



Managed Care Trends in the Southeastern Wisconsin Marketplace

October 9, 2008
Wauwatosa, WI

- **Bill Felsing**, President & CEO of Trilogy Health Insurance, Inc.
- **Steve Martenet**, President and General Manager, Anthem Blue Cross and Blue Shield
- **Kristine Seymour**, President, Wisconsin Market Humana

Moderated by

Andy Serio – Division President, The Horton Group

Managed Care Trends

Andy Serio
Division President
The Horton Group

RACINE COUNTY EXECUTIVE ANNOUNCES DECREASE IN COUNTY'S EMPLOYEE HEALTH CARE COSTS FOR 2009 September 22, 2008

Racine - Racine County Executive Bill McReynolds today announced that the county's 2009 budget would include a reduction in health care premium costs for county employees and most retirees. For most county employees, there will be an 8.7% reduction in the so-called melded rate; for one group of employees, the melded rate will decrease by 19.8%. (The melded rate is attributed to every employee for budgeting purposes; individual employees' actual premiums vary, depending on the particular health care plan and on whether they take single or family coverage.)

Crediting a combination of county initiatives and their enthusiastic acceptance by active employees and retirees alike, McReynolds said: "We're now seeing savings that permit us to set premium rates for the county's share and for the shares of the employees and retirees that are actually lower than this year. This is a win-win for taxpayers and for employees and retirees."

McReynolds thanked Racine County employees and retirees for teaming with the County to control the ever-rising costs of health care, by taking positive steps such as using generic rather than brand name drugs, engaging in regular exercise and other wellness activities, and visiting the Racine County/City Health Center for preventive and routine care.

He said: "I promised the employees and retirees that when we fixed the problem and reduced the costs, some of the savings would come back to benefit them, and I'm making good on that promise. But most of the savings will benefit the taxpayers, because they pay most of the premium costs."

McReynolds also attributed some of the savings to changes in the administrators of the county's self-funded health plans. United Health Care now administers the health care portion of the plans, and Medco administers the pharmaceutical portion.

McReynolds noted that, when he took office in 2003, the health insurance pool was more than \$6 million in the red, but that, at the end of 2007, the pool had a positive balance of more than \$4 million. "You don't fix a six million dollar problem without a lot of care and attention to a good game plan," he said, adding, "it's pretty clear that the game plan is a good one and that our employees and retirees agree."

*Medicine's role is to entertain
us while Nature takes its
course.*

Voltaire

Bucyrus International expands workplace health clinic

By RICK BARRETT Journal Sentinel October 2, 2008

Bucyrus International, the South Milwaukee manufacturer of mining equipment, has expanded its employee health care center to address more than emergency medical needs.

The center now offers physical exams, influenza shots and help with wellness issues such as quitting smoking.

It's more than an emergency medical clinic but is not supposed to replace an employee's primary physician, said Kent Henschen, director of corporate communications.

Take Care Health Employer Solutions, which is owned by Walgreens Co., has been contracted by Bucyrus to run the clinic. Take Care operates 370 workplace health centers and pharmacies for 183 clients in 44 states, Washington, D.C., and Guam, according to its Web site.

Medical services at the Bucyrus clinic are for current employees, not retirees. The services are offered for free or low cost, but the number of visits to the clinic is limited before an employee has to return to their regular physician.

Much of the emphasis is on wellness and preventive medicine to lower long-term health care costs for employees and the company.

"It's as much about taking care of yourself as anything. The idea is to make it convenient for people so they're more willing to do regular health maintenance," Henschen said.



Managed Care Trends

October 9, 2008

Presented by: Bill Felsing

- New Developments and Trends
 - Products
 - Services
 - Relationships
- Future Managed Care Trends
 - Personal observations
- The High Cost of Health Care



- Who and What is Trilogy?

