

# Healthcare: What Municipalities Need to Know



"ARMED ROBBERY, EH? I'M IN  
FOR BEING OUT OF COMPLIANCE  
WITH A FEDERAL GUIDELINE."



# Take-Aways

**Necessary requirements to be compliant with PPACA in 2015.**

**Not-so-obvious with your healthcare rates and your budget and what successful employers are doing (both public and private).**

**Preparing for 2018: What this will mean for your employees.**

# Compliance

- Financial Provisions
- Market Reforms
- Plan Sponsor Requirements



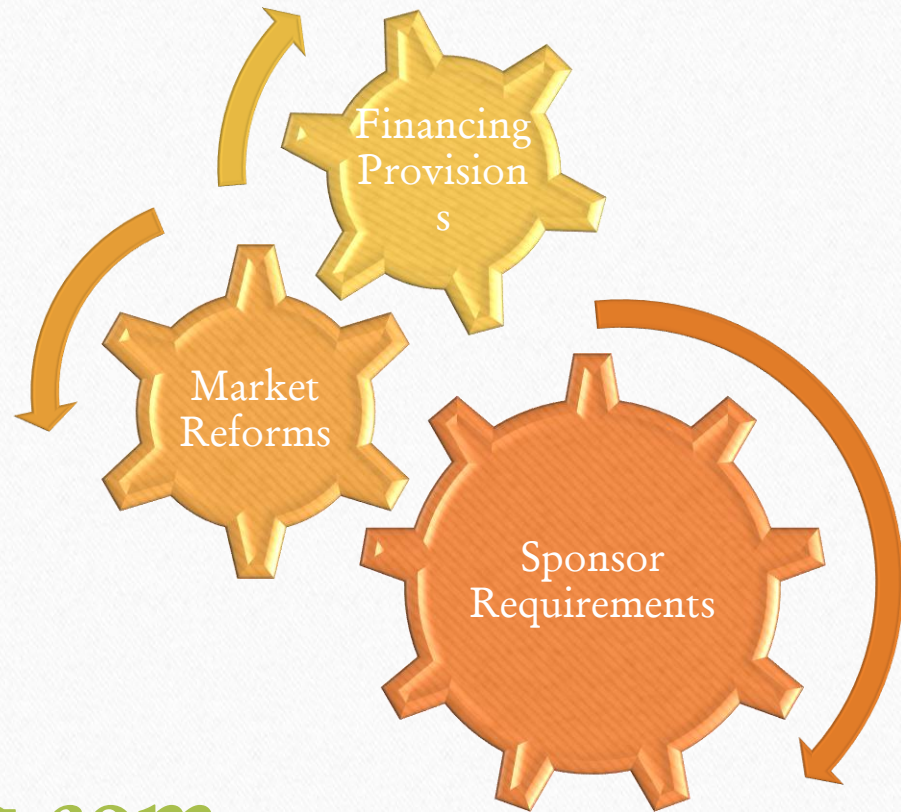
Carriers

Co-ops

Consumerism



Theoretically  
, PPACA  
works like  
this:

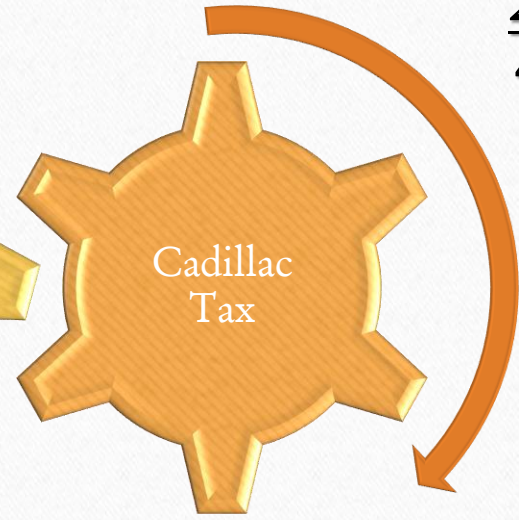


[award@cicbcg.com](mailto:award@cicbcg.com)





