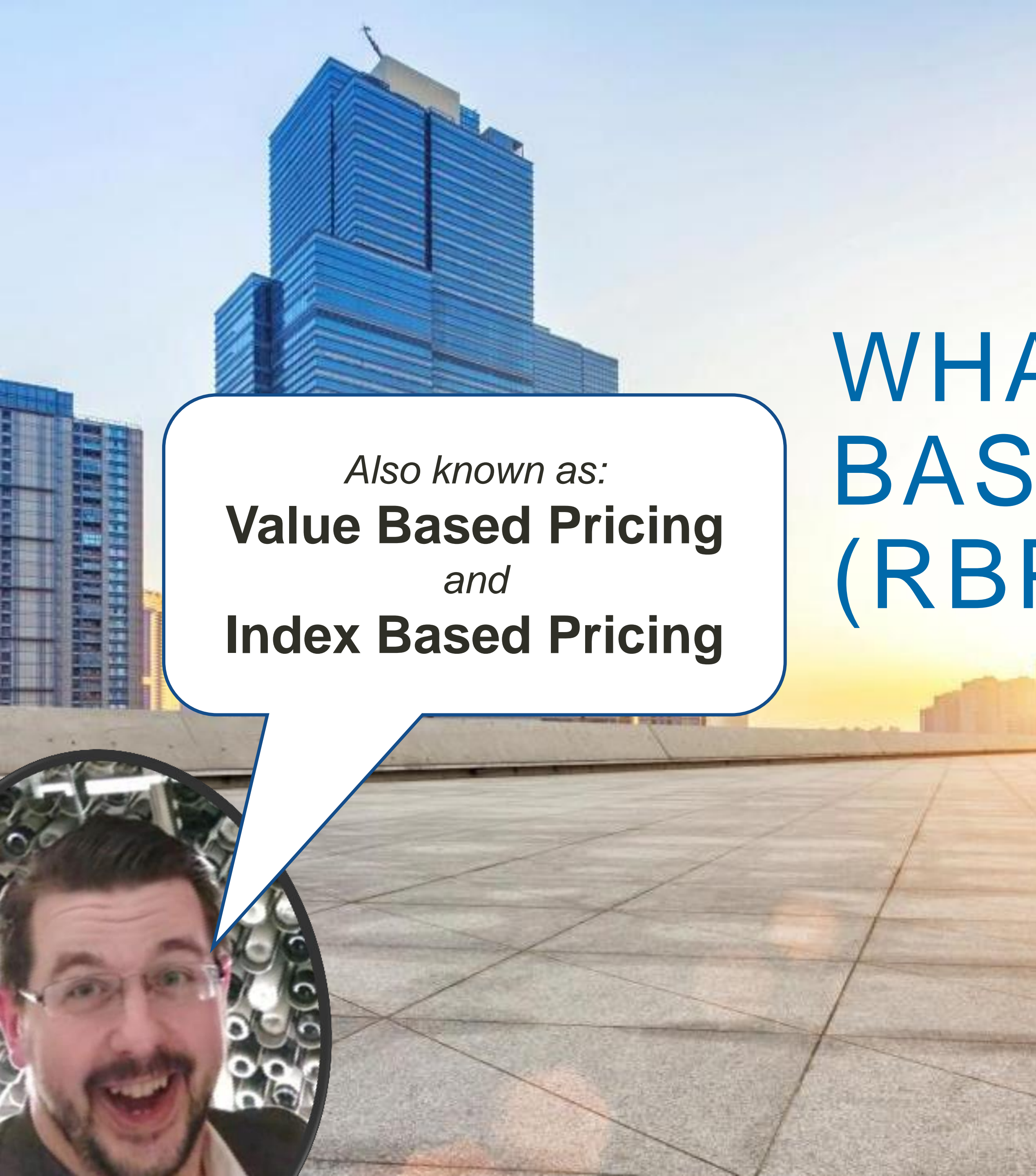
I AM NOT….

COST CONTAINMENT AGENDA

- Reference Based Pricing
- Sourcing Specialty Drugs
- Bundled Payments
- Organ Transplant Programs
- Population Health Management

REFERENCE BASED PRICING

DEFINITIONS



WHAT IS REFERENCE BASED PRICING (RBP)?

Reference Based Pricing is a method for establishing an amount to pay providers for services at a commonly known rate.

PREFERRED PROVIDER ORGANIZATIONS (PPO)

Medical care arrangement in which medical professionals and facilities (providers) provide services to subscribed clients at reduced billed rates.

Payers (insurance carriers) have traditionally controlled costs by forming networks and negotiating discounts which large numbers of providers of care (doctors and hospitals)

To understand how RBP impacts our market today we need to understand how we got here.

1960s

MEDICARE

National Health Insurance Program:
Began in 1966
Administered by the Centers for Medicare and Medicaid Services (CMS)
Provides health insurance for:

- -Americans aged 65 and older
- -Younger people with some disability status
- -People with end stage renal disease & amyotrophic lateral sclerosis

Funded via

- -payroll tax
- -beneficiary premiums
- -surtaxes from beneficiaries
- -general U.S. Treasury

1980s

MEDICARE

Reagan administration became alarmed at the inflationary payment mechanism adopted by Medicare.

Reagan administration and Congress decided to set centrally administered prices.

Most health economists saluted the switch, believing it would lead to more efficient hospital management.

PPO

PPOs grew in popularity and familiarity in the 1980s

In an effort to compete with the then popular HMOs, PPOs advertised larger networks with less restrictions.

Larger networks were achieved by discounting independent provider retail rates instead of direct contracting or restrictive pricing.

1990s

MEDICARE

The Medicare fee schedule for physicians was introduced in 1992, by the administration of George H.W. Bush.

Known as the “volume performance standard,” and modified in 1997 to what is called the S.G.R. system, for “sustainable growth rate.”

PPO

PPOs continued to grow in popularity in the 1990s

HMOs became less prominent and “bad press” surrounding referrals and limited service areas made PPOs the desired means of managed care.

2000s

PPO

PPOs are established as the industry standard.

HMOs and narrow networked are niche' solutions in specific markets.

Americans like freedom, go figure…

MEDICARE

2005

Deficit Reduction Act, Medicare fees for imaging services covered by the physician fee schedule may not exceed what Medicare pays for these services under Medicare's hospital outpatient prospective payment system.

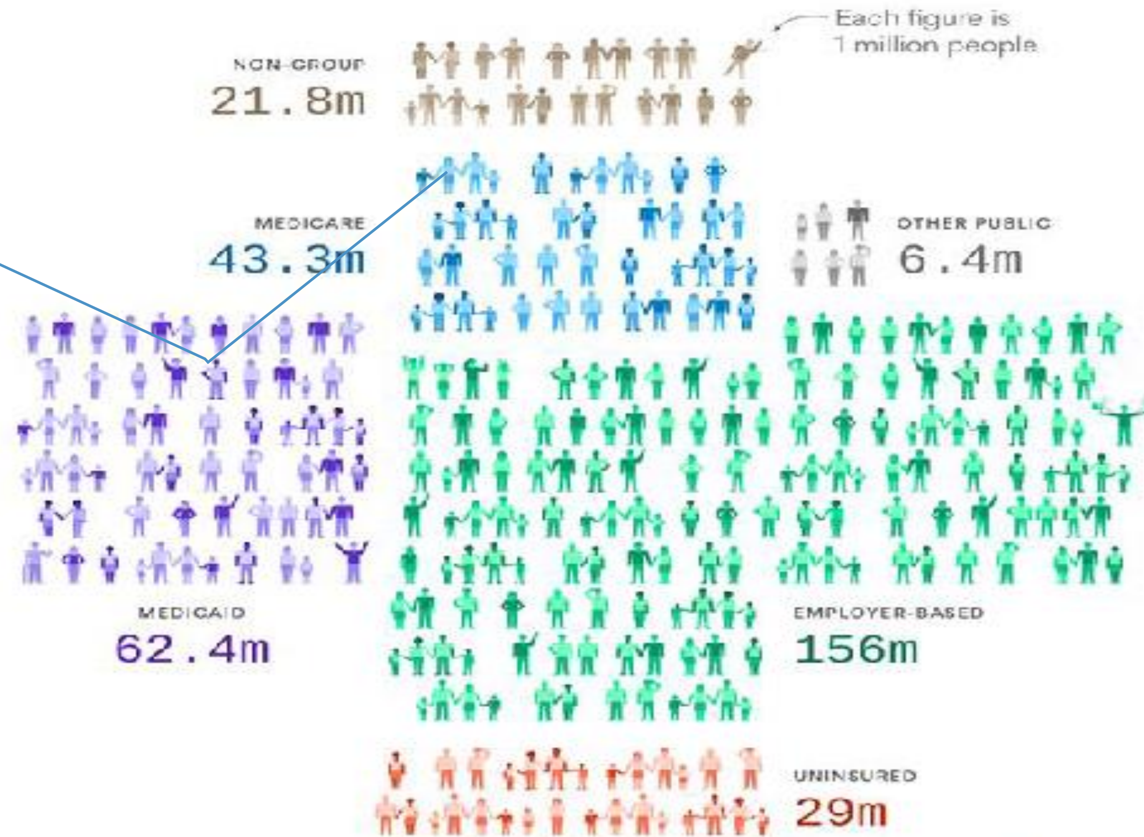
2007

Medicare's hospital outpatient prospective payment system (OPPS) cap reduced the fee for the performance of about one in four physician imaging tests overall, and fees for advanced tests were more likely than other imaging tests to be paid at the OPPS rate.

MEDICARE COSTS DRIVE RETAIL PROVIDER PRICES UP

Source: CMS MEPS Survey

***1 in 3** Americans receives health insurance from the federal government.*

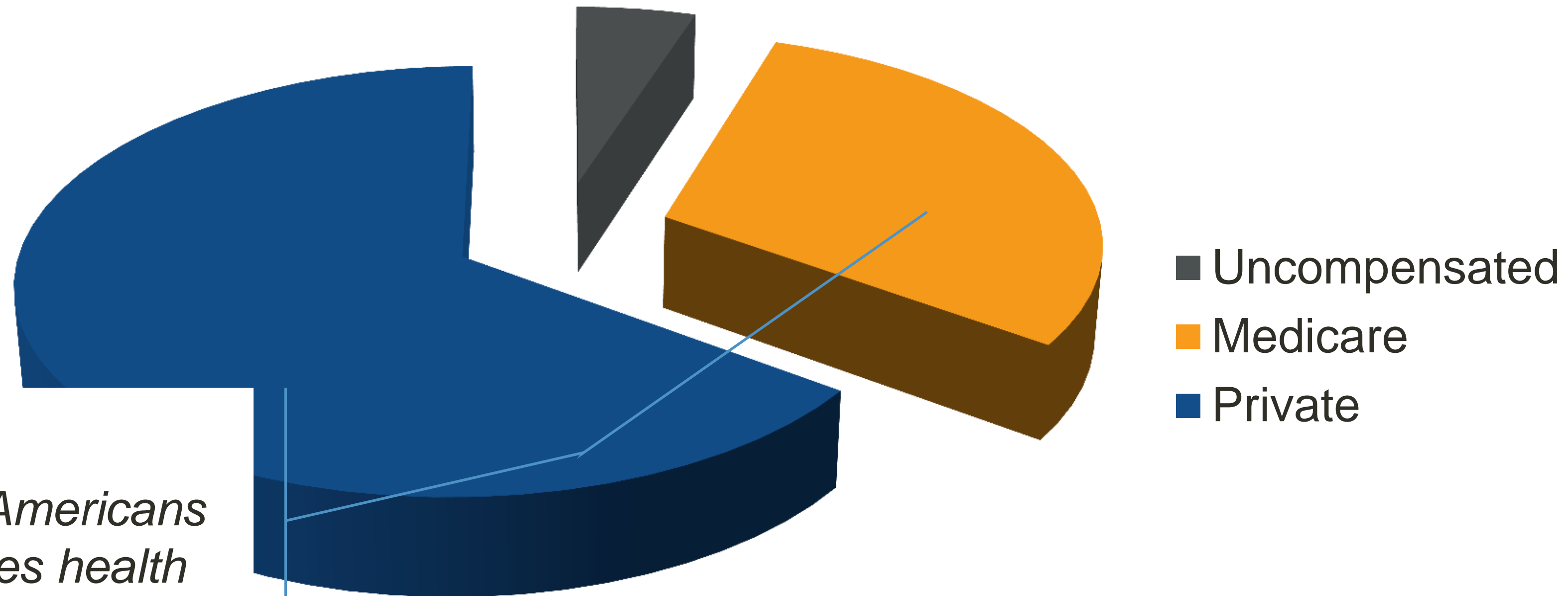


MEDICARE COSTS DRIVE RETAIL PROVIDER PRICES UP

Source: CMS MEPS Survey

Medicaid and Medicare reimbursement in 2015 was under actual hospital costs for treating beneficiaries by $57.8 billion, the American Hospital Association (AHA) recently reported.

Between 2010 and 2019.
hospitals received reimbursement of only **90 cents for every dollar** spent by the hospital to treat Medicaid patients.