- A Regional Health Plan
 - 25 counties in eastern Wisconsin
- Began Operations April, 2007
- Locally Owned and Managed
- Focus on Small Group Business
 - 2-50 employees fully insured
- Focus on Relationships and Exceptional Customer Service
- Defined provider panel

- **Trilogy is a Real Example of a Future Trend**
 - One of multiple plans recently developed throughout the U.S.
 - The common denominators are
 - “Regional”
 - Aligned incentives with providers
 - Personal relationships with all customers
- **Other Milwaukee Examples**
 - Abri Health Plan
 - Children’s Community Health Plan

- Reasons Regional Carriers are Developing
 - Relationships between carriers/hospital systems have deteriorated
 - Contract negotiations have been made public
 - Public negotiations precipitated by intense cost pressures
 - General mistrust between parties
 - No one can ensure that the community benefits when better contracts are obtained

- Relationships and Aligned Incentives Allow for New Product Opportunities

- Trilogy Developed the Tri-Healthy Wellness Program
 - Biometrics
 - Health Risk Assessment
 - Employee consultation
 - Employee/Employer Report
- No Additional Cost to the Employer

- Tri Healthy Program Advantages
 - Employer starts to think strategically
 - Relationship advanced between employer and hospital system
 - Ground level resources that know health care
 - Voluntary to employer
 - A good “kick start” to wellness
 - Cost “excuse” partially eliminated

- Services – Back to the Future

- Exceptional Local Customer Service
 - Seasoned veterans which are willing and able to help
 - No voice prompts!!!!
 - Caller will talk directly with our staff
 - Member/provider can call back and talk with the same person
 - Claim adjustments done by customer service representative
 - Don't have to throw claims issues over the wall for someone else to finish

- Future Trends in Health Care
 - Resurgence of smaller more personal health plans
 - Return to high touch customer service
 - Return from foreign to U.S. based customer service
 - Relationship/partnerships that go deeper than just a “contract”
 - Resurgence of mutual trust
 - Relationships to allow faster adoption of quality improvement and cost transparency
 - Health plans with more limited networks

- Southeast Wisconsin's High Health Care Costs
 - Indisputable
 - Several years ago health care costs in NE Wisconsin were on par with other mid-western cities
 - Costs are regional

- High Health Care Costs in SE Wisconsin
 - My personal observations:
 - Benefit design
 - Strategic provider locations
 - Consumers tied to their providers
 - Consolidation of providers
 - Loss of physician independence
 - Market perspective:
 - No hospital system or major clinic can be eliminated.
 - Provider has leverage in negotiations.

- What's Necessary to Correct Higher Health Care Costs
 - Short term unlikely – health care trend approx. 12%
 - ↓ Insufficient consumer pain
 - ↓ Provider consolidation
 - ↓ Physician independence
 - ↓ Member/employer unwilling to be subject to provider disruption
 - ↓ New government programs not sufficiently funded

- What's Necessary to Correct Higher Health Care Costs
 - Long term
 - ↑ Identify low cost/quality providers
 - ↑ Improve payer/provider relations
 - ↑ Member responsibility through plan design coupled with transparency
 - ↑ Additional competition at the payer level
 - ↑ Better government reimbursement

We're All In This Together: **The Health Care Cost Challenge**

Steve Martenet
President & GM
Anthem Blue Cross and Blue Shield

Cost Drivers

Source: Thorpe, et al, Health Affairs, June 2005



**Obesity &
Nutrition**

- **60% of Americans exceed ideal Body Mass Index**



Tobacco

- **25% of Americans smoke**



**Sedentary
Lifestyle**

- **60% perform no substantial activity or exercise**

***Personal behaviors account for
50% of all health care costs***

Source: U.S. Bureau of Labor Statistics, *Employer Costs for Employee Compensation Summary*, Dec. 9, 2005.//

Behavior Costs and the Health Care Dollar

**Annual Total
Medical Spending**
(For a Family of 4)
\$14,500

\$2,420
Employee Costs

\$12,080
Employer Costs

Health Behavior Costs = \$7,250
50% of total medical spending



\$1,210 of employee costs
attributed to Health Behavior
(smoking, weight, inactivity)



