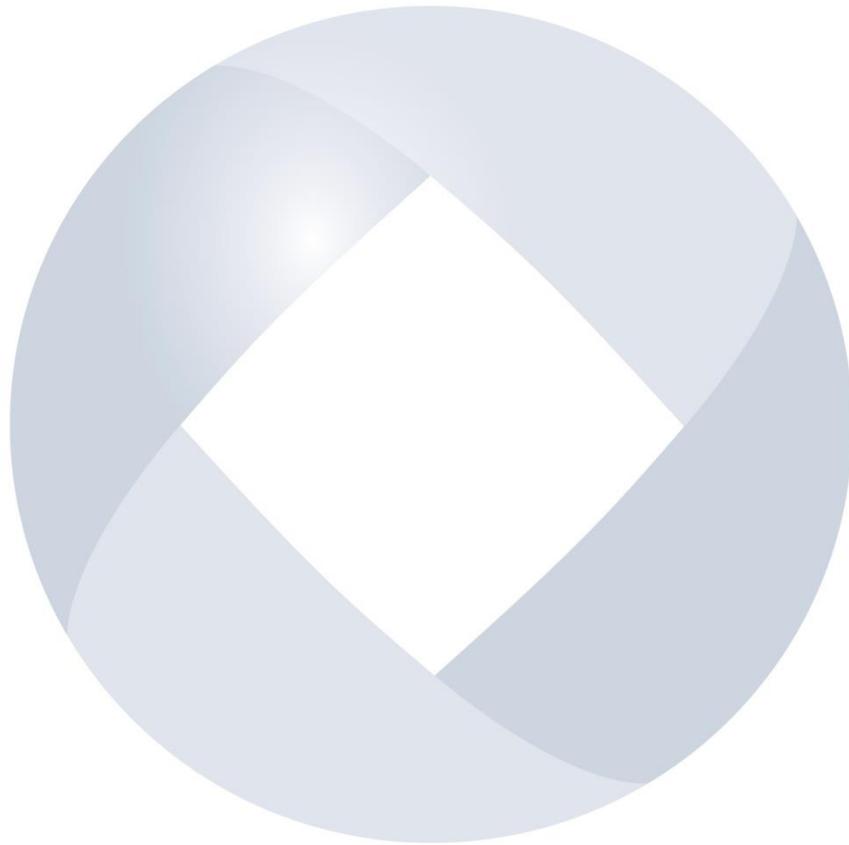


**BCC INFORMAL REGULAR SESSION**

DATE: Wednesday, September 3, 2014

<u>NAME</u>	<u>TITLE</u>	<u>AFFILIATION</u>	<u>PHONE/EMAIL ADDRESS</u>
1. <u>Bob Sande</u>	<u>HR</u>	<u>BCC</u>	<u>—</u>
2. <u>Jim Malloni</u>	<u>CAO</u>	<u>S.O</u>	<u>—</u>
3. <u>Gloria Smith</u>	<u>HR</u>	<u>HR</u>	<u>—</u>
4. <u>Connie Bore</u>	<u><del>Treasurer</del> <sup>Chief Rep.</sup></u>	<u>Treasurer's</u>	<u>—</u>
5. <u>Kathleen Williams</u>	<u>AP Communication</u>	<u>OPI</u>	<u>—</u>
6. <u>Steve Schetz</u>	<u>Director</u>	<u>OMB</u>	<u>—</u>
7. _____	_____	_____	_____
8. _____	_____	_____	_____
9. _____	_____	_____	_____
10. _____	_____	_____	_____
11. _____	_____	_____	_____
12. _____	_____	_____	_____



Clermont County  
2015 Renewal Informal Session  
September 3, 2014  
Steve Ashe, CEBS, Account Manager



- 1. Strategic Initiatives Update**
  - Near Site Clinic
  - Mercy Partnership
- 2. Primary Care Physician Program (Wellness)**
  - Response to Near Site Clinic and Mercy
- 3. Claims Update**
- 4. Humana**
  - Administration and Stop Loss Renewals
  - Specific Deductible Options
  - 2015 Total Projected Medical Costs
- **Dental Care Plus**
  - Renewal and 2015 Total Projected Dental Costs
  - 4 Tier Rates
- 1. EyeMed Vision**
  - Renewal
  - 4 Tier Rates
- 2. ING, Park National, Chard Snyder and EAP Renewals**
- 3. Spousal Surcharge Update**
- 4. COBRA Administration Market Results**