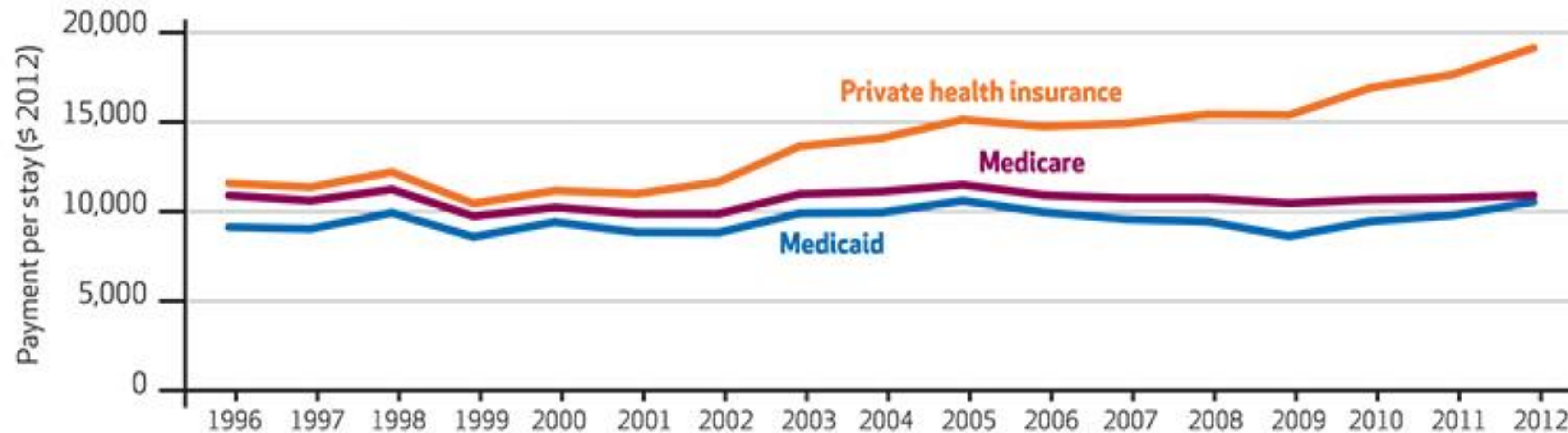


***1 in 3** Americans receives health insurance from the federal government.*

MEDICARE COSTS DRIVE RETAIL PROVIDER PRICES UP

Source: CMS MEPS Survey

Average Standardized Payment Rates Per Inpatient Hospital Stay, By Primary Payer, 1996–2012



SOURCE Authors' analysis of data for 1996–2012 from the Medical Expenditure Panel Survey. **NOTES** The average payment rates were computed as if each primary payer paid for all nonmaternity adult stays in a given year. Payments were adjusted for inflation and standardized across payers in terms of patient's age, sex, race/ethnicity, geography, household income as a percentage of the federal poverty level, conditions, charges, length-of-stay, and whether or not a surgical procedure was performed. They were not standardized for changes over time in the bundles of treatments and services provided during inpatient stays. Estimates and standard errors can be found in online Appendix F and Appendix Table F.1 (see Note 9 in text).

HealthAffairs

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THE RESULT

PPOs are the private market standard.

PPO discounts vary depending on the retailer competition and market.

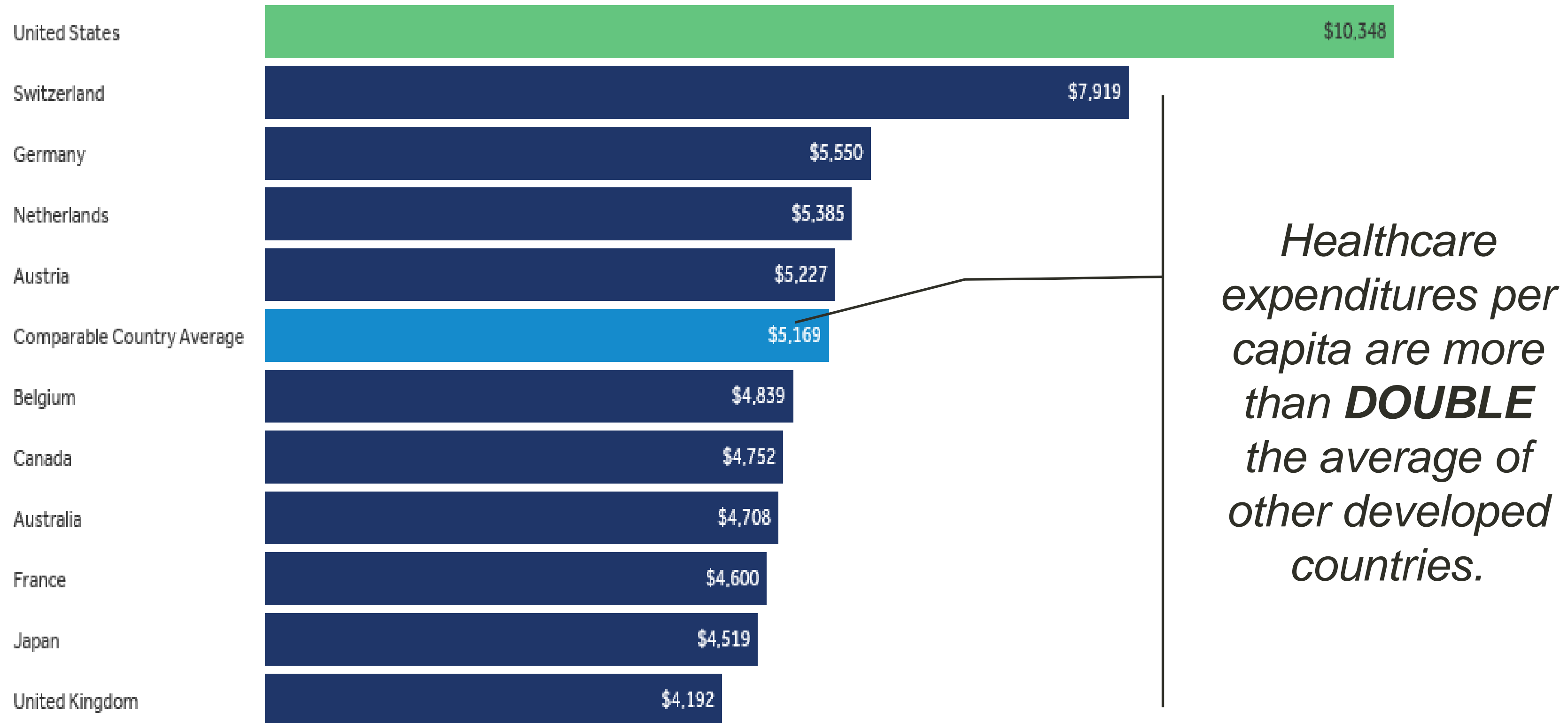
MEDICARE is the only national constant standard.

CY 2019 Medicare Physician Fee Schedule Final Rule placed on display at the Federal Register on November 1, 2018.

This final rule updates payment policies, payment rates, and other provisions for services furnished under the Medicare Physician Fee Schedule (PFS) on or after Jan. 1, 2019.

2019

HIGHER COST OF HEALTHCARE IN U.S.

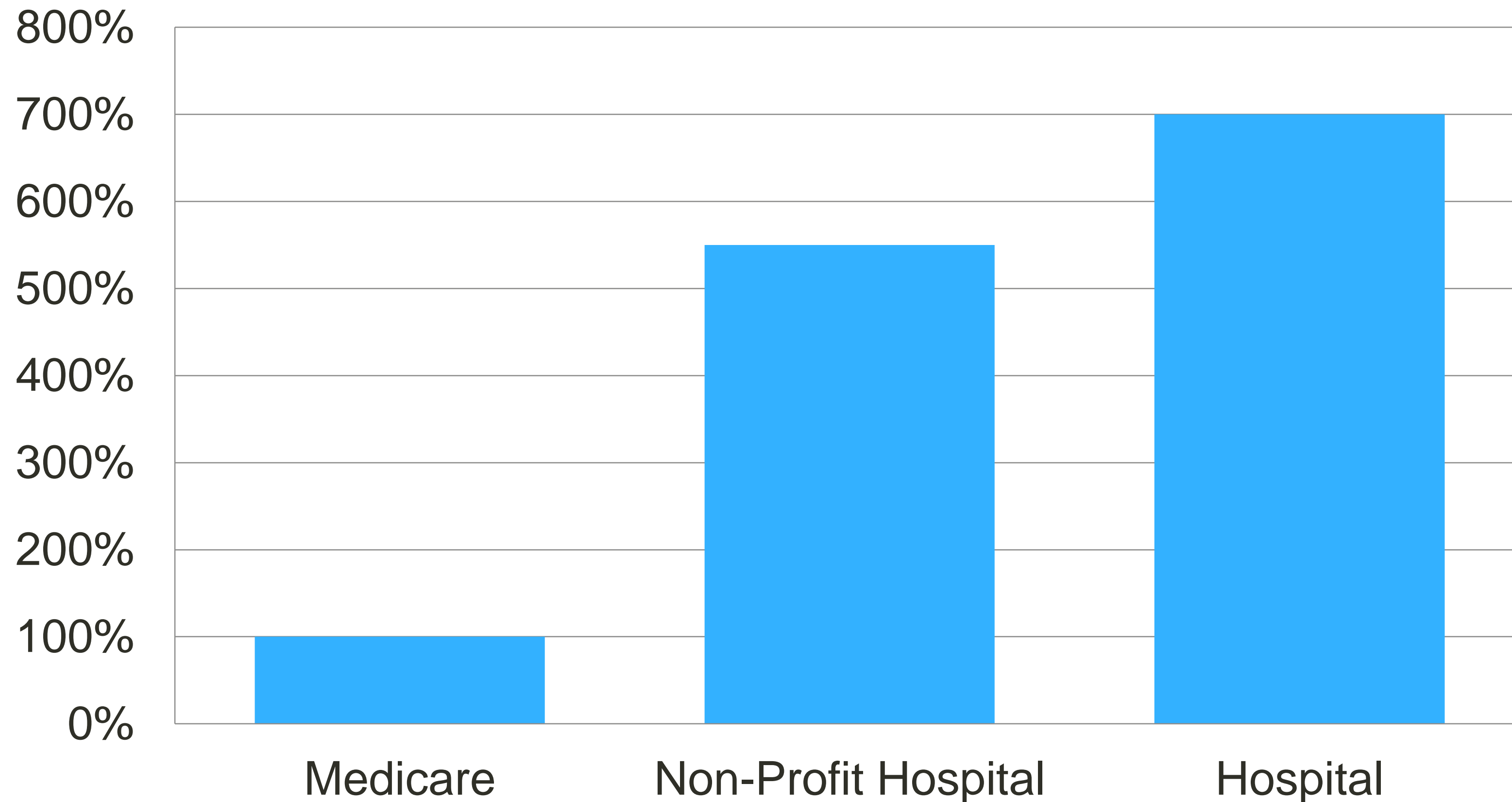


*Healthcare expenditures per capita are more than **DOUBLE** the average of other developed countries.*

COST OF CARE

Average for-profit hospital charges greater than 700 percent of what Medicare would pay for services.

Non-profit hospitals Charge 550 percent of what Medicare would pay.



ON YOUR TEAM.

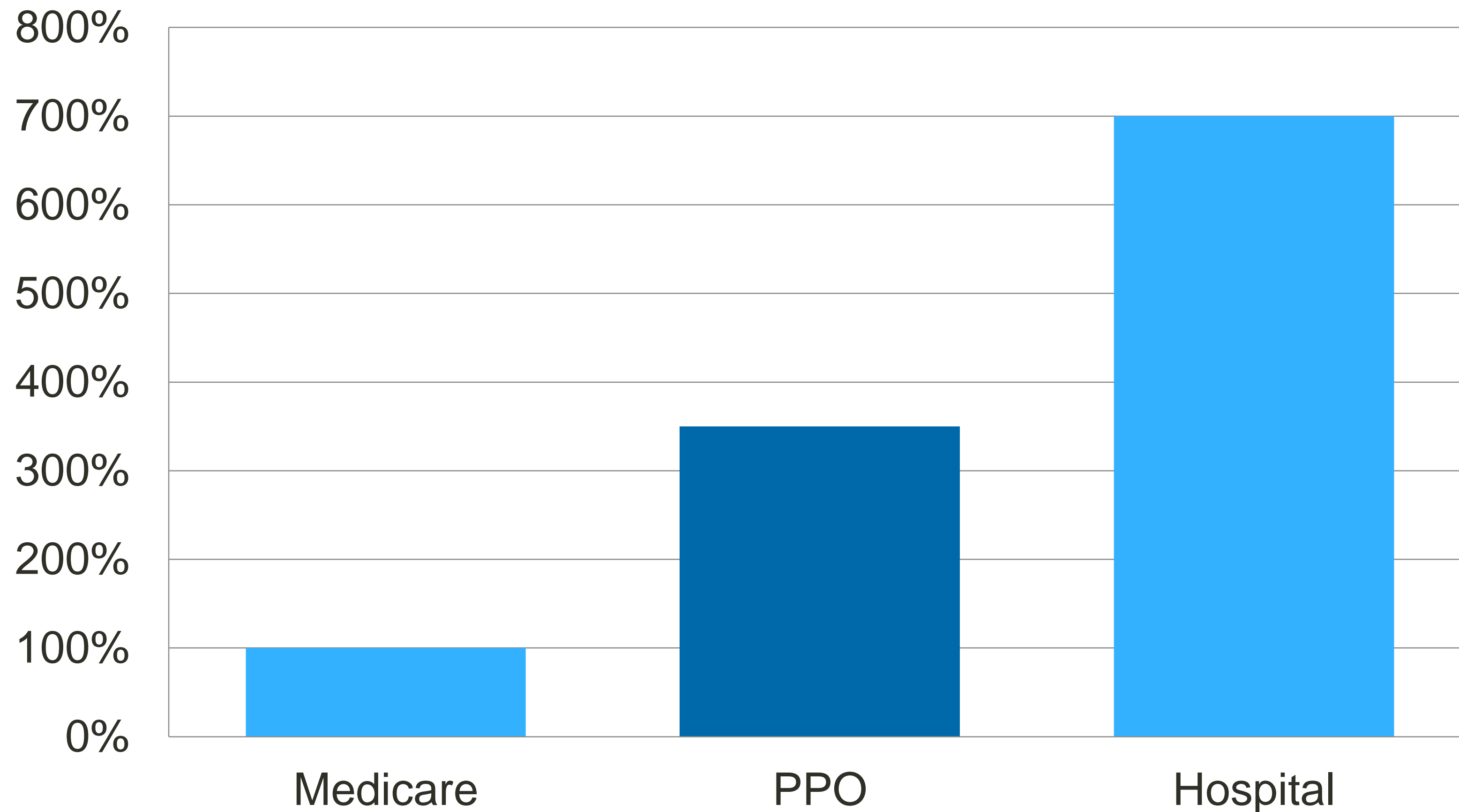
Box of tissues

Tylenol (Per Pill)

The plastic cup that your Tylenol is delivered

COST OF CARE

PPOs pre-negotiate retail discounts for medical services leaving patients with a reduced, but substantial bill.