≈ \$2.00/covered person



2018  
40%



\$52.50/covered person - Jan 2015  
\$10.50/covered person - Nov 2015



**Good News:**  
Your carrier has likely  
made these changes.



**Bad News:**  
**This is your responsibility.**



# Compliance Wrap-Up

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## Key Dates:

- July 31<sup>st</sup> – PCORI
- November 15<sup>th</sup> – TRF
- January 2016 – Coverage Reporting for 2015

## Common Challenges:

- SBC v. SPDs
- Pay or Play
- Dropping Coverage

# Final Thoughts

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83% of marketplace coverage is subsidized = \$10 billion annually.

- Pay or Play penalties will fund the subsidy program.
- Supreme Court

Michigan had 7<sup>th</sup> highest enrollment in the marketplace.

- Longer doctor visit wait times.

New Legislation: Full-time = 40 hours per week.

- No change for 2015.

# Compliance

# Carriers

- Rising costs
- Rising deductibles
- Alternate funding strategies

# Co-ops

# Consumerism





# Health + Care = Healthcare?



**PriorityHealth** 

 **Blue Cross  
Blue Shield**  
of Michigan

 **Blue Care  
Network**  
of Michigan

**HUMANA**  
*Guidance* when you need it most

 **UnitedHealthcare**

**aetna**<sup>SM</sup>

**hap**

**HealthPlus**   
*The Plus makes all the difference.*

 **McLaren**  
HEALTH CARE

 **CONSUMERS MUTUAL**  
INSURANCE of MICHIGAN