## RFP Process: Accomplished from June 2013 thru December 2013

- June – Released Request for Proposal
  - Activate Health
  - CareHere
  - Concentra
  - Mercy
  - Quad Medical (formerly Novia Care)
- July – Received proposals from vendors
- July – Educated and provided an overview of the clinic model during Commissioner session
- August – Presented initial financials and responses from vendors
- September – Sent out specific criteria in order to better compare financials
- December – Presented final information to Commissioners

## **Due Diligence: Accomplished from January 2014 thru August 2014**

- January – Selected two finalists to present to Clermont County / HORAN
- February – Activate and Quad Medical presented in finalist meetings
- March – Decision was made to continue the RFP process with Activate
- April – Onsite visit to an Activate Clinic in Indiana
  - HORAN presented final clinic assumptions and costs
- May – Activate provided sample contract

## Recommended Clinic Details and Assumptions (provided by Activate)

- Assumes the clinic will be open to all enrolled members (~2,542)
  - Activate does not cover children under 3 years of age
- Full time MD, full time NP/PA and 1.5 Medical Assistants
- ½ time Nutritionist to help with education for members related to eating/overweight, diet, etc.
- Staffing outlined allows for the clinic to be open 46-48 hours per week
  - NP/PA and MD do not need to be there all the time or at the same time so will allow for additional hours
- Cost estimates assume 75% unique adult participation in the clinic the first year and of those, 75% will receive an annual physical

## Expected Cost Breakout and Recommendation

Below are the estimated costs based on the recommendation and assumptions. Costs can vary based on final decisions and utilization.

Category/Cost	Annual Cost
Start-up Expenses	\$60,110
Assets	\$147,629
<b>Total Start Up Costs</b>	<b>\$207,739</b>
<b>Total Operations + Management Fee</b>	<b>\$1,027,656</b>
<b>Total Clinic Costs 1st Year</b>	<b>\$1,235,395</b>

\*Pricing based on \$8.00 pmpm management fee. Clermont can choose to participate in the risk arrangement and be billed \$4.00 pmpm and share savings with Activate. This is a \$124,800 reduction in management fee.

Activate expects Clermont County to save 50%-112% of the annual cost below. ROI = \$615,000 – \$1,373,000

HORAN recommends not implementing at this time due to up front costs associated with the Clinic and expected medical increase for 2015.

- Members also currently have strong access to care in Clermont County.

In 2013 HORAN, Clermont County and Mercy began discussions around a unique partnership opportunity to help drive down costs for Clermont County

- Additional discounts to claims above what Humana has negotiated
- Reduced copays or charges to members for utilizing Mercy facilities and providers
- Biometric screenings at Mercy facilities at no cost to the members or Clermont County

HORAN met with Mercy a total of five times to discuss a partnership with Clermont County. Mercy offered:

- Preferred scheduling for Clermont County members at any Mercy Primary Care facility
  - Same day access to care a Primary Care Physician when available
- Discounted Wellness Pricing
  - Wellness Discovery Program (WDP): \$175 per participant per 5 week session
  - Small Group Training: \$175 per participant per 5 week session
  - WDP and Small Group Training: \$350 per participant per 10 week session

Near site clinics and a unique Mercy partnership were vetted ultimately as ways to reduce health care costs. In addition, each could hopefully provide other advantages:

- Provide a level of convenience to members and a benefit that compares favorably to other employers
- Offer accessible care to members
- Reduce absenteeism
- Increase productivity
- Build strong relationships between Clermont County members and their Primary Care Physicians
- Improve the health of Clermont County members

The above goals can be accomplished executing an alternate strategy - **Primary Care Physician program**

Encourage employees and spouses to receive a wellness exam/physical with their PCP. The PCP will sign off on a form indicating the member had his/her wellness exam/physical. Participation qualifies them for a percent or dollar reduction to premiums.

HORAN recommends making the reduction effective the first pay period after January 1, 2016.

This strategy accomplishes many of the goals a near site clinic or Mercy partnership would target and will provide several additional benefits for Clermont County and your members:

- Promote a relationship between participants and their PCP, which will help steer care to the PCP rather than higher cost sources such as the ER.
- Incent employees to develop a relationship with a PCP, which will promote better coordination of care.
- Potential large claimants will be identified sooner when the cost of care / outcomes is more positive.
- Preventive services are at no cost to employees. Clermont would pay the cost as a claim, but this is a positive place to spend money.