\$6,040 of employer costs
attributed to Health Behavior

Greater Engagement from All Involved

■ Consumers

- Better understand link between behavior and costs

■ Employers

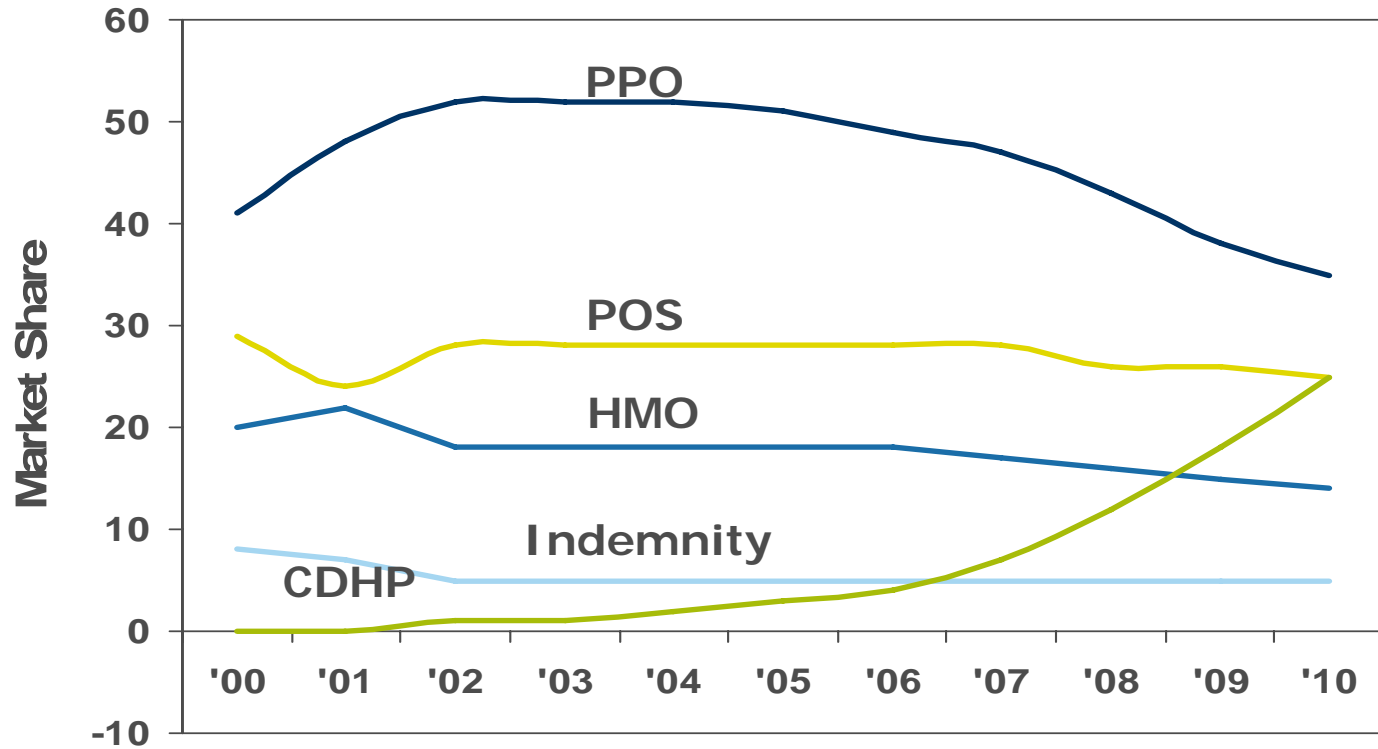
- Have a health benefits strategy
- Be attuned to health care costs as they affect running their business

■ Providers

- AHA reform components
- Highest quality = less expensive



The Changing Environment



Role of Private Insurance



Deliver care

Tell people what they want

Tell people what they do and do not need



- Create a competitive market for services
- Provide consumers the tools they need to make informed health care decisions
- Offer products and services that reward good consumer decision making

Building Blocks



Wellness

Promote healthy lifestyles and preventative care



Full Disclosure

Help create a health care marketplace by advancing cost disclosure initiatives



Accessibility

Simplify products and offer easy-to-use tools consumers can leverage to make informed decisions

Anthem Care Comparison

**Back Surgery:
Spinal Fusion (Lower Back)
Milwaukee, WI – within 50 miles**

<i>Name</i>	<i>Min</i>	<i>Max</i>
Hospital A	\$36,163	\$46,496
Hospital B	\$36,163	\$46,496
Hospital E	\$46,496	\$56,828
Hospital F	\$56,828	\$67,161