**How do we manage medical inflation?**

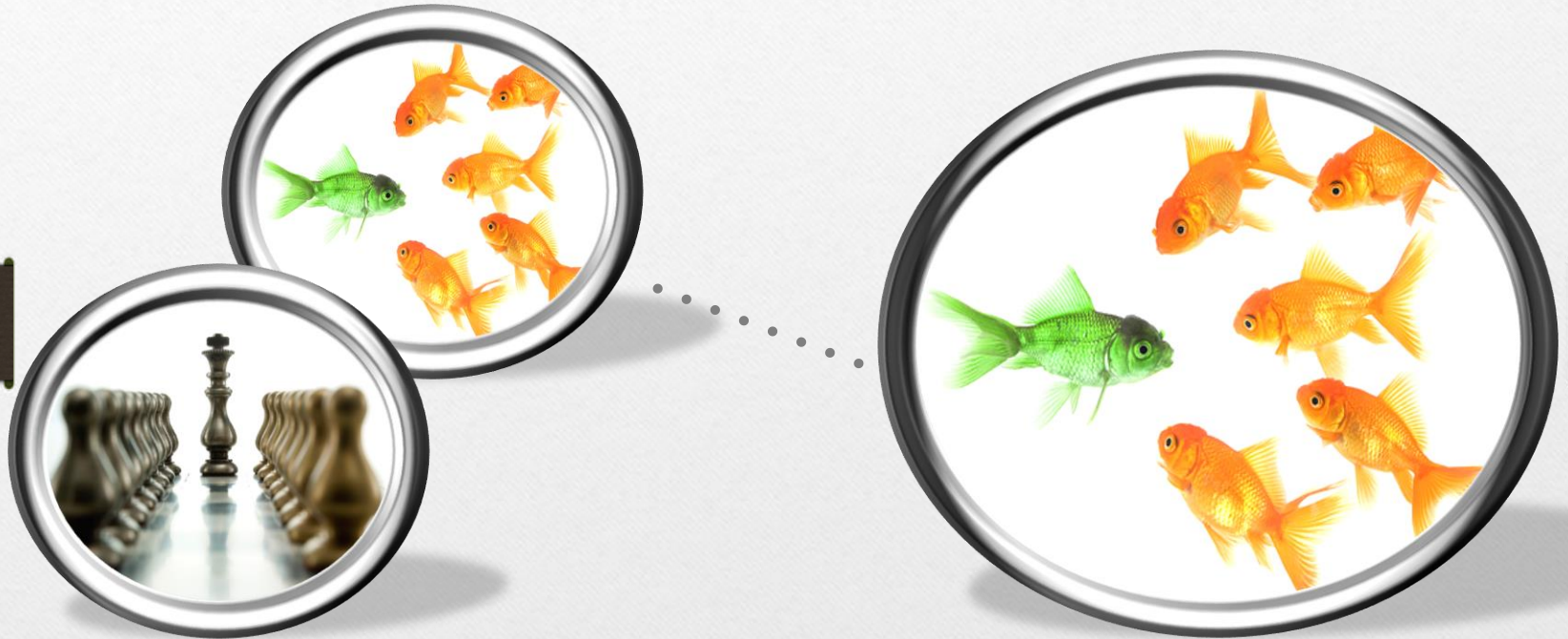
**What does experience rating mean?**

**How do we best manage the 2018  
Cadillac Tax and a potential 40%  
increase in rates?**

**Can we reduce cost without  
reducing benefits or switching carriers?**



# Auditing Carrier Deliverables



**Not everyone is a TPA.**

# Section 105

## The IRS Gift of 2003

## CICBCG current group with 74 enrolled employees



Estimated Annual Savings (Combined)	\$124,145
HRA reimbursement	\$ 38,080
<b>Net Savings</b>	<b>\$86,065</b>



*Case Study 3 – Commercial Mining/Construction (300+ ee)*

CICBCG set them up for the long haul with their existing carrier and created a savings of 2.48m in premium, resulting in 1.9m in savings to their bottom-line!

<u>Year</u>	<u>Current Path</u>	<u>New Path</u>
2012	\$2,654,752	\$1,470,329
2013	\$2,737,366	\$1,525,071
<u>Total</u>	<u>\$5,474,732</u>	<u>\$2,995,400</u>

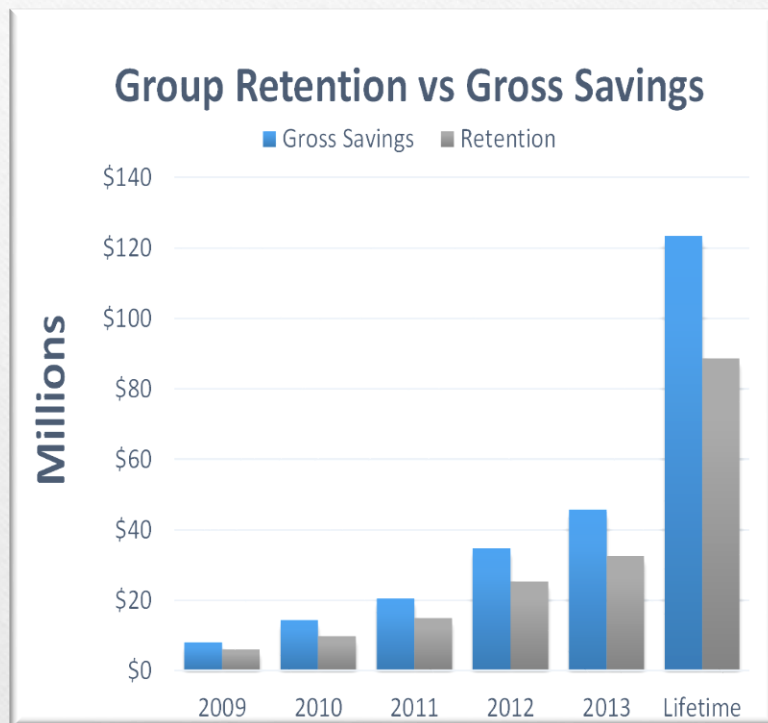
Current Path	\$5,474,732
<u>Cost with CIC help (including HRA reimb)</u>	<u>\$3,500,697</u>
<b>Net Savings</b>	<b>\$1,974,035</b>

2007 Average PEPM	\$672.04
2013 Average PEPM	\$617.94



# *Saying "Yes" to Michigan Employers and Employees*

## *CICBCG HRA Historical Data*



### Results

*Total Lifetime Savings*

**\$126,439,773.77**

*Total Lifetime Net Savings*

**\$91,255,029.13**

*Retention*

**72.17%**

Compliance

Carriers

Co-ops

- What is a Co-op?