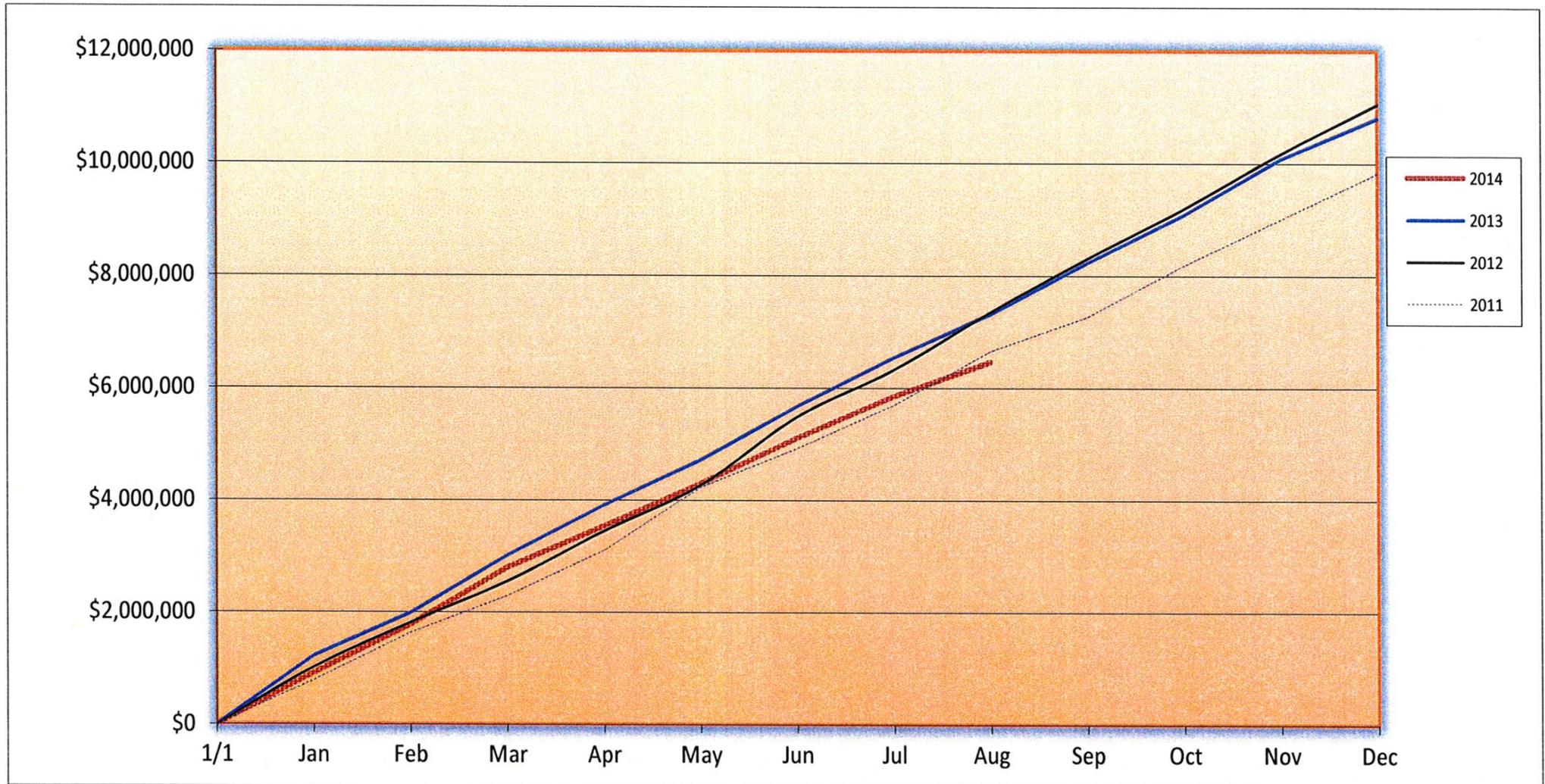
Administratively the PCP program is easy to track compared to many other programs as it only requires HR to collect a signed form. Both the employee and spouse need to turn in signed vouchers or they are not classified as participating.