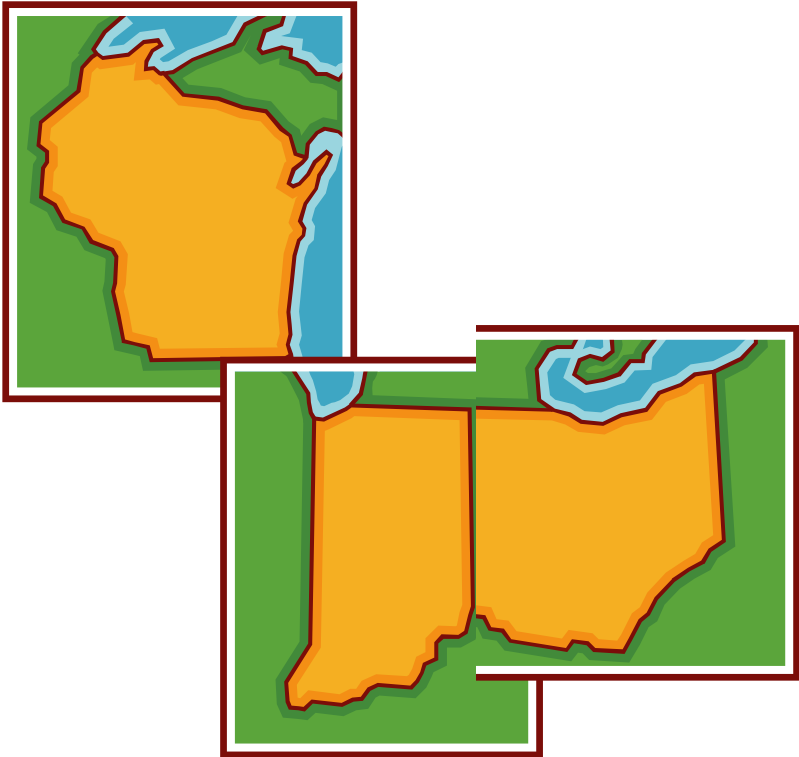
**Back Surgery:
Spinal Fusion (Lower Back)
Dayton, OH – within 50 miles**

<i>Name</i>	<i>Min</i>	<i>Max</i>
Deaconess Hospital	\$13,766	\$22,939
Bethesda Hospital, Inc.	\$22,944	\$32,117
Reid Hospital & Health Care Serv.	\$50,477	\$59,650
The Christ Hospital	\$59,654	\$68,827

Create Competition by Expanding the Marketplace



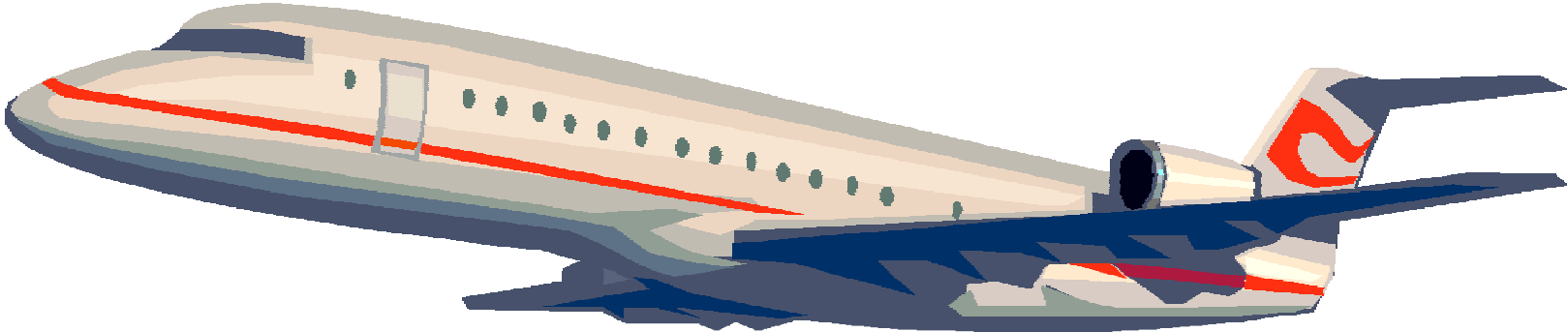
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Create Competition by Expanding the Marketplace