Consumerism



- PPACA Law – Page 86 (Section 1322) – Competition needed
- Michigan allotted \$72,000,000 for initial start-up of:



- Utilizing old BCBS (PPOM) network for in-state claims and PHCS/Multi-Plan (Cleveland, Sloan and Mayo) for out of state coverage



- Will allow seamless management of lower cost plan option for great rate relief/reduction in premiums



- **Built in Chronic Disease Management for 26 qualified conditions**
  - Associated labs covered 100%
  - Generic Rx covered 100%
  - OV copay waived (2-4 visits)
- **Free Generic Rx Program**
- **PPACA taxes INCLUDED in RATES!**





## A. 142 employee group

Renewal Premium

\$2,201,378

Co-Op Premium

\$1,873,388

Savings over renewal: \$327,990

B.

Same Plan Design  
Same Provider (95%)

## C. 25 employee group

Renewal Premium

\$452,038

Co-op Premium

\$234,442

Savings over renewal: \$217,596

Compliance

Carriers

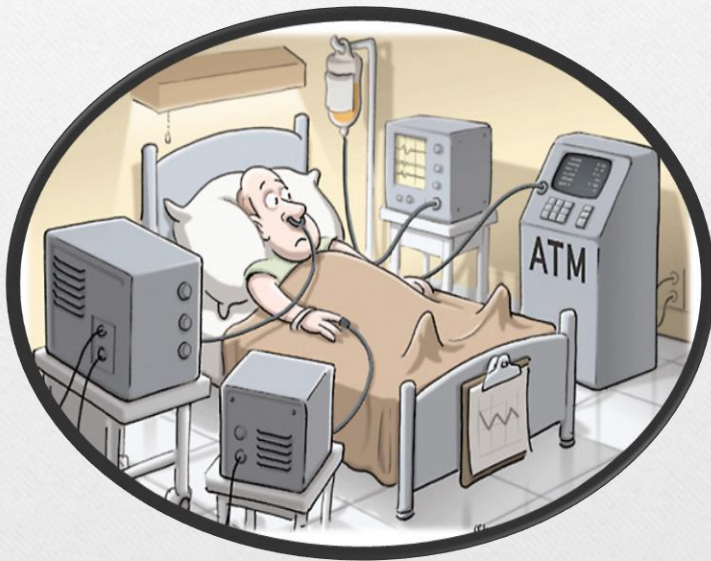
Co-ops

Consumerism

- Procedure Pricing Transparency
- Telemedicine
- Free Generic Prescriptions



Remember, under the MLR insurance carriers are only allowed to retain **20%** of your coverage costs as profit.



So...would your insurer rather you pay \$500 or \$3,500 for a colonoscopy?





**PET SCAN**

**\$5,453.00**

**CT SCAN**

**\$9,685.00**

**RITUXAN**

**\$13,702.00**



# In the news:

“The Cadillac Tax will impact both employers and employees”

REGULATION

Report: Companies desperate to avoid ObamaCare 'Cadillac tax' shifting costs to workers



By Jim Angle · Published August 14, 2014 ·

2K



8/14/14

“Just like with the exchanges, employers are shifting employees into higher deductible plans”

“Employees will get incentives to reduce Costs”

# Employee Tools to Navigate the Future of Healthcare



Free Generic Prescription



TELADOC™

Telemedicine



Pricing Transparency Program

## [Generic Drug Prices | How Drug Costs Compare ...](#)

[www.consumerreports.org](#) > ... > 2013 > May > Consumer Reports >

Consumer Reports secret shoppers found that generic drug prices vary 447%.