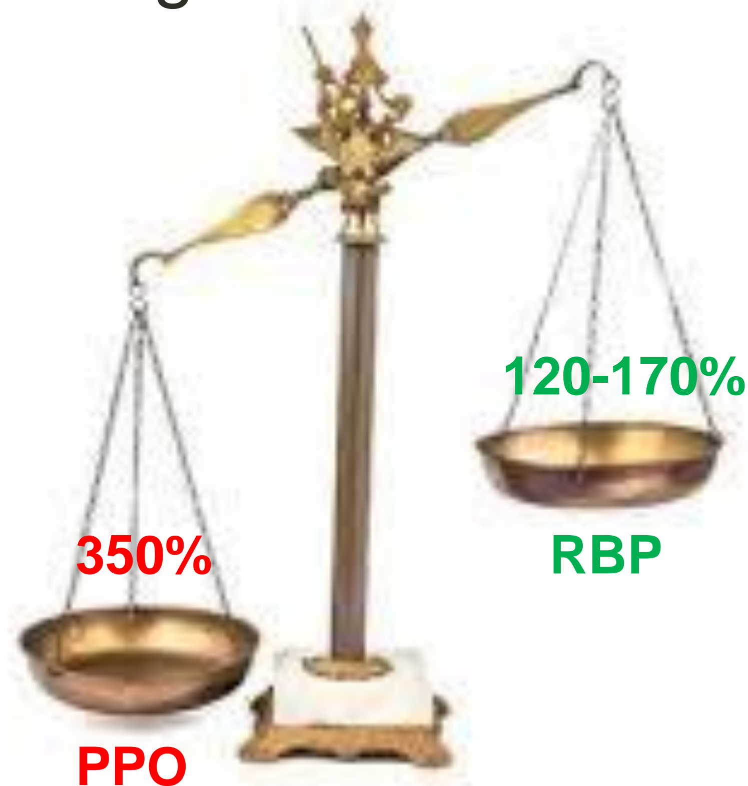
WHAT IS REFERENCE BASED PRICING (RBP)?

Reference Based Pricing is a method for establishing an amount to pay providers for services at a commonly known rate.

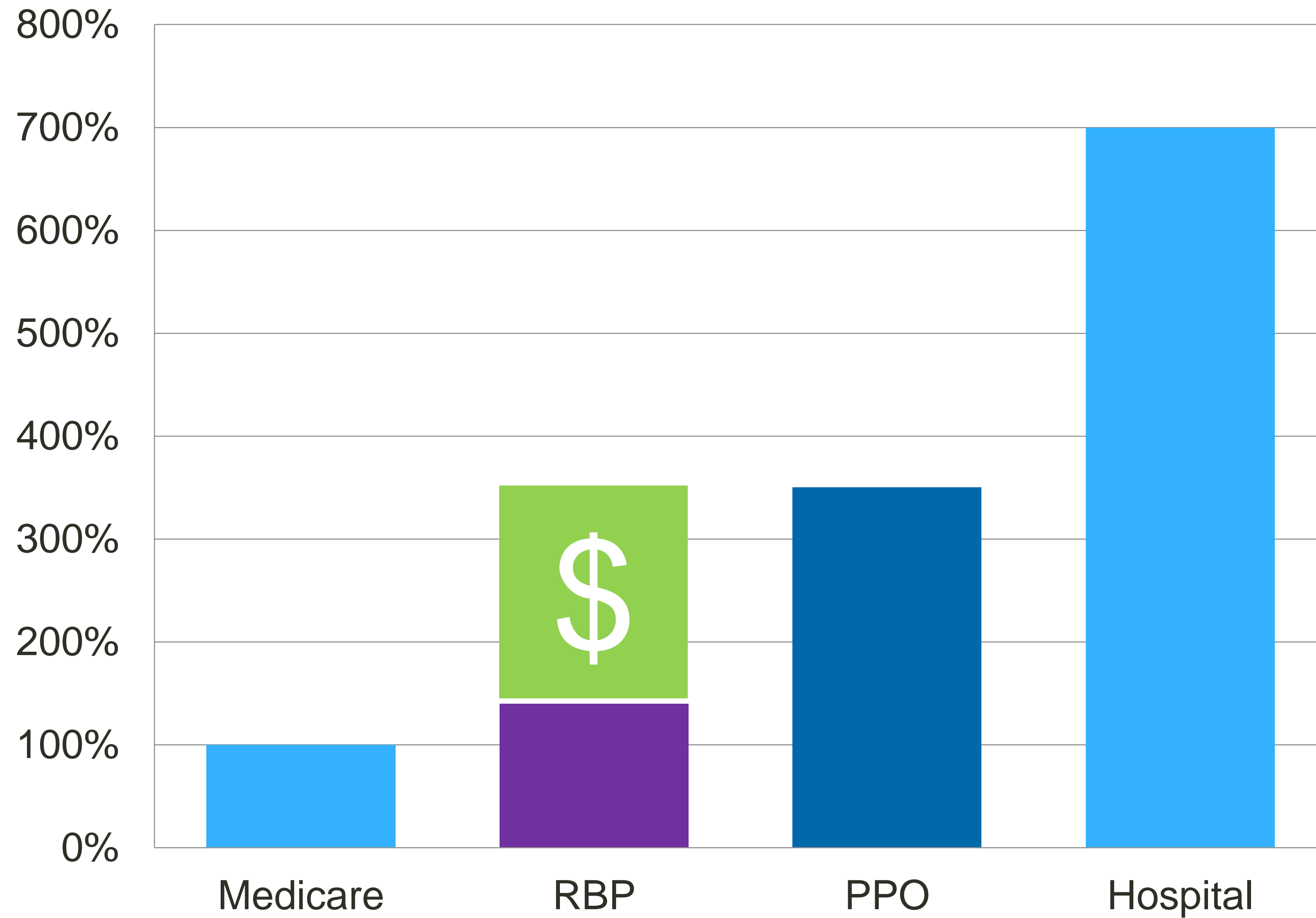
COST OF CARE

Providers are paid based on a percentage of what Medicare would typically reimburse them.

Reimbursement ranges from **120 -170%** of Medicare.

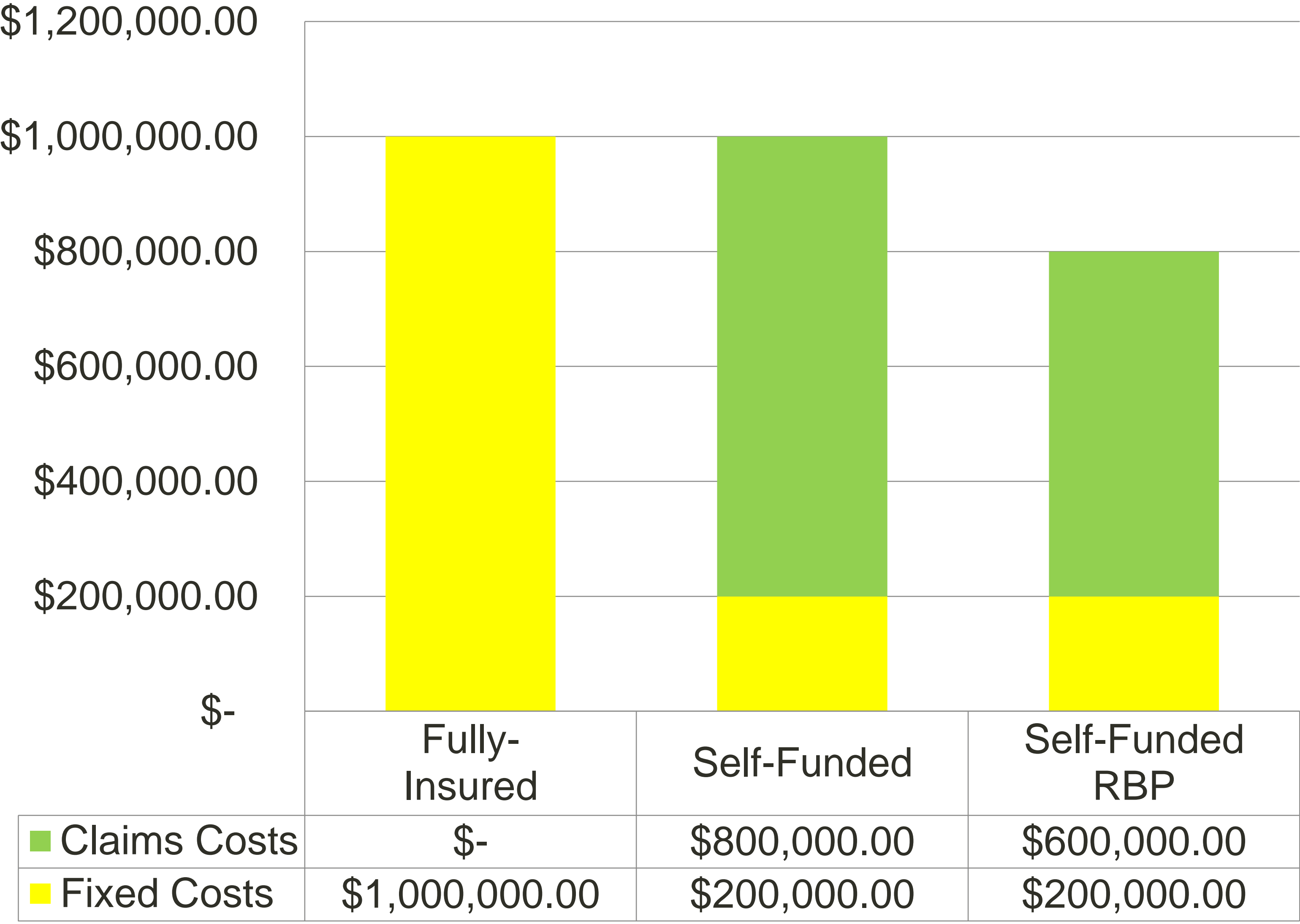


COST OF CARE



SELF-FUNDING RBP

SELF-FUNDING W/ RBP

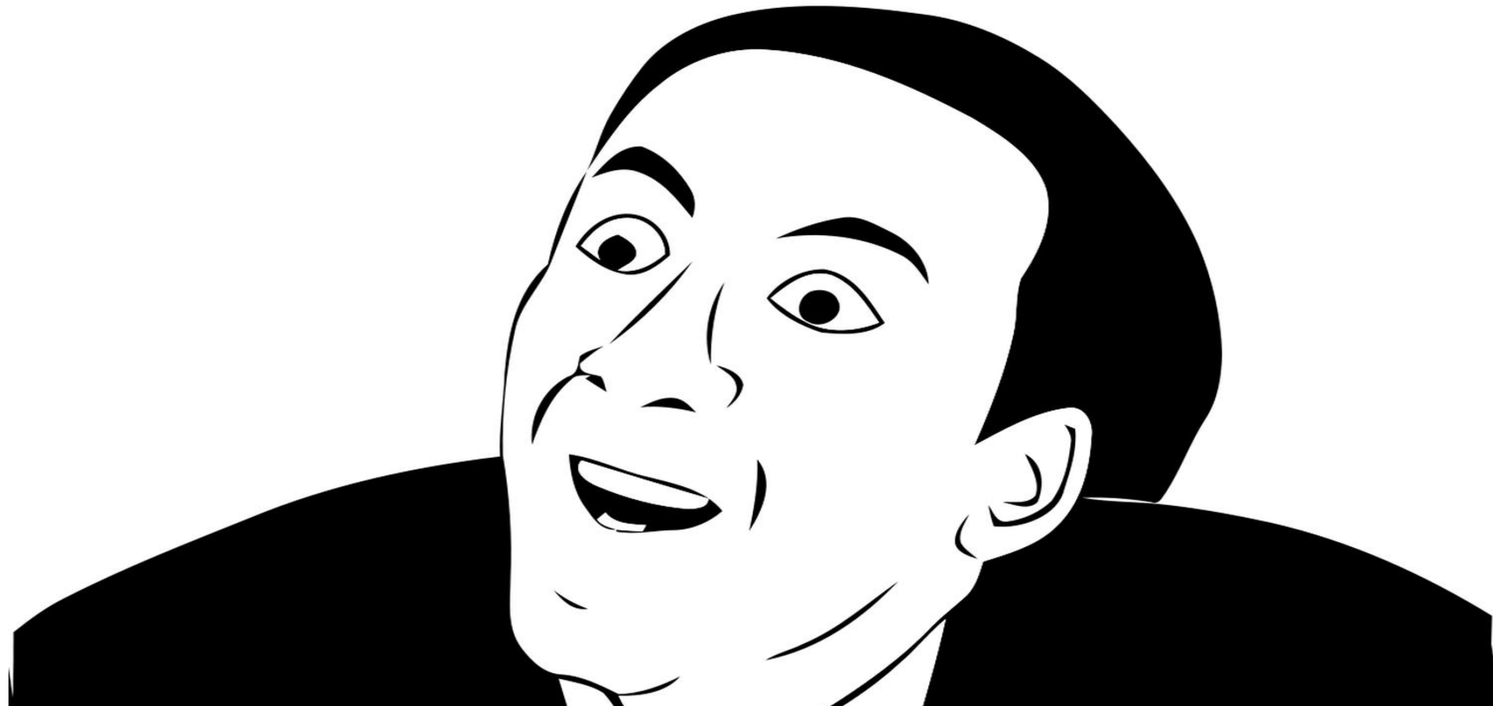


	Fully-Insured	Self-Funded	Self-Funded RBP
Claims Costs	$-	$800,000.00	$600,000.00
Fixed Costs	$1,000,000.00	$200,000.00	$200,000.00

$AVINGS

80% of employers are focused on reducing money spent on healthcare according to Transamerica Research Center.