Below is a timeline to execute the program:

- **October 2014:** Communicate the program requirements during Open Enrollment
- **November 2014 through October 2015:** Employees receive their annual physical and turn in the signed PCP voucher form to qualify for discounted contributions
- **January 2016:** Employees receive discounted contributions for participation

# Claims Update – 2014 vs Prior Year Claims

The below chart compares the 2014 claims to 2013, 2012 and 2011. It further shows the positive claims trend in 2014:



Humana delivered their administration and stop loss renewals for 2015:

- **Administration:** Humana originally delivered a 4% increase to administration with a 4% cap in 2016 and 4% cap in 2017. After negotiations with Humana, they lowered their renewal to a 2.3% increase for administration with a 2.5% cap for 2016 and 2.5% cap in 2017.
- **Specific Deductible Stop Loss:** Humana originally delivered a 19.97% increase in specific stop loss and a 4.9% increase to aggregate stop loss. After initial discussions with Humana, they lowered their renewal to an 18.3% increase to the specific deductible. Humana agreed to further reduce the stop loss renewal due to Clermont County not marketing the plan for a final increase of 17.4%.
  - Increase is due to Humana paying out \$1,900,000 in stop loss reimbursement for 2013.
- **Aggregate Stop Loss:** The aggregate deductible increase already called for a 20% so the business decision was made to offer the original 4.9%. They are unable to reduce the aggregate renewal any further.

Clermont County will continue to pay Health Care Reform taxes and fees:, but they have decreased:

- Transitional Reinsurance Plan (TRP) fee which has decreased in 2015 from 2014 (\$63 to \$44 per member per year)
- Patient Centered Outcome Research Institute (PCORI) fee which has increased (\$2.00 to \$2.13 pmpy).
- Based on an average membership count of 2,468 this equates to \$113,928 in taxes and fees
  - PCORI fee is estimated based on inflation/trend as a final number is yet to be released

## 2015 Total Expected Costs

HORAN updated the projection with claims data through July and the total medical costs are expected to increase 7.9%, \$885,923 (claims projection will be updated one more time with claims through August). The increase includes claims, Humana's administration and stop loss (specific and aggregate) renewals and health care reform taxes/fees.

	2014 Annual	2015 Annual	% Change	\$ Change
Administration	\$570,367	\$583,419	2.3%	\$13,052
Specific Stop Loss	\$818,738	\$961,171	17.4%	\$142,433
Aggregate Stop Loss	\$31,933	\$33,454	4.8%	\$1,521
Expected Claims	\$9,677,767	\$10,453,176	8.0%	\$775,409
HCR Taxes/Fees	\$160,420	\$113,928	-30.2%	-\$46,892
<b>TOTAL</b>	<b>\$11,259,225</b>	<b>\$12,145,148</b>	<b>7.9%</b>	<b>\$885,923</b>

Clermont County's total cost increase is below carrier trends which range from 10-15%

- Humana trend is 11-13%

HORAN negotiated a rate hold guaranteed for two years for the administration costs.

HORAN updated the dental projection with data through July and total dental costs are expected to increase 5.0%, \$25,122.

- Exploring changing from a 2 tier to 4 tier rate structure to mirror the medical



EyeMed initially delivered a 3% increase to current rates. After negotiations, EyeMed has offered a four year rate hold on current rates.

- Exploring changing from a 2 tier to 4 tier rate structure to mirror the medical (and dental)

- **ING/Voya:** Basic Life and AD&D, Voluntary Life and AD&D and LTD are under rate guarantees until 1/1/16.
- **Park National:** Park National Bank will continue offering a no cost HSA.
- **Chard Snyder:** Chard Snyder is under rate guarantee until 1/1/16.
- **TriHealth:** EAP renews January 1, 2015 and the renewal is expected October 1, 2014.

- Effective 2014 Clermont County implemented a \$50 per month spousal surcharge
  - \$50 per month if the spouse chooses to be covered under Clermont County's medical plan and has coverage offered to them elsewhere
- Through August of 2014, Clermont County has collected \$76,625 in spousal surcharge payments
- Spousal Surcharge benchmark is \$100 per month
  - Evaluating increasing the spousal surcharge amount in 2015

Currently COBRA is administered internally through HR

- HORAN recommends utilizing a COBRA administrator to reduce administrative burden and limit any liability
- HORAN performed a request for proposal and after negotiations the final annual costs are listed below:

	P&A Group	Ceridian	Chard Snyder
Annual Cost	\$4,630	\$5,436	\$5,925
Rate Guarantee	3 years	1 year	3 years

Selecting P&A Group, implementing effective January 1, 2015.

# Questions