### **Same generic drug, many prices**

**We found big price differences at drug stores on the generic versions of Lipitor, Plavix, and other common drugs**

Consumer Reports magazine: May 2013

If your insurance has ever stopped covering a prescription drug, or you don't have coverage at all, you know how quickly costs can mount. Americans spent on average \$758 out of pocket for medication in 2012, according to a recent Consumer Reports national telephone poll. And in our survey of 1,130 people who regularly took prescription drugs—the insured and uninsured—12 percent spent more than \$1,200 last year. Our advice if you're looking to reduce out-of-pocket drug costs: Shop around.



# Lipitor

Cholesterol

(\$5B plus annual sales #2)

CVS

\$150

Rite Aid

\$134

Wal-Mart

\$68

Independent

\$52

Costco

~~\$107~~ Generic

Co-pays

# Plavix

Stroke/Heart Attack

(\$5B plus annual sales #3)

CVS

\$180

Rite Aid

\$137

Wal-Mart

\$58

Independent

\$48

Costco

\$15





## Same Physicians Same Neighborhood Savings of \$1,340.50

Physician Referred

*McLaren – Central Michigan Community Hospital*

South Drive  
Mt. Pleasant

\$2,183.50

A<sup>2</sup>CT Recommended

*Open MRI*

Crapo Street  
Mt. Pleasant

\$843.00

*Mecosta County Medical Center*

Oak Street  
Big Rapids

\$1,067.00

*MidMichigan –Midland*

Wellness Drive  
Midland

\$1,762.00

*MidMichigan – Clare*

McEwan Street  
Clare

\$1,966.00



# Transparency:

Savings of **\$2,702.00!** Screening Colonoscopy

Facility	Location	Cost
<i>Gastroenterology Specialists</i>	East Paris Ave SE Grand Rapids	\$700.00
<i>Memorial Healthcare</i>	W. King Owosso	\$3,280.00
<i>Sparrow Hospital</i>	Michigan Ave Lansing	\$2,855.00
<i>McLaren Lansing</i>	Greenlawn Ave Lansing Charter Twp	\$3,855.00
<i>Lansing Surgical Center</i>	Lake Lansing Road Lansing Charter Twp	Denied disclosing cost
<i>Capitol ColoRectal</i>	Sparrow: Hospital or St. Lawrence Campus Lansing	\$3,275.00

A<sup>2</sup>CT Recommended

Physician Referred

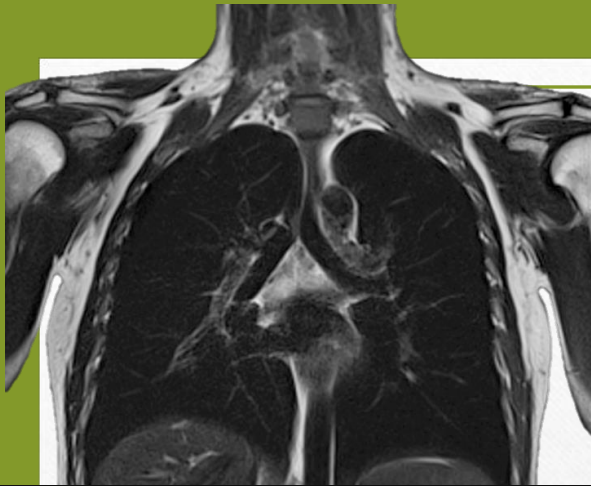


Healthcare cost rising faster in Grand Rapids, Michigan.

Rising at almost double the rate of inflation!

108% versus 68%





## Transparency: Lung Cancer Screenings

Savings of **\$1,549!**

Facility	Location	Cost
<i>McLaren</i> - Central Michigan Community Hospital	South Drive Mt. Pleasant	\$1,423
<i>Mid Michigan Health</i> - Gratiot Cancer Center	Warwick Drive Alma	\$1,549
<i>Mercy Health Grand Rapids</i> - Lacks Cancer Center	Jefferson Ave Grand Rapids	\$99
<i>McLaren Health</i> - Greater Lansing	Greenlawn Ave Lansing Charter Twp	<b>FREE</b>