YOU DON'T SAY?



UTILIZING RBP

- **Cost Savings:** Negotiated RBP arrangements can save a significant amount of money and prevent excess costs for certain procedures.
- **Predictability:** Because costs are determined ahead of time, the plan and participants are much better able to anticipate healthcare expenses.
- **Simplified administration:** Cost and payment are more transparent making the initial claims payment more straightforward.
  - and FASTER!

- **<u>Balance Billing</u>:** When a procedure costs more than the RBP maximum, the employee could be left paying the difference.
  - RBP vendors address this with an automatic negotiation feature.
    - This flags “balance bill” problems and initiates discussions with the provider to settle billing issues on behalf of the participant, sometimes with a payment over the RBP amount
      - (But still less than what the provider originally charged.)
    - Shields the employee from being hounded by a debt collector.
  - Some vendors provide access to legal representation to protect in the event of a dispute.

- **<u>Stop-Loss Coverage</u>:** Ensure stop-loss coverage will cover discretionary additional payments over the RBP amount.
  - Plans will negotiate to pay more to avoid balance billing, but some stop-loss policies may not cover those additional payments.
- **<u>Network Carve-Outs</u>:**
- Some plans incorporate PPO networks in conjunction with RBP.
- Some plans use RBP for in-network providers as well as facilities.
  - Items or services subject to RBP must be carved out of any network contract the plan's third party administrator ("TPA") has.
  - Network providers will likely not accept the RBP amount instead of the network level of reimbursement.
  - Some network providers may prohibit such carve-outs to their network contracts.

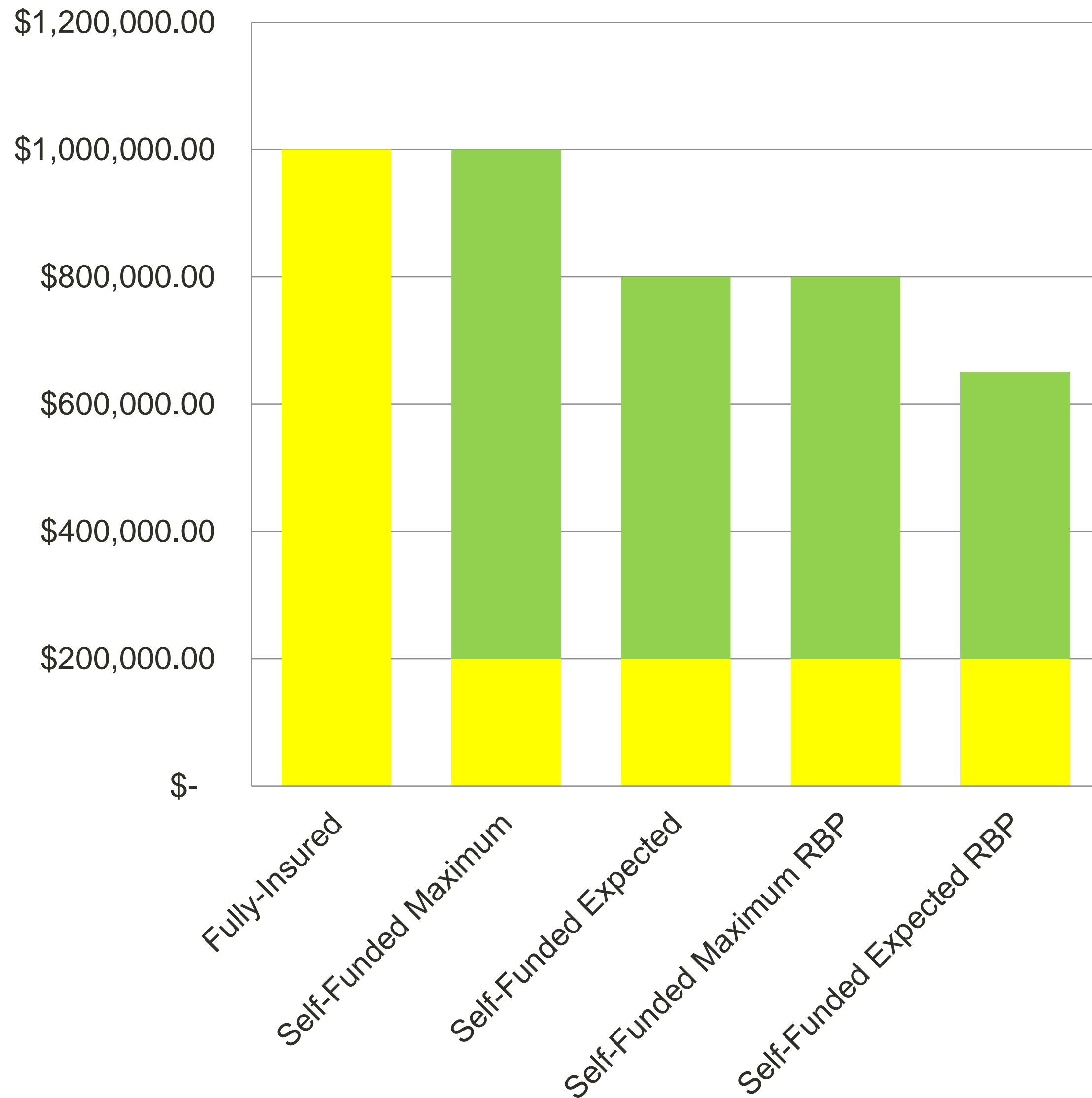
- **<u>Best-in-Class Vendors</u>:** Working with quality / experienced TPAs and RBP vendors will yield the best results for your clients.

All RBP Vendors are not created equal!

Inetico, Payer Compass and ClaimDoc Service & Cost Comparison

Service Description	Inetico	Payer Compass	Claim Doc
RBR Claims Pricing	Part of their standard PEPM fee	Part of their standard PEPM fee	Claims < $2,000 no charge. Claims > $2,000, 10% of billed charges up to $25,000 (audited claims) or up to $50,000 (unaudited or non-precert. claims)
Claim Edit/Audit	N/A	Part of their standard PEPM fee. They apply NCCI/CMS claim billing edits.	Part of their standard 10% of billed charges fee. They apply NCCI/CMS claim billing edits.
RBR Appeals/Disputes/Negotiations	10% or 5% of savings in dispute (No CAP)	No additional cost. Included in PEPM fee	10% of billed charges up to $25,000 (audited) or up to $50,000 (unaudited or non-precert. claims)
Legal representation if a claim ends in a law suit	Yes, included in the % of savings	No, referred to attorney - Never had this occur	Yes, included as part of the 10% of billed charge fee
Out of PPO Provider Network Claims Negotiated	25% of savings (No CAP)	N/A	N/A
Utilization Management (UM)	Yes, charges $2.20 PEPM	No additional cost. Included in PEPM fee	N/A - Would need to be Communitas at $2.50 PEPM
Large Case Management (CM)	$125 per hour	$2.50 PEPM	N/A - Would need to be Communitas at $2.50 PEPM
Scanning/EDI fees	Passed on to IHP	N/A	N/A
Claim Flow Process	Inetico receives all facility & provider PPO claims direct from the hospitals/physicians, they reprice and send GBS the repriced file with the appropriate payment code.	GBS would need to send Payer Compass the electronic claim file and then they would reprice the claims and return the file to GBS.	GBS would need to receive the claims from the hospitals/providers and send an electronic claim file to Claim Doc with all eligible claims (remove ineligible claims such as duplicates, non-covered benefits, claims before effective date or after term date etc.)
Client/Member/Broker Advocacy Program	Yes	Yes	Yes
Interface built with GBS LuminX system	Yes	Yes	No
RBR Pricing	$ 9.00 PEPM	$11.75 PEPM	10% of BILLED Charges (claims over $2,000)
Utilization/Claims Management	$2.20 PEPM	$2.50 PEPM	N/A - Does not provide this service
Claim Auditing/Edits	N/A	Included in Service Fee	Included in Service fee
Appeals Negotiations	10% or 5% of negoitated savings	Included in Service Fee	Included in Service fee
Legal Services	Included in % of Savings charge	N/A - Refers to attorney	Included in Service fee
PPO Network Clearinghouse (i.e. PHCS, MagnaCare etc.)	$2.00 PEPM	Does not handle PPO Networks	Does not handle PPO Networks
Total PEPM Services	$13.20 PEPM	$14.25 PEPM	10% of BILLED charges on claims over $2,000
ESTIMATED Cost Comparison	$13.20 x 2,550 EES X 10 Mos. = $336,600	$14.25 X 2,550 EEs X 10 Mos. = $363,375	Total claims over $2,000 = 798 (Billed = $19,624,448)
10 Month Period (3/1/17 - 12/31/17)	Negotiations % of Savings = $46,400		$19,624,448 @ 10% w/max $25K per claim = $1,899,294
	Large Case Mgmt ($125/hr) = $205,600		$5.00 PEPM (UM/CM) X 2,550 EEs X 10 Months = $127,500
TOTAL 10 MONTH COSTS:	**$588,400**	**$363,375**	**$2,026,794**
ANNUALIZED COSTS: (10 month amount / 10 x 12)	**$706,080**	**$436,050**	**$2,432,153**

CONCLUSION: WHAT IS RBP?



- Responsible / timely means to pay providers
- Advent of meaningful transparency
- New Approach requiring expertise
- Practical savings tactic for health plans

BREAK?

SOURCING SPECIALTY DRUGS

SOURCING SPECIALTY DRUGS

The cost of name-brand medications is increasing at a annual rate of 13% with American consumers paying up to 16 times more than other countries for the same exact prescription drug. An international prescription program can save employers and employees anywhere from 30% to 90% on name-brand medicines.

Features & Benefits:

- $0 Rx Copay for maintenance name-brand meds
- 60-70% average employer savings
- 90-day supply mail order program shipped directly to members' homes
- Comprehensive employee engagement and education
- Concierge customer service – responsive to employee needs and inquiries

BUNDLED PAYMENTS

BUNDLE PAYMENT PROGRAMS

Bundled payments are ideal for payers that want to participate in value-based care. Bundled payments tend to have lower financial costs than other payment models for payers and are beneficial to providers as well as payers.

In a bundled payment arrangement, payers are only responsible for a single payment that covers all the services included in a defined episode of care. Bundled payments can be administered as one bulk payment to a provider organization, or payment to participating providers, making it easier for payers to manage reimbursement totals.

GBS works with multiple vendors in the Bundled Payment arena to help bring additional resources to lowering the cost of healthcare.

ORGAN
TRANSPLANT
PROGRAM

ORGAN TRANSPLANT PLANS

Organ Transplant Plans are fully insured policies

Pays 100% of all major transplant types

Lowers the Stop Loss Premium and becomes cost neutral to add to the plan

No deductibles, coinsurance or copays

Savings the plan the cost of the transplant

POPULATION HEALTH MANAGEMENT

PRESENTED BY:
DAVID CARDWELL
EXECUTIVE VICE PRESIDENT

AmWINS Group, Inc.

AGENDA

- Wellness in the Workplace
  - It starts with you and what does it really mean
  - What are we going to do about it
- Population Health Management
  - When diet & exercise doesn’t work!
  - Nobody cares….well actually, they do!

IT STARTS WITH YOU…MEET RALPH!