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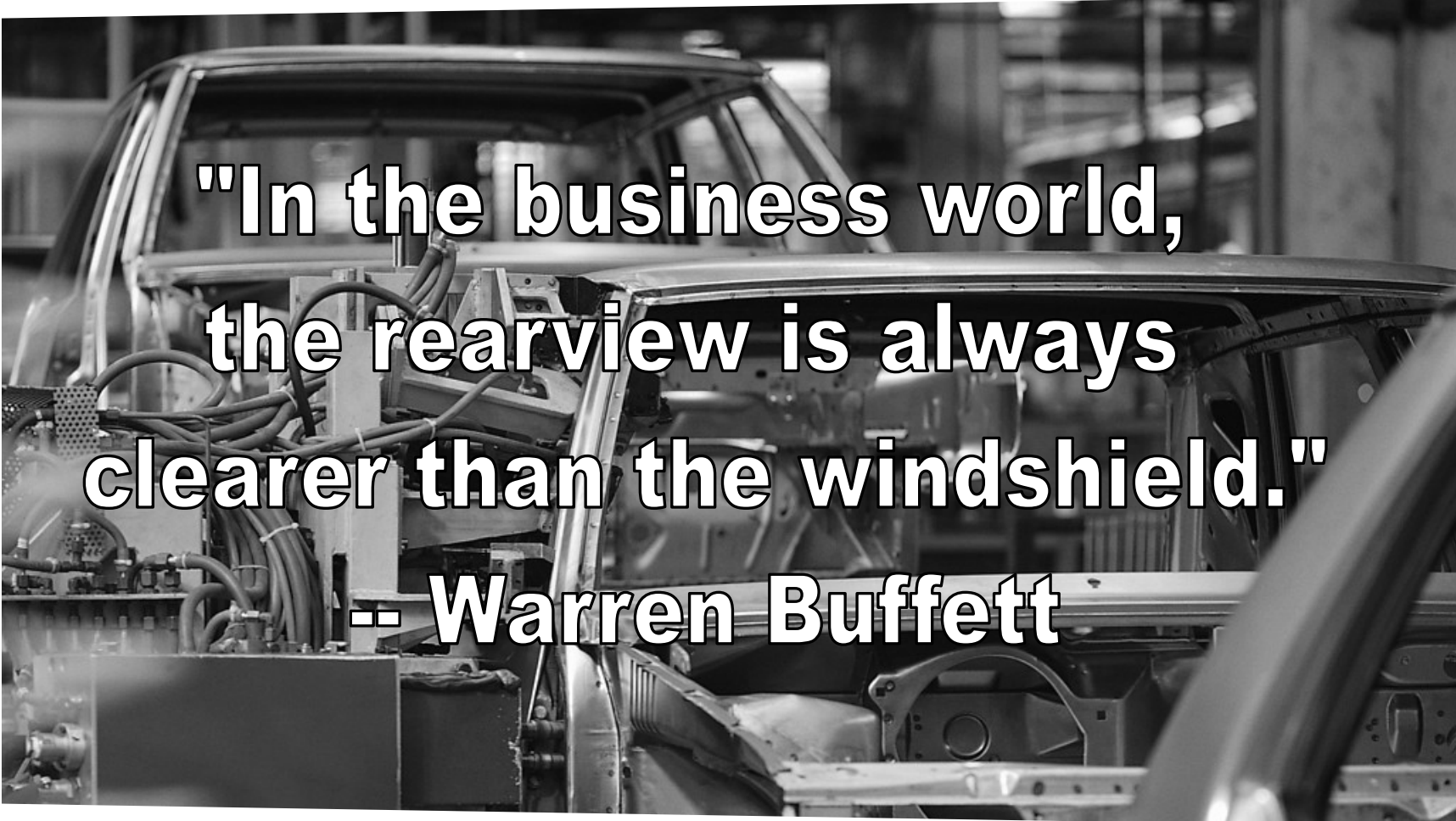