A<sup>2</sup>CT Recommended

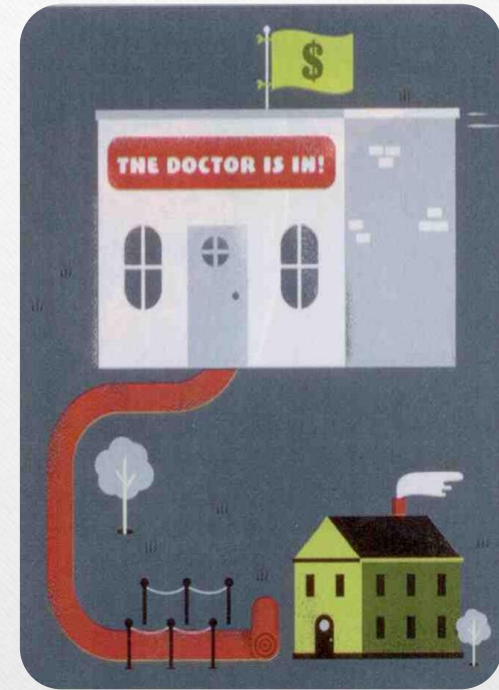


## Unintended consequences...

Will access to healthcare get easier?

Probably not...

1. Insure the 45 million uninsured.
2. More than 14 million new insureds in 2014 alone.
3. Shortage of approximately 45,000 primary care physicians in 2014.
4. Longer wait times.
5. \$5,000 annual same-day care medical support.



Consumer Reports Feb. 2013

# Telemedicine



Learn about Teladoc with  
this 2-minute video.

# Telemedicine



- 33% of patients can't get an appointment with their physician
- 66% of ER visits are not an emergency
- 24/7 physician care access via phone, email for diagnosis, treatment & Rx



## Common Conditions

- ✓ Cold/Flu
- ✓ Sinus infections
- ✓ Upper Respiratory Infections
- ✓ Allergies
- ✓ Headaches
- ✓ Urinary Tract Infections
- ✓ Bronchitis
- ✓ Stomach Ache/Diarrhea
- ✓ Eye infections
- ✓ Ear Infections
- ✓ Rash/Skin Irritation
- ✓ Yeast Infection
- ✓ Other GYN complaints



## Common Medications Prescribed\*

- ✓ Zithromax Z-Pak
- ✓ Amoxicillin
- ✓ Albuterol
- ✓ Augmentin
- ✓ Tessalon
- ✓ Azithromycin
- ✓ Keflex
- ✓ Bactrim
- ✓ Cipro
- ✓ Lisinopril
- ✓ Tamiflu
- ✓ Prednisone
- ✓ Metformin
- ✓ Flonase
- ✓ Diflucan
- ✓ HCTZ
- ✓ Levaquin

### Conditions treated with Telemedicine

**73%** Top 25 diagnosis

**82%** Top 50 diagnosis

Patients triaged to alternative level of care when necessary.