Ralph is a trained actor…. do not try this at home

WELLNESS IN THE WORKPLACE

- Programs that contain fitness & population health management components reduce healthcare costs by 20% to 55%
- Preventable illness makes up 70% of all claims due to life style.
- Reducing ONE health risk factor can increase a persons productivity on the job by 9% and reduce absenteeism by 2%

Workforce Prevalence and Lost Productivity Impact of Selected Chronic Health Conditions

Condition	% of employees With condition	Avg. monthly hours lost for employees with a condition: Due to Absence	Due to Presenteeism	Total	Annual Impact (FTE days) in a 1,000 person workforce
Allergies	34.0%	1.1	1.3	2.4	1,326.0
Arthritis	16.2%	4.1	3.1	7.2	1,895.4
Asthma	7.9%	2.6	1.6	4.2	539.2
Congestive heart failure	0.3%	25.7	12.9	38.6	188.2
Chronic obstructive Pulmonary disorder (COPD)	0.2%	18.7	6.0	24.7	80.3
Coronary heart disease	2.0%	12.2	1.3	13.5	438.8
Depression	11.2%	5.6	10.8	16.4	2,948.8
Diabetes	4.7%	4.4	0.7	5.1	389.5
Gastro esophageal reflux disease (GERD)	12.6%	3.8	3.6	7.4	1,515.2
Irritable bowel	5.5%	3.9	4.9	8.8	786.5
Migraine	7.2%	4.9	3.0	7.9	924.3

Notes: Adopted from Loeppke et al, 2009, Tables 3 and 4 (phase 2) (46). The sample reflects outcomes for 34,622 employees drawn from 10 employers. Lost hours reflect the marginal lost productive hours – both absence and presenteeism – in a 28-day period for a person with the condition compared to a person without the condition. All health conditions are self-reported.

Annual impact is the product of prevalence and total lost monthly hours, assuming 1,000 employees who work eight hours per day for thirteen 28-day periods per year. As some employees will have more than one of the conditions listed, the annual impacts for each condition should not be summed to obtain total workforce lost productivity for these conditions.

6 REASONS TO ENGAGE IN WORKPLACE WELLNESS

REASON #1

UNHEALTHY USA

- Our nations population is largely sedentary
- Obesity is reaching monumental proportions
- Tobacco use continues to be popular
- World Health Organization describes stress as a World Wide Epidemic
- High risk alcohol consumption
- Chronic Health Conditions

REASON #2

PREVENTABLE ILLNESS

- Over 95% of our nations health expenditures is committed to diagnosing and treating disease only after it becomes manifest
- Preventable illness makes up approximately 70% of the burden of illness and the associated costs
- Of the 2+ million people who die each year, approximately 1 million of these deaths are from preventable causes

REASON #3

HEALTHCARE COSTS

- Our country spends more dollars on healthcare than any other country in the world
  - In 2016, over $3.4 trillion dollars on healthcare, the equivalent of 17.5% of the gross domestic product
- Healthcare cost per person totals $9,255 per year
  - Lifetime costs are estimated at $518,000 per person (80% of lifetime is in the last 6 months)

REASON #4

IDEAL SETTING

- Majority of Americans work
- People spend most of their waking hours at work
- Employers have a vested interest in health-related issues
- Poor health habits take an enormous toll on American business

REASON #5

IMPROVE HEALTH, SAVE MONEY AND PRODUCE A RETURN ON INVESTMENT

- Programs that target smoking can save more than $6 for every dollar spent
- Reduce employee related health care costs and absenteeism

REASON #6

BUILDING WORLD CLASS WELLNESS PROGRAMS

- Coca-Cola
  - Fitness program recouped $500 per year per employee
  - 60% of their staff was enrolled
- Coors Brewing Company
  - $5.50 savings per $1 spent on fitness
  - Absenteeism dropped by 18%
- Johnson & Johnson
  - Reduced absenteeism by 15% within two years
  - Cut hospital costs by 34% after three years

‘There are many reasons why we CAN’T start exercising - our everyday lives require less physical activity than in our grandparents’ day, we rely on cars to get around and spend hours sitting in front of computers.’

~Dr. Gill Jenkins

LAYING THE FOUNDATION TO GOOD HEALTH & WELLNESS

Building Knowledge, Changing Habits

and Preparing for Success!!!

WHY WELLNESS?

- Dr. Burg, Director of Cleveland Clinic –"Top 4 items that cause disease"
  - # 1 - Stress (Mental & Physical)
  - # 2 - Smoking (Tobacco use)
  - # 3 - Lack of Diet (Proper Nutrition)
  - # 4 - Lack of Exercise (Oxygen)

KNOW THE FACTS

- Obesity is a DISEASE
- $190 Billion -- That's the amount of added medical costs every year that are estimated to stem from obesity-related problems.
- The average American is 85% less physically active than in 1900.

FIRST LAYER OF FOUNDATION IS STRESS MANAGEMENT

- Managing stress is critical for long-term health
- Prolonged stress can:
  - Increase blood pressure
  - Increase pain & headaches
  - Suppress the immune system
  - Trigger anxiety & depression
- Limiting stress is important to a healthy lifestyle
  - It affects both physically & mentally
- Both exercise & relaxation techniques are useful in combating stress

SITTING & SMOKING ROBS YOU OF YOUR OXYGEN AND CLEARING CARBON MONOXIDE

Sitting stressed is not breathing full breaths!

EATING FOR ENERGY

THE THIRD LAYER OF THE FOUNDATION OF HEALTH IS PAVED WITH HEALTHY EATING HABITS……

“OMG! Just tell me what to eat?”

The easiest and most immediate way to alkalize your blood is…

by eating more vegetables and fruit in their most energetic state, which happens to be RAW

Raw foods are packed with thousands of disease-fighting nutrients AND loaded with high levels of the alkalizing minerals – calcium, potassium, and magnesium.

THE FORTH LAYER OF THE FOUNDATION OF HEALTH IS STACKED WITH FITNESS….

If you want to wake up earlier, soar through your days, and live your life to the fullest without relying on energy drinks (or other stimulants) or sugar, then my approach to eating for energy is really quite simple…

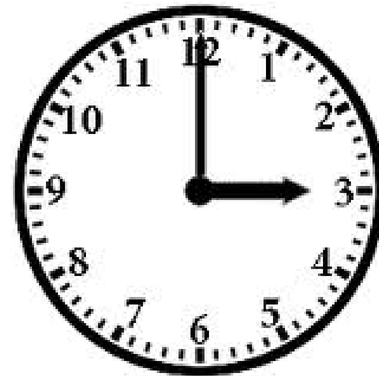
LEVELS OF PHYSICAL ACTIVITY CAN…

- Reduce Cancer Mortality rates by 38%
- Reduce the risk of developing Adult Onset Diabetes by 23-46%
- Reduce the risk of Coronary Heart Disease by 14-52%
- Health experts recommend a goal of 10,000 steps a day
  - Regular walking
    - Reduces high blood pressure
    - Reduces the risk of coronary heart disease
    - Reduces the risk of osteoporosis
    - Enhances mental well being
    - Helps maintain body weight and lowers the risk of obesity

SO GET UP & MOVE!

Do you ever have a “3:00pm Slump” towards the end of your work day?

Sitting can be a big part of why you feel groggy in the late afternoons.



GET A GOOD NIGHT'S SLEEP

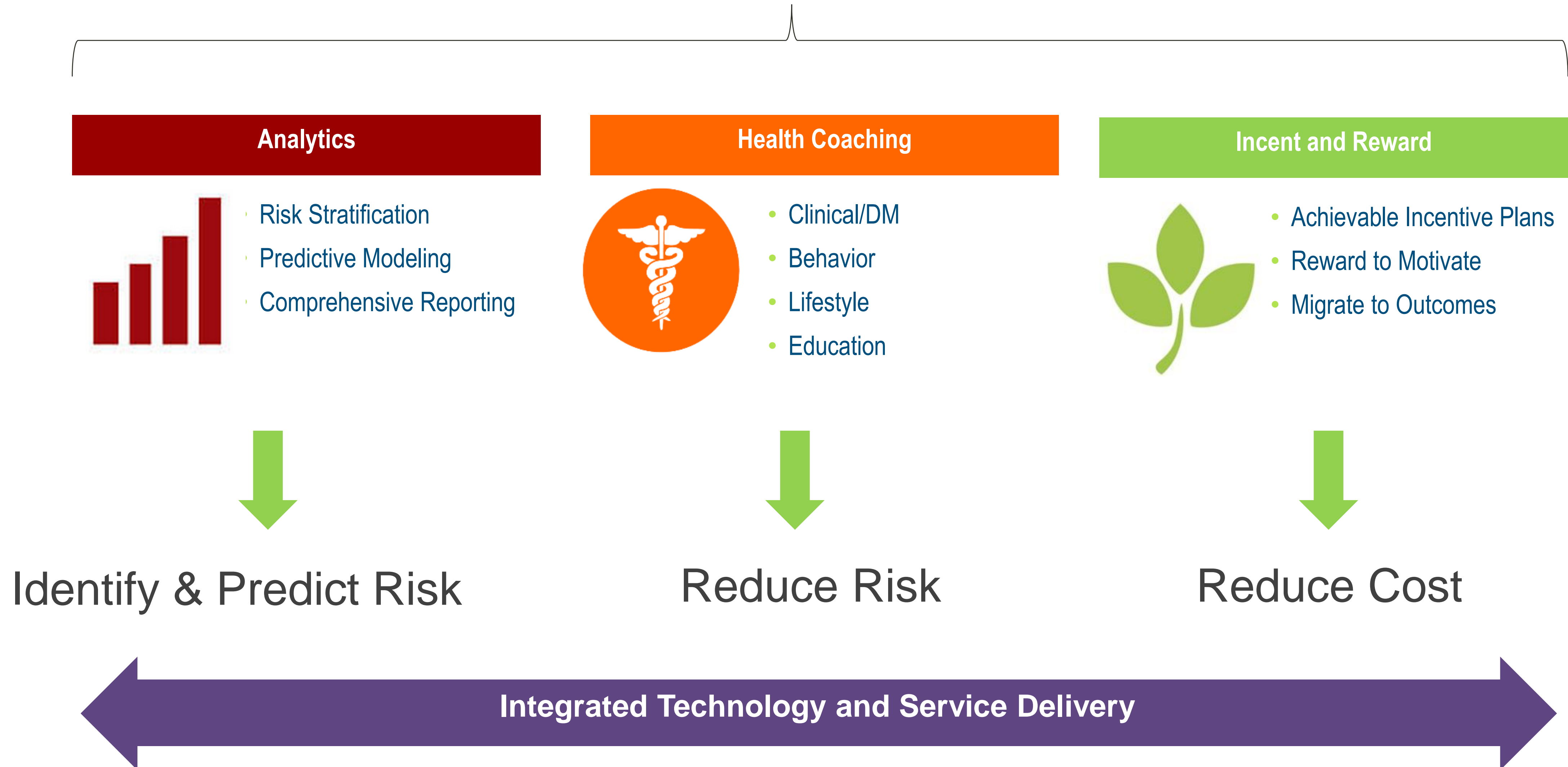
- On average, adults should get about 8 hours of sleep per night. Getting the right amount of sleep can prevent the urge to nap halfway through the day.
  - Go to sleep earlier
  - Make sure your bedroom is a dark, cool environment
  - Don't watch television or look at a computer screen for an hour before bed
  - Avoid sugar before bed
  - Avoid caffeine after 12pm
- Sleep is the body's way to recharge & refresh the body and mind
- Sharper memory, better moods, & better concentration

“Diet and Exercise is 100% MENTAL! Your body WON’T GO, where your MIND doesn’t TAKE it!”

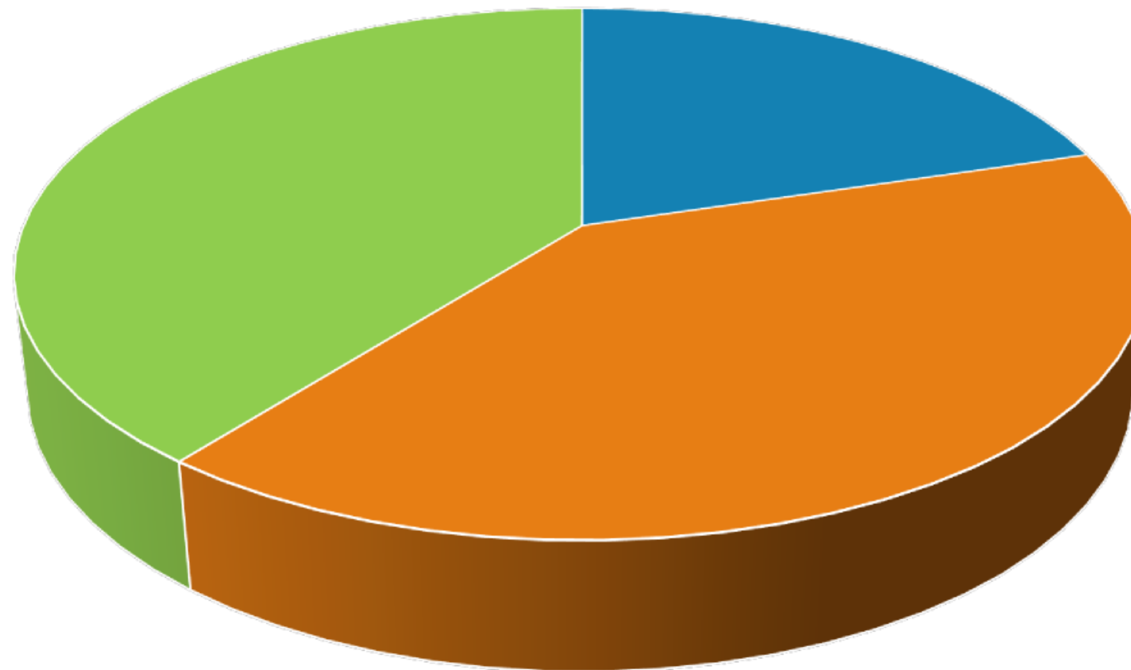
Population Health Management
"When Diet and Exercise Fails"

Say Hi to Ralph!