Knee Replacement Surgery

United States: \$70,000

India: \$ 8,500





Anthem Blue Cross and Blue Shield is the trade name of: In Colorado: Rocky Mountain Hospital and Medical Service, Inc. In Connecticut: Anthem Health Plans, Inc. In Indiana: Anthem Insurance Companies, Inc. In Kentucky: Anthem Health Plans of Kentucky, Inc. In Maine: Anthem Health Plans of Maine, Inc. In Missouri (excluding 30 counties in the Kansas City area): RightCHOICE® Managed Care, Inc. (RIT), Healthy Alliance® Life Insurance Company (HALIC), and HMO Missouri, Inc. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. In Nevada: Rocky Mountain Hospital and Medical Service, Inc. In New Hampshire: Anthem Health Plans of New Hampshire, Inc. In Ohio: Community Insurance Company. In Virginia (serving Virginia excluding the city of Fairfax, the town of Vienna and the area east of State Route 123): Anthem Health Plans of Virginia, Inc. In Wisconsin: Blue Cross Blue Shield of Wisconsin ("BCBSWi") underwrites or administers the PPO and indemnity policies; Compcare Health Services Insurance Corporation ("Compcare") underwrites or administers the HMO policies; and Compcare and BCBSWi collectively underwrite or administer the POS policies. Independent licensees of the Blue Cross and Blue Shield Association. ® ANTHEM is a registered trademark of Anthem Insurance Companies, Inc. The Blue Cross and Blue Shield names and symbols are registered marks of the Blue Cross and Blue Shield Association.

Managed Care Trends, WI ACHE Regional Program



Presenter: Kristine Seymour, WI President, Humana

Date: October 9, 2008

HUMANA
Guidance when you need it most

Humana Snapshot



- Founded in 1961; headquartered in Louisville, Ky.
- An industry leader with decades of commercial and Medicare experience.
- Membership and diverse businesses:
 - Commercial, Medicare/PDP Advantage, Individual, specialty benefits and military members
- Fortune 100 company
- Offer a full spectrum of innovative consumer-centric solutions
- Recent acquisitions of KMG America and CompBenefits will allow Humana to offer a broader spectrum of specialty products

Collaboration

Humana believes in collaboration across the board

- I. Business Community
 - I. Business Healthcare Group
 - II. Transparency
- II. Provider Community
 - I. Simplification
 - II. Standardization
- III. Consumers
 - I. Health and wellness
 - II. Virgin Life Care

I. Business Community

The Business Health Care Group (BHCG)

- Located in Southeastern Wisconsin
- Organized in 2003 by CEOs
- Started with 14 companies
- Currently over 600 companies
- Company size range is from 2 to over 17,000 employees
- Named “Community Leader” by Secretary Leavitt – 4 Cornerstones of Value Driven Healthcare (March 7, 2007)

Member Tools

- **Tools Currently Available**

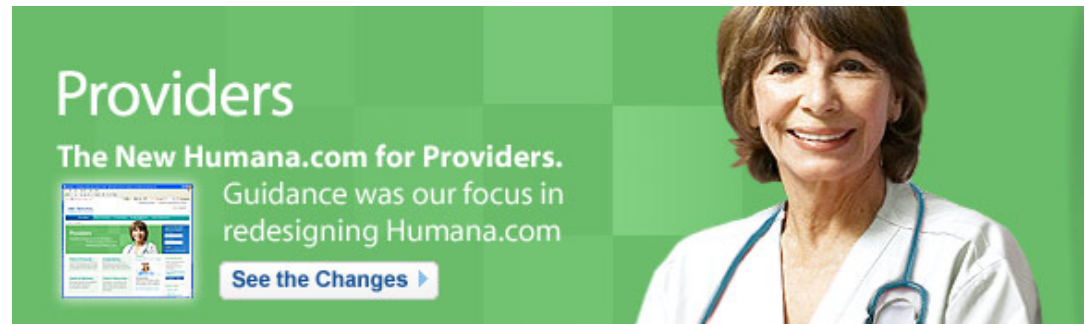
- Physician Cost (i.e., 36 conditions represent 50% of OP prof. spend)
- E2 Hospital Dashboard (i.e., 50 procedures represent 75% of IP spend)
- Ambulatory Services – 26 diagnostics/procedures
- On-line Educational Transparency Demo
- Physician Effectiveness
- Rx Calculator
- SmartSummary

II. Provider Community

Our goal is to become the most-favored payer through ease of doing business

- **Committed to being the preferred payer by:**
 - Working toward a perfect service goal
 - Enhancing capabilities that promote administrative ease
 - Providing transactional transparency
- **Significant enhancement of provider Web-connectivity services**
 - Continue to build on this foundation to further streamline payment process efficiencies

New humana.com features!