*\* NO DEA CONTROLLED SUBSTANCES*

Less prescribing than office settings  
Doctor less pressured

**~40%** More convenient  
More accessible

Less effort/ aggravation for patient



# Telemedicine Results

## Big Business:

4:1 ROI

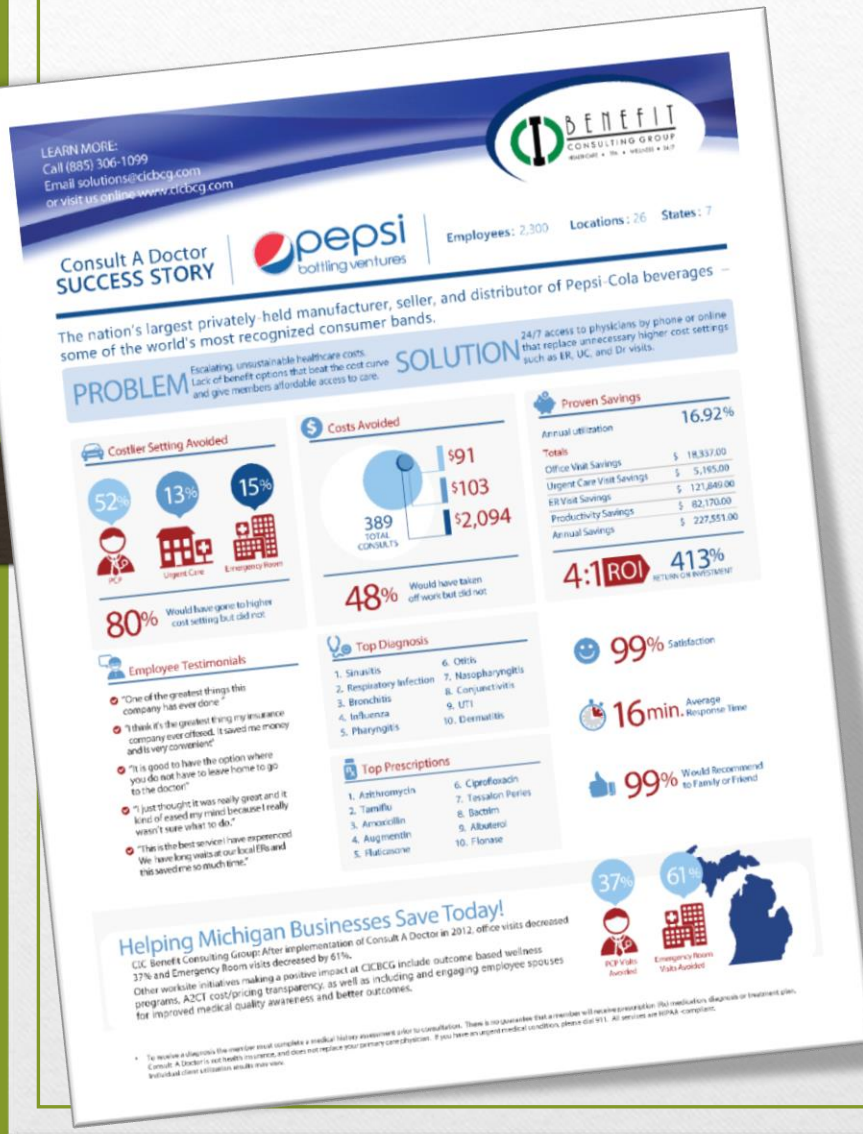
52% decrease in PCP visits

13% decrease in Urgent Care visits

15% decrease in ER visits

## Small Business:

CIC Benefit Consulting Group  
Since implementing telemedicine  
in 2012, reduced PCP visits by 37%  
and ER visits by 61%



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Subject: FW: Current Client Renewal

From: [REDACTED]  
Sent: Thursday, August 07, 2014 9:32 AM  
To: Brian Cote  
Subject: Current Client Renewal

**“Upon looking at some more recent claims experience, we will not increase the rates.”**

As part of the future strategy we would like to start the discussion and education around the HMO product. There is a strong network of providers in the area and this would be an additional option that would drive cost savings for the group and the employees.

Lastly I would like to personally thank the group for their business. I would be happy to meet with the group in person to

**“The steps that the group has taken as far as wellness coupled with a consumer driven platform is having an impact on claims experience.”**

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# SURVEY

## Your results in managing PPACA:

1. Where do you go to find the center of truth?
2. Were we able to shed some positive light here?

## Your Budget:

1. How confident are you that you're not over-paying?
2. How confident are you that all options are being shown in helping you lower your total healthcare spending?
3. Prior to today, did you know you can reduce your premiums without reducing benefits & there is a new carrier for you to look at in 2014?

## Your Work-Site:

1. What impact will higher out-of-pocket costs have on your employees?
2. How educated do you feel your employees are, regarding PPACA?
3. Did our discussion on Pricing Transparency and Telemedicine provide you with a few useful tools to help in this area?





Questions or Comments?  
Our team is here to help.

[www.cicbcg.com](http://www.cicbcg.com)

[www.employeebenefitsagency.net](http://www.employeebenefitsagency.net)