Population Health Management (PHM)



POOR HEALTH COSTS EMPLOYERS $576 BILLION PER YEAR



Operational Costs:

Pre-Absenteeism

- Working Slow
- Lower Quality
- Customer Dissatisfaction

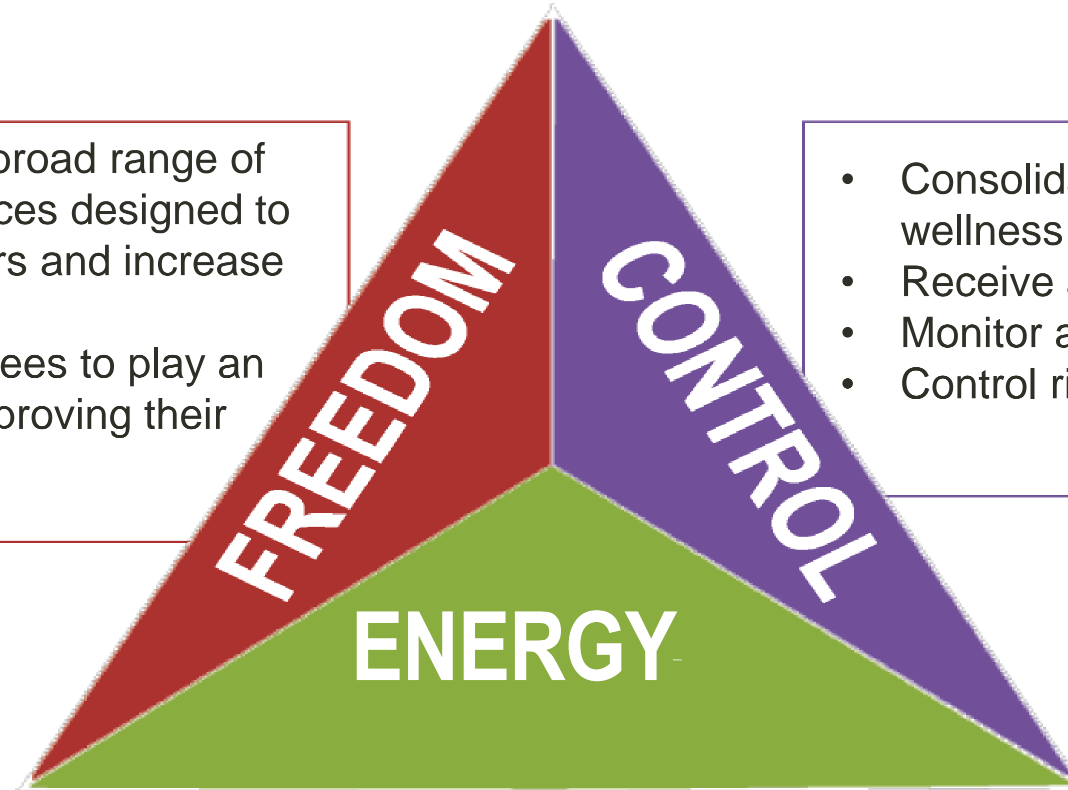
Absenteeism

- Overtime
- Turnover
- Temp Staffing
- Replacement Training
- Workload Shifts

Source: Integrated Benefits Institute, 2012

CUSTOMIZE, MEASURE AND ENGAGE EMPLOYEES

- Choose from a broad range of wellness resources designed to engage members and increase participation.
- Liberate employees to play an active role in improving their health.



- Consolidate healthcare and wellness vendors
- Receive actionable claims info
- Monitor and track program ROI
- Control rising healthcare costs

- Increase morale and wellness participation
- Improve employee health and productivity
- Decrease employee absenteeism
- Attract and retain the best employees

Freedom

Customize Short and Long Term Strategies

Crawl, Walk Run	Assessment Year 1	Awareness Year 2	Action Year 3	Adoption Year 4+
Screenings	✓	✓	✓	✓
Health Risk Assessment (HRA)	✓	✓	✓	✓
Review Lab Results w/Health Coach (if screening is onsite)		✓	✓	✓
Review Member Comp Report w/Health Coach		✓	✓	✓
Outbound Health Coaching Calls for HR and MR Groups			✓	✓
Digital Health Coaching Modules			✓	✓
Monitor Diet and Exercise Behaviors Through Member Portal			✓	✓
Onsite / Online Seminars			✓	✓
Goal Setting w/Health Coach				✓
Meet Biometric Outcome Targets (i.e. reaching ideal weight, BMI)				✓
Increase Medication Compliance Habits				✓
Health Challenges				✓
Targeted Health Coach Outreach for Specific Issues (tobacco cessation, diabetes management, etc.)				✓

INVITE MEMBERS TO PARTICIPATE IN THEIR HEALTH

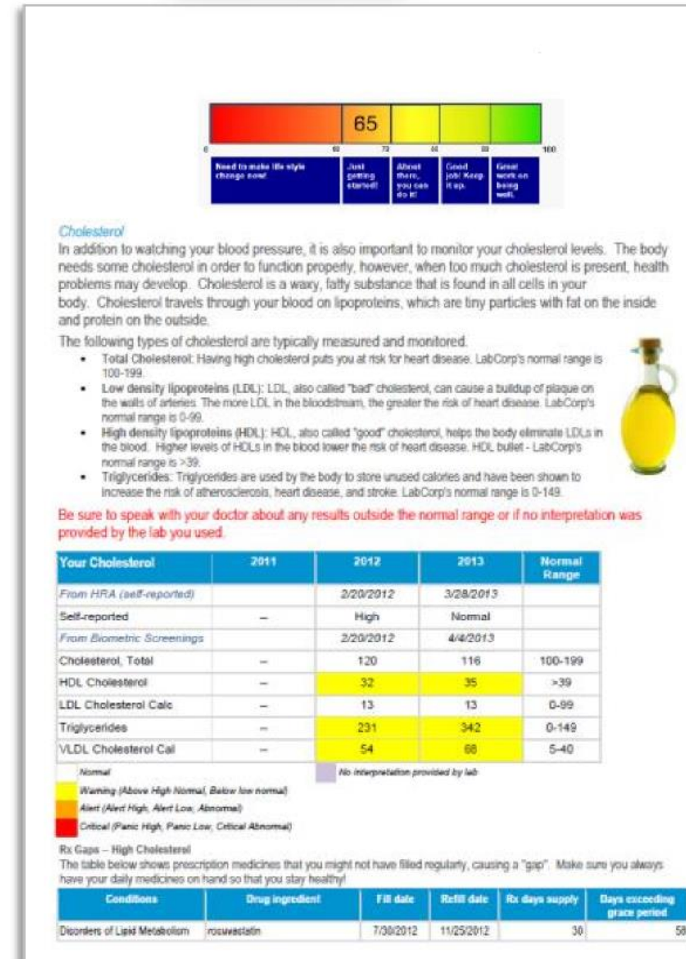
Health Risk Assessments

Members Complete:

Health Risk Assessment (HRA) that utilizes scientific methodology to assess clinical health AND members' "readiness to change."

Members Receive:

- Comprehensive Wellness Report
- Wellness summary score
- Consolidated picture of health:
    - Claims summary, Lab / Biometrics
    - Drug gaps, HRA results
    - Preventive care status
- Actionable areas to focus on health improvement and prevention



Cholesterol

In addition to watching your blood pressure, it is also important to monitor your cholesterol levels. The body needs some cholesterol in order to function properly, however, when too much cholesterol is present, health problems may develop. Cholesterol is a waxy, fatty substance that is found in all cells in your body. Cholesterol travels through your blood on lipoproteins, which are tiny particles with fat on the inside and protein on the outside.

The following types of cholesterol are typically measured and monitored.

- Total Cholesterol: Having high cholesterol puts you at risk for heart disease. LabCorp's normal range is 100-199.
- **Low density lipoproteins (LDL)**: LDL, also called "bad" cholesterol, can cause a buildup of plaque on the walls of arteries. The more LDL in the bloodstream, the greater the risk of heart disease. LabCorp's normal range is 0-99.
- **High density lipoproteins (HDL)**: HDL, also called "good" cholesterol, helps the body eliminate LDLs in the blood. Higher levels of HDLs in the blood lower the risk of heart disease. HDL bullet - LabCorp's normal range is >39.
- Triglycerides: Triglycerides are used by the body to store unused calories and have been shown to increase the risk of atherosclerosis, heart disease, and stroke. LabCorp's normal range is 0-149.

Be sure to speak with your doctor about any results outside the normal range or if no interpretation was provided by the lab you used.

Your Cholesterol	2011	2012	2013	Normal Range
From HRA (self-reported)		*2/20/2012*	*3/28/2013*	
Self-reported	–	High	Normal	
From Biometric Screenings		2/20/2012	4/4/2013	
Cholesterol, Total	–	120	116	100-199
HDL Cholesterol	–	32	35	>39
LDL Cholesterol Calc	–	13	13	0-99
Triglycerides	–	231	342	0-149
VLDL Cholesterol Cal	–	54	68	5-40

Normal
Warning (Above High Normal, Below low normal)
Alert (Alert High, Alert Low, Abnormal)
Critical (Panic High, Panic Low, Critical Abnormal)
No interpretation provided by lab

Rx Gaps – High Cholesterol

The table below shows prescription medicines that you might not have filled regularly, causing a "gap". Make sure you always have your daily medicines on hand so that you stay healthy!

Conditions	Drug ingredient	Fill date	Refill date	Rx days supply	Days exceeding grace period
Disorders of Lipid Metabolism	rosuvastatin	7/30/2012	11/25/2012	30	58

START MEMBERS ON THE PATH OF HEALTH AWARENESS

Screenings

Blood Screening

- Cholesterol, diabetes, and tobacco use
- Instant, minimally-invasive tests (e.g. finger stick)
- Screenings offered on-site or off-site at any LabCorp

Biometric Screening

- Blood pressure, height & weight, and waist circumference

The Big Five Are Preventable

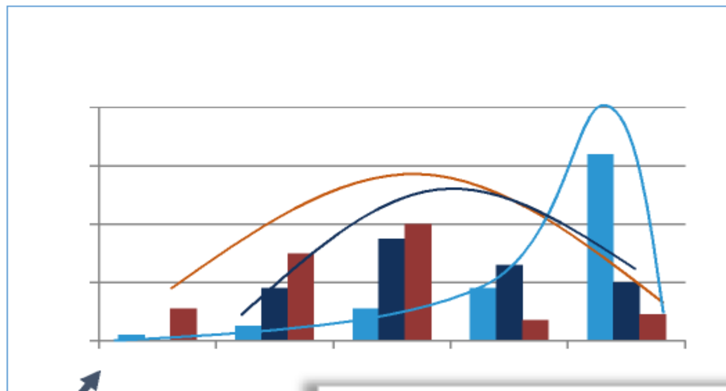
According to the Centers for Disease Control and Prevention (CDC), **heart disease, stroke, cancer, diabetes and arthritis** are among the most common, costly, and preventable illnesses in the US.[1] In addition to direct medical costs, productivity losses related to personal and family health problems **cost US employers $1,685 per employee per year,** or $225.8 billion annually.[2]

1 Centers for Disease Control and Prevention. Chronic Diseases and Health Promotion. Available at: www.cdc.gov/chronicdisease/overview.index.htm. Accessed Sept. 7, 2012.
2 Stewart WF, Ricci JA, Chee E, Morganstein D. Lost productive work time costs from health conditions in the US: results from the American productivity audit. J Occup Environ Med.

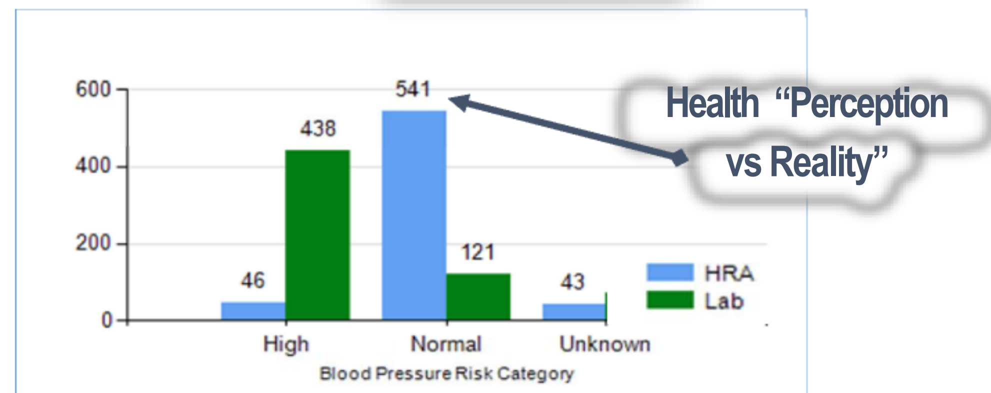
Control

CONSOLIDATE KEY FUNCTIONS THROUGH A SINGLE SOURCE

LEVERAGE REPORTING TO MAKE BETTER DECISIONS



“Readiness to Change” Profiling



Health “Perception vs Reality”

Cross-tab of BMI v. Diet – Portion Size: Average predicted healthcare cost per re

Diet/BMI - Avg Cost per Mbr	Underweight	Normal	Overweight	Obese
Healthy amount of nutritious food	$1,495	$4,858	$3,871	$2,792
Average – Normal	$7,027	$1,299	$2,586	$4,332
Too much unhealthy food	$1,422	$2,841	$8,794	$3,290