Providers

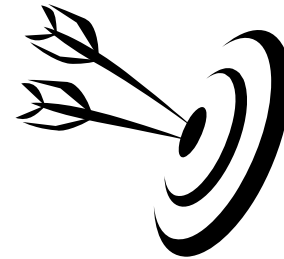
The New Humana.com for Providers.

Guidance was our focus in redesigning Humana.com

[See the Changes ▶](#)

Humana Performance Measures

- Payment and Financial Accuracy Rates:
 - 90%+ claims paid within 14 days
 - Financial accuracy: 98%
 - Payment accuracy: 96%
- Use of Web-based provider self-service portal (humana.com)
 - More than 70% provider usage



Standardization

Standardization Can Lead to Value and Efficiency

- Encourage all payers to join Availity, a web-based information exchange system
- Developed by Humana and BCBS of Florida in 2001
- Designed to allow real-time administrative processing
 - Eligibility, referrals, authorizations and claims
- Adopted in Florida by 100% of hospitals and 93% of physicians
- Estimating more than 500 million transactions in 2007
- Transferability of comprehensive medical history





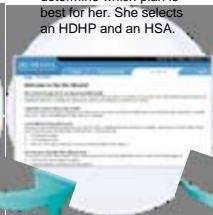
III. Consumer Engagement: The New Health Benefits Experience

Before enrollment, Diane uses our Family Health Budget tool to forecast her total health costs.



Our budget tool helps Diane make a better health plan choice.

Diane enrolls using Humana's online Wizard. This feature helps determine which plan is best for her. She selects an HDHP and an HSA.



Humana processes her enrollment and forwards a new member guide. The guide encourages her to register on MyHumana.com

Diane registers on MyHumana.com and then takes the Health Assessment.



The Health Assessment shows a potential health problem for Diane – a Personal Nurse is alerted.

Diane discusses her health concern with Humana's Personal Nurse.



The Personal Nurse suggests Diane see a doctor.

Diane uses Humana's Physician Finder Plus to find the best in-network doctor for her condition.



Humana's transparency tools help her to get details on doctor and hospital efficiency and effectiveness.

Diane uses HumanaAccess Card at the doctor's office to pay her portion of the bill. Her doctor writes a prescription.



Diane orders her prescription using RightSource, which makes ordering easier and cheaper.



Diane uses her SmartSummary to review her medical spending. SmartSummary also offers ways to save money.



At the end of the quarter, Humana generates a SmartSummary statement showing what she's spent and what Humana covered.

The New Health Benefits Experience



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HUMANA
Guidance when you need it most

Physician Finder Plus

Other Searches:

Coverage Location Search Results

Results

Search Criteria
Location: Jefferson County, KY
Network: Humana Preferred PPO
Provider Type: Primary Care and Family Medicine
Specialty: All Service Types

español
Print Friendly
Glossary
Create PDF Search Results

(Showing 1 - 10 of 801) Sort by: Name

Doctor	Address, Phone, County	Specialty
Alayev, Nilsen I MD Details	8033 Dixie Hwy Louisville, KY 40258 (502) 937-3154 County: Jefferson View Map	Family Practice
Abbot, Katharina A MD Details	6400 Dutchmans Pkwy, Ste 15 Louisville, KY 40205 (502) 896-0524 County: Jefferson View Map	Pediatrics
Aboud, Michelle J MD Details	4002 Kroge Way, Ste 100 Louisville, KY 40207 (502) 897-1121 County: Jefferson View Map	Internal Medicine
Abtams, Karen MD Details	3030 Bardstow Rd Louisville, KY 40218 (502) 452-6337 County: Jefferson View Map	
Adams, Brenton S MD	4423 Bardstow Rd	

Humana's transparency tools help her get details on doctor and hospital efficiency and effectiveness.

The New Health Benefits Experience



Diane uses HumanaAccess Card at the doctor's office to pay her portion of the bill. Her doctor writes a prescription.



Humana encourages her to use our RightSource mail-order prescription service.

The New Health Benefits Experience



Diane orders her prescription using *RightSource*, which makes ordering easier and cheaper.



At the end of the quarter, Humana generates a SmartSummary statement showing what she's spent and what Humana covered.



HUMANA[®]
Guidance when you need it most



Questions & Answers