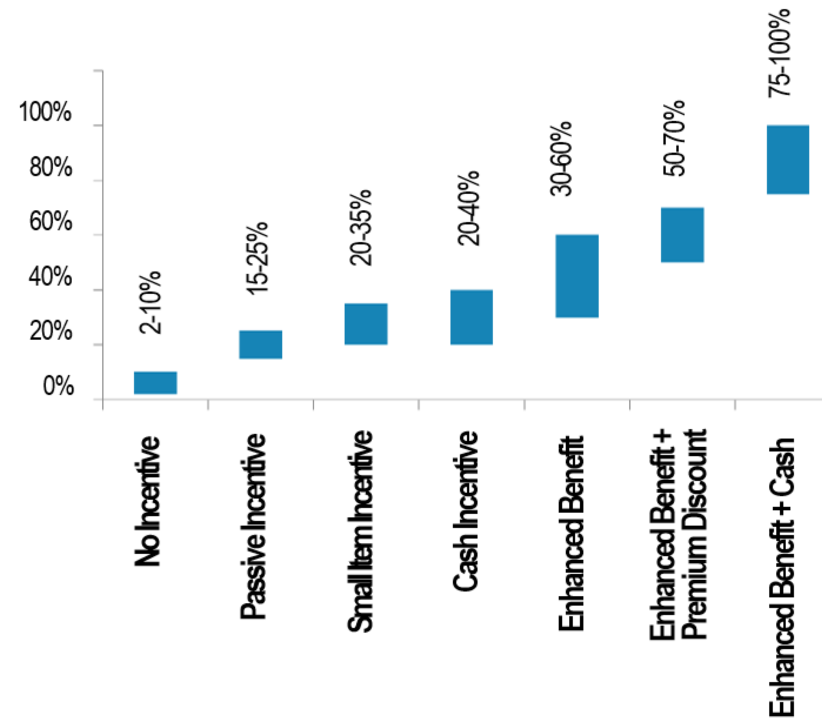
Cost Impact of Lifestyles

Condition	Patient Count	Observed per 1000	Age/Sex Expected Per 1000	SMR	Confidence Of Significance	Direction	98% below	95% below	66% below	Norm	66% above	95% above	98% above
Nutrition	213	237.46	16.45	14.43	99.99%	+							>
Nutritional disorders, other	20	22.30	0.06	343.73	99.99%	+							>
Obesity	186	207.36	13.54	15.31	99.99%	+							>
Cardiovascular	617	687.85	254.72	2.70	99.99%	+							>
Cardiovascular signs and symptoms	243	270.90	41.25	6.57	99.99%	+							>
Congestive heart failure	16	17.84	7.69	2.32	97.836%	+						>	
Disorders of lipid metabolism	470	523.97	136.63	3.83	99.99%	+							>

Health Conditions

Energy

INCENTIVIZE PARTICIPATION IN WELLNESS ACTIVITIES



Source: Zero Trends, Health as a Serious Economic Strategy" by Dee Edington.

COMMUNICATE WITH CUSTOMIZABLE MATERIALS

- Welcome Kit
- Enrollment Management
- Wellness Promo Kit
- Comprehensive Wellness Report
- Screenings Promo Kit
- Health Coaching Promo Kit
- Education Press Kit

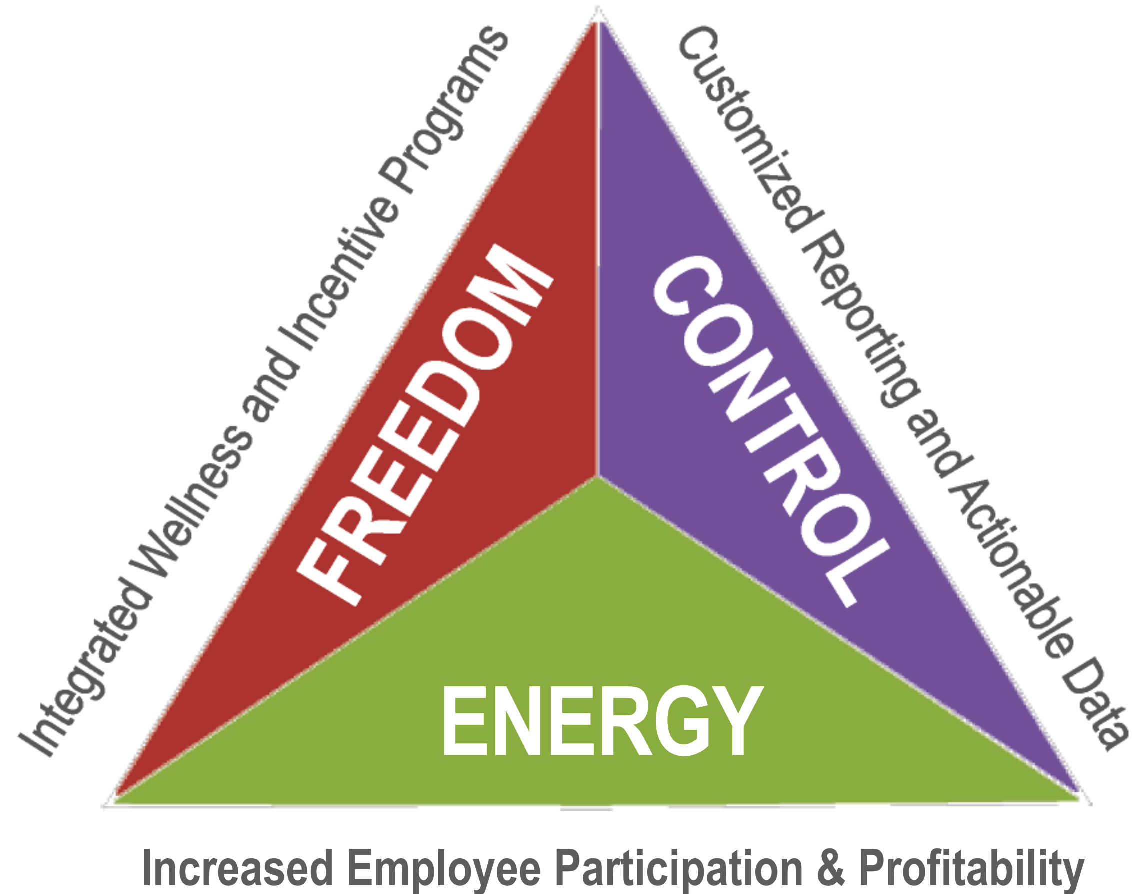
REINFORCE MEMBER ENGAGEMENT WITH:

- Top-down leadership support
- Cash, debit cards ($25 to $200)
- Premium discounts
- Deductible credits (better coverage)
- Population programs
- Surprise events
- Organizational rewards (departments)
- Team rewards

"The good thing about health promotion is that people generally see the benefits right away. They feel better, so that eventually becomes the intrinsic incentive."

Michael O'Donnel, PhD, MBA, MPH, President American Journal of Health Promotion

HARNESS THE BENEFITS OF AN ENERGIZED PHM SOLUTION



The Member Experience

PARTICIPATE IN LIFESTYLE CHANGES

Fruits and Veggies

- Focuses on eating 5 fruits and veggies daily
- Activities involve learning about, trying, tracking, and increasing the number of fruits and vegetables you eat

Biggest Loser

- Members compete against their peers to lose the most weight
- Member has the ability to record weight each week online

Walking Challenge

- Perfect for members who are new to recreational walking
- Activities are fun and engaging
- Members complete activities and track program online

10K-A-Day

- Similar to the Walking Challenge, for a more advanced walker
- Goal is to reach 10,000 steps per day
- Counting is done by pedometer or fitness band

COMPLETE INFORMATIVE DIGITAL COACHING MODULES

Food Log & Review

Guides member to log food, health coach (via phone) reviews the data, and provides a summary report

Managing Blood Pressure

Coaches on effective behaviors for managing blood pressure

Healthy Pregnancy

Helps expectant mothers (and fathers!) introduce healthy behaviors for this special time in life.

Managing Diabetes

Learning practical ways to incorporate healthy habits when living with diabetes

Managing Your Weight

Positively impact your weight through a healthy diet, physical activity, and managing your emotions.

Smoking Cessation

Incorporates both digital coaching modules and RN health coach outreach

Managing Stress

Learn why it is important to manage stress, and how to positively impact your stress level

Lowering Cholesterol

Managing cholesterol through a diet, exercise, and medication.

RECEIVE HOLISTIC 1ON 1 HEALTH COACHING

- Rx and Gaps in Care Intervention
- Rx non-compliance flags
  - On-line and mobile claims access
  - Gaps in care flags
  - One-stop benefit portal
  - Health and wellness tools

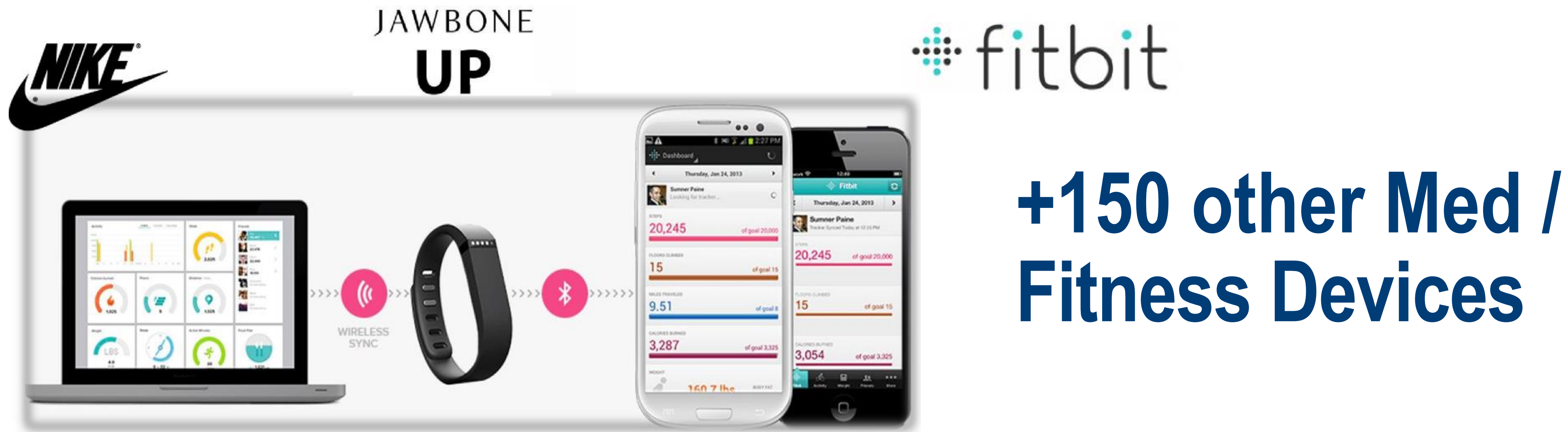
Journals indicate "Readiness to Change" based strategies are

20-50% More Effective

than motivational coaching or other interviewing techniques

- Referral Protocol
  - Risk-focused
  - Disease-focused (e.g., diabetes / metabolic syndrome)
  - Lifestyle-focused (e.g., smoking)
- "Readiness to Change" Health Coaching
  - Behavior change through methods scientifically proven
  - RN Health Coaches following protocol
  - Digital Coaching modules

GET MOTIVATED WITH MOBILE HEALTH DEVICES



- Member stats sync to most desktops, tablets and smart phones
- Data tracked includes: food intake, calories burned and daily activity
- Great as an optional tool or an incentive reward

POSSIBLE CHALLENGES

"I missed the onsite screening."

I can help you **RESOLVE** this.
Did you know there is an offsite option?

I can **HELP** you register. Let's start with your name on your insurance card...

Let me **EXPLAIN** how the challenge works.
This is how you **EARN** points for completing it

Here are some **ALTERNATE ACTIVITIES**...
I can also submit an **APPEAL** for you.

Wellness Navigators

8:30 a.m.– 10:00 p.m. ET

Toll Free 800 Number

ROI

STEP 2A: MODEL COSTS IMPACTED BY HIGH/MED RISK COACHING

190 High Risk Members
1,560 Medium Risk Members

Summary		High Risk	Medium Risk	Low Risk
Total Employee Lives	4,486			
Total Members in Employer Group	8,657			
Total Members in Risk Groups	8,657	190	1,560	6,907
Average # of Conditions per Member	1.6	7.6	4.2	0.8
Percentage of Members In Specific Risk Groups		2.20%	18.00%	79.80%
Percentage of Members at High & Medium Risk	20.20%			
Average Age	32.2	49.5	47.6	28.2
Male	0	0	0	0
Female	8,657	190	[illegible]	[illegible]
Employee	4,486	108	[illegible]	[illegible]
Spouse	1,534	67	[illegible]	[illegible]
Child	2,637	15	102	2,520
[illegible]				
otential Costs of High + Medium Groups	$105,879,378			
Potential Costs By Specific Risk Group		$19,301,181	$86,578,197	$76,706,792
redicted Probability of High Cost Claims		53.80%	10.90%	2.40%
redicted Costs Due to High Cost Claims	$21,613,132	$10,387,083	$9,408,164	$1,817,885
Average Predicted Costs Per Member		$54,669	$6,031	$263
Total PBM Costs				
Total PBM Costs Reported	$2,807,685	$1,178,545	$1,293,443	$335,698
Average PBM Costs Per Member	$324			
Average PBM Costs Per Member per Risk Group		[illegible]	[illegible]	$49
Predicted Probability of High Cost PBM Claims		74.10%	15.90%	0.40%

2% High Risk Members
18% Medium Risk Members

8 Unique Conditions per High Risk Members
4 Unique Conditions per Medium Risk Members

54% Probability of a high cost claim

$19m in future potential medical costs

STEP 2B-MODEL ROI FROM HIGH/MED RISK COACHING

Predictive Model KPIs	
Employees	4,486
Members	8,657
Total High Risk Members - 2.2%	190
*Projected PMPY High Risk	$54,669
Projected Medical Expense for High Risk Members	**$10,387,083.00**
Total Medium Risk Members - 18%	1,560
*Projected PMPY Medium Risk	$6,031
Projected Medical Expense for Medium Risk Members	**$9,408,164.00**

31% savings on high risk claims

7 % savings medium risk

Engage Investment	
PEPM Investment for Total Population Health Management	$7.45
Annual Investment/ Monthly Investment ($33,421)	$401,048
Screenings - 80% Lab Screening ($70 per person x 3589)	$251,230
Annual Investment	**$652,278**

Engage Return on Investment (ROI) Model			
	Referral Rate	Total Referrals	
High Risk Members Referred (@97.4% for 2012)	97.4%	185	
Medium Risk Members Referred (@55.4% for 2012)	55.4%	864	
Member Participation Rate	**41.6%**	**63.3%**	**80.0%**
# High Risk Members	77	117	148
*Projected Medical Expense High Risk Participating Members	$4,209,513	$6,396,273	$8,091,012
*Net Projected Medical Savings High Risk (@31.1% for 2012)	$1,309,159	$1,989,241	$2,516,305
# Medium Risk Members	360	547	691
*Projected Medical Expense Medium Risk Participating Members	$2,171,160	$3,298,957	$4,167,421
*Net Projected Medical Savings Medium Risk (@7.3% for 2012)	$158,495	$240,824	$304,222
Total Projected Medical Savings High Risk and Medium Risk	$1,467,653	$2,230,065	$2,820,526
Net Return on Investment (ROI)	**2.8 to 1**	**3.7 to 1**	**4.3 to 1**

Health Coaching ROI Based on the 3 Wellness Scenarios

STEP 3-INTEGRATE ALL COSTS AND SAVINGS

Est. Screening Costs from Participants

Recouped $ from Non-Participants

Incentive $ from Participants

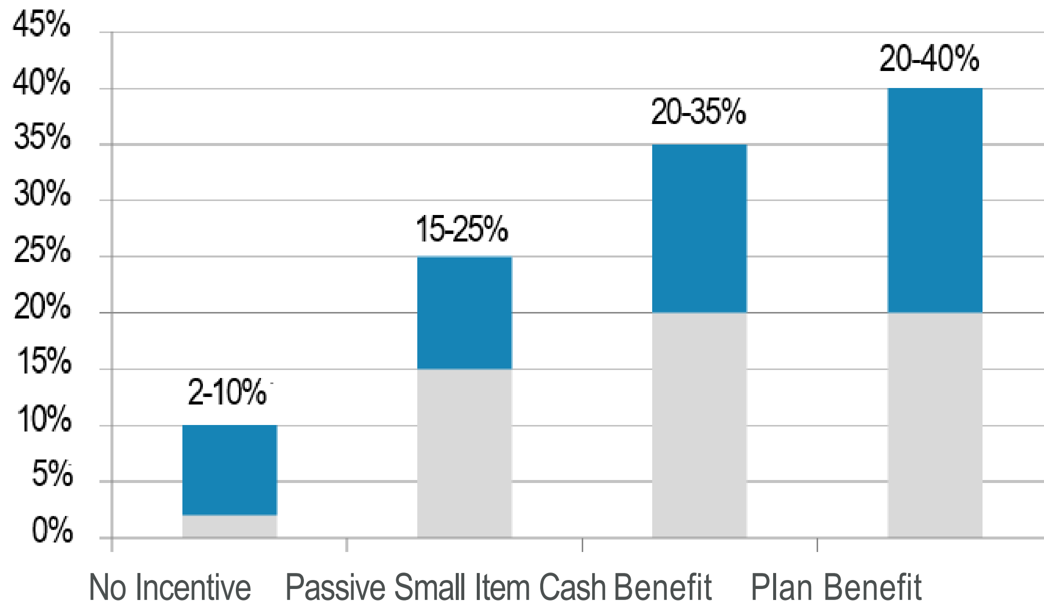
Fixed Program Costs

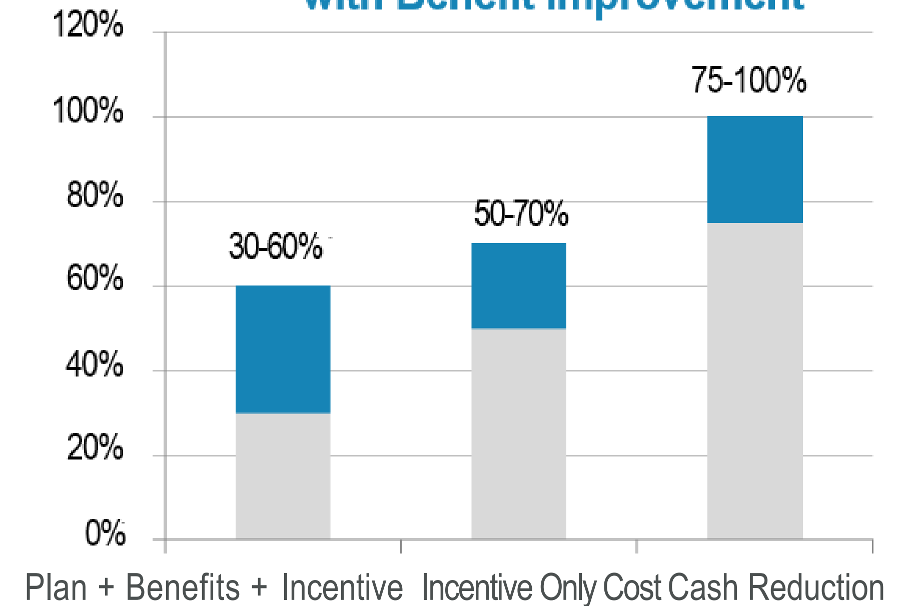
Cost of Plan Design

Savings from Health Coaching

Program Details: 4486 Employees and 8657 Members	PENALTY: $0 bi-weekly payroll reduction REWARD: $ 750 Avg PEPY	PENALTY: $20 bi-weekly payroll reduction REWARD: $ 250 Avg PEPY	PENALTY: $45 bi-weekly payroll reduction REWARD: $ 0 Avg PEPY
% Screening Participation	41.6%	63.3%	80.0%
Employee Count	4486	4486	4486
Screening Cost	$70	$70	$70
Est. Employees	1868	2841	3589
Total Screening Costs	$ 130,760	$ 198,870	$ 251,230
Bi Weekly Penalty	$0	$20	$45
% Participating	0%	63%	80%
% Not Participating	0%	37%	20%
No of Employees w/ Penalties	0	1645	897
Penalty PEPY	$0	$520	$1,170
Total Penalty	$0	-$855,400	-$1,049,490
Average Reward PEPY	$750	$250	$0
% Reward Participating	41.6%	25.0%	0.0%
No of Employees w/ Rewards	1,868	1,121	0
Total Reward Costs	$1,401,011	$280,274	$0
Total Program PEPM Costs	$401,048	$401,048	$401,048
Total Program Costs (Screening+Penalty+Reward+PEPM)	$1,932,820	$24,792	-$397,212
Health Coaching ROI Savings	-$1,467,653	-$2,230,065	-$2,820,526
Total Program Performance (Total Costs + Health Coaching)	$465,167	-$2,205,272	-$3,217,738

KEYS TO SUCCESS





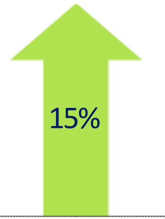
Incentives

Participation/Health Outcomes

Results

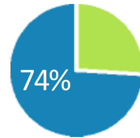
35 *Source: Zero Trends, Health as a Serious Economic Strategy" by Dee Edington.*

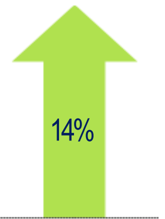
IN THE MARKETPLACE…



Employer spend on wellness-related rewards **increased 15% over 2013** to an average of **$594/employee**

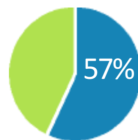
74% of employers polled said they will use **financial incentives to drive engagement** in wellness programs in 2014



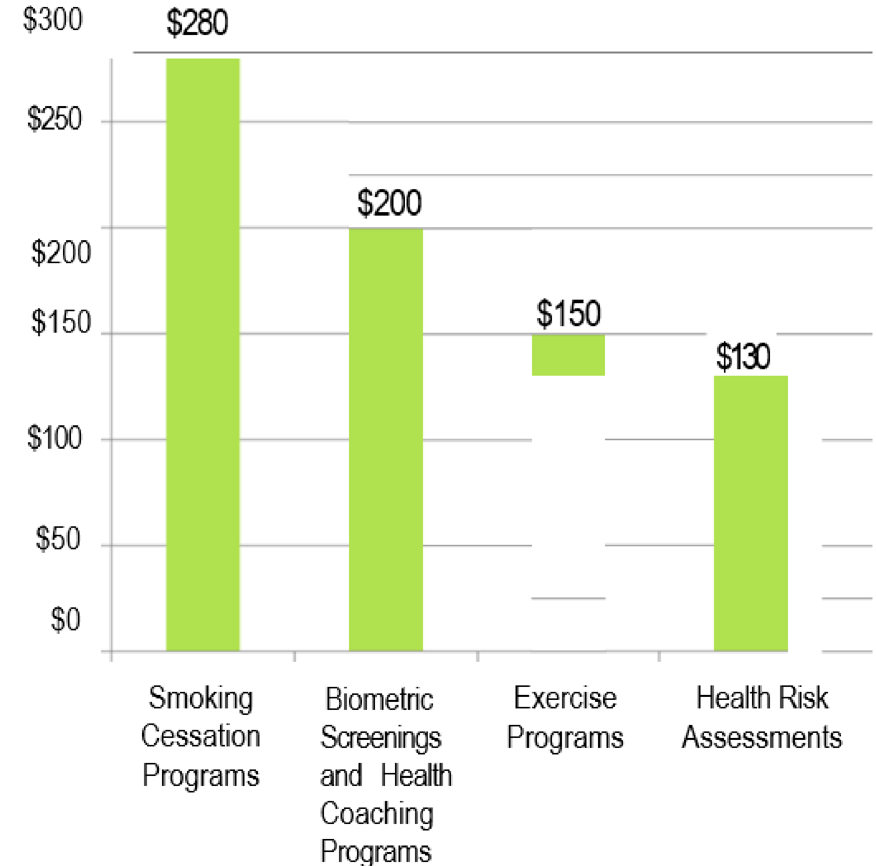


In 2014, **employer spending on wellness incentives *with spouses*** is expected to rise 14% to an average of **$530/Member**

57% of employers plan to **expand their wellness incentives** strategies over the next 3-5 years



On average, employers paid employees for participation in…



AREAS OF VALUE FROM AN INTEGRATED PRODUCT

- Health Plan Risk Management: Improve Plan Performance
  - Predictive Modeling/Analytics = Actionable Insight
  - Condition-Specific Population Health Management (Target)
  - Targeted Individual Health Improvement and Cost Mitigation
- One Vendor: Fully Integrated Wellness/Pop Health
  - Data Integration (Eligibility, Claims, HRA, Lab)
  - Holistic Health Coaching + Disease Management
  - Incentive Management and Member Engagement
  - Member and Employer Portals
  - Comprehensive Reporting for Member and Group

THANKS FOR COMING!

Start building your foundation to a

HEALTHIER workplace!

Healthy Living

MEET THE NEW RALPH!

GBS GroupBenefitServices

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February 2020

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Sun	Mon	Tue	Wed	Thu	Fri	Sat
26	27	28	29	30	31	1
2	3	4	5 DentaQuest New Business (3/1) 02/05/2020 - 5:00pm	6 New CareFirst BOR Renewals to GBS (3/1) 02/06/2020 - 5:00pm Aetna & All Dental Carriers Renewals (3/1) 02/06/2020 - 5:00pm	7 CareFirst New/Renewals Business (3/1) 02/07/2020 - 5:00pm HealthyAdvantage New Business (3/1) 02/07/2020 - 5:00pm	8
9	10	11	12 UHC New Business (2/1) 02/12/2020 - 5:00pm	13 UCCI New Business (3/1) 02/13/2020 - 5:00pm Aetna Underwritten New Business (3/1) 02/13/2020 - 5:00pm	14 Early Office Closing (3PM) 02/14/2020 - 8:00am to 3:00pm Dominion Dental Services New Business (3/1) 02/14/2020 - 5:00pm Avesis New Business (3/1) 02/14/2020 - 5:00pm	15
16	17 Presidents' Day (CLOSED) 02/17/2020 - 8:00am to 5:00pm	18	19	20 New Business: All Other Dental/Life Carriers (3/1) 02/20/2020 - 5:00pm	21 Kaiser New Business (3/1) 02/21/2020 - 5:00pm	22
23	24	25	Kaiser BC 02/26/2020 - 5:	27 GBS CE Class: Cost Containment 02/27/2020 - 8:00am to 11:30am	28 Aetna AFA, IHFA & AFA New Business (3/1) 02/28/2020 - 5:00pm	29

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THANKS!

GBS
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ON YOUR TEAM

ADDRESS

6 North Park Drive, Suite 310
Hunt Valley, MD 21030

EMAIL & WEB

sales@gbsio.net
www.gbsio.net

TELEPHONE

800.638.6085
410.832.1300

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