Emerging Trends in Health Plans

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Agenda

- What Brings Us Here?
- Concierge Medicine
- Reference Based Pricing
- Patient Advocacy
- Pharmacy Gifting—Specialty Medicine
- Big Data (Data Analytics)
- On-Site Clinics
- Transgender Coverage
- Telemedicine
- Member Communications
What Brings Us Here?
What Brings Us Here?

Ten-Year Summary of Selected Medical, Prescription Drug Carve-Out and Dental Trends: 2008 – 2015 Actual and 2016 and 2017 Projected

Source: 2017 Segal Health Plan Cost Trend Survey
1 All trends are illustrated for actives and retirees under age 65, except for MA HMOs.
2 Prescription drug trend is combined for retail and mail order delivery channels
What Brings Us Here?

Major Trends

1. Participant out-of-pocket expenses
2. Tinkering with eligibility and contributions
3. Regional choices
4. Consolidation
5. Narrow networks and on-site clinics
6. Value Based Plan Designs
7. Value Based Provider Payments
8. Gradual expansion
9. Growth in remote medicine
What Brings Us Here?

Plan Sponsors Will Adapt and Designs Will Change

- Employees place great value on health benefits
- Cost advantages under a self-insured funding
- Innovative solutions to control spending
- More choices
- Efficient participant cost share
- ACA modification
What Brings us Here?

So What’s Next?

• Maximized value, Minimize costs

• Modify health care delivery using creative solutions
  – Concierge Medicine
  – Reference Based Pricing
  – Patient Advocacy
  – Pharmacy Gifting—Specialty Medicine
  – Big Data (Data Analytics)
  – On-Site Clinics
  – Transgender Coverage
  – Telemedicine
  – Communications

• Communicate
Concierge Medicine
What is Concierge Medicine?

• A relationship between patient and physician
• Patient pays physician directly
• Services above normal office visit
• Not considered insurance
Concierge Medicine

Three general categories:

1. Fee for Care
2. Fee For Extra Care
3. Hybrid
Concierge Medicine

- Average PCP has 2,500 patients
- Concierge docs have fewer than 600
- Not part of annual medical plan membership fee
- Fees not reimbursed under FSA or HSA
Concierge Medicine

Why Concierge Medicine?
• Remedy to more patients seeking care
• More time with physician
• VIP services
• Reach your doctor 24/7
• Coordinated care
Concierge Medicine

So What’s Next?

• This is not for everyone
• Annual fees can be substantial
• Differentiates “have” and “have nots” when it comes to equality and care for all
• Addresses member concerns regarding the ability to buy-up to access
• Communicate
Reference Based Pricing
Reference Based Pricing

Sponsors pay a fixed amount or limit contributions

Savings come when

1. Providers accept reference based pricing
2. Plan design requires patients pay the difference
3. Providers in community begin to reduce prices
Reference Based Pricing

- Increase in the volume of services
- Vary widely in price and member can control
- Does not work well for services patient has little control over
- Cost savings
- Member education
Reference Based Pricing

So What’s Next?

• Identify price volatility in current utilization
• Is there sufficient access to alternative providers?
• Consider communications and understanding
  – Substantial education
  – Small steps
• Communicate
Patient Advocacy
Patient Advocacy

- Understanding complex health conditions, medical billing, claims, appeals and health insurance

**Patient Advocate:**
- Find clinical research
- Locate providers
- Review billing
- Negotiate fees
- Pursue appeals
- Schedule appointments
- Coordinate senior care
Patient Advocacy

• Can be family members or friends
• Have popped up across the US
• Integrate and employ utilization management
• How patient advocate reimbursed?
Patient Advocacy

So What’s Next?

• Identify member’s ability to navigate the health care system
• Can you effectively teach them?
• How much is that worth (benefit value)?
• What do we insource, outsource, and educate?
• Communicate
Pharmacy Gifting
Pharmacy Gifting

Helping financially needy patients purchase medications and supplies

• May qualify for drug, diagnosis, and dosing
• PBMs can assist with paperwork
Pharmacy Gifting

Getting Help to Pay For Medication

• With or without medical plan coverage
• Average person is overwhelmed in drug expenses
• Provider, patient require to complete an application
• Doctor's signature required
Pharmacy Gifting

So What’s Next?

• Identify pharmacy gifting program within your PBM portfolio
• Identify risks and rewards for the members and the Trust
• How does the program work?
• What is required by the member?
• Understanding is critical
• Communicate
Specialty Pharmacy
Specialty Pharmacy

- Handles and services requirements of specialty drugs
- Provides Mechanism to manage specialty drugs
- Products treating specific disease states
Specialty Pharmacy

What is a “Specialty Drug”\(^1\)

- High cost pharmaceuticals
- Special administration requirements
- Special handling
- Special clinical support
- Potential for significant waste

\(^1\) The Biopharmaceutical Pipeline: Evolving Science, Hope For Patients. January 2013.
Specialty Pharmacy

Specialty Focus: Drug Spend Growth

- Increases are driven by:¹
  - Patient demand
  - Chronic conditions
  - Number of available treatments
  - New uses/FDA indications for existing drugs
  - Increasing cure rates
  - New discoveries by drug companies

¹ UnitedHealth Center for Health Reform and Modernization. The Growth of Specialty Pharmacy Current Trends and Future Opportunities. 2014
Specialty Pharmacy

Specialty Focus: Drug Spend Growth

• Minimizing the cost and maximizing care
• Specialty solutions
  – Channel management—Medical and retail strategies
  – Clinical treatment protocols or therapy management
  – Formulary or preferred step management
  – Network management
Specialty Pharmacy

Prescription Drug Trends: 2013 through 2017

- Prescription Drug (Rx) Carve Out* for Actives and Retirees Under Age 65
- Projected Specialty Drug/Biotech

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So What’s Next?

• How much do we spend on specialty drugs?
• What is the rate of prescription drug increases and specialty drug increases?
• Are specialty programs readily available via your PBM?
• Evaluate member and financial impact—Prescriptions over what thresholds?
• Communicate
Big Data
(Data Analytics)
Big Data (Data Analytics)

• Large volume of health care data
• Requires manipulation
• Identify trends and patterns
• Make predictions
• Common components:
  – Volume
  – Velocity
  – Variety
Big Data (Data Analytics)

- Efficiency and productivity
- Generally less expensive
- Can be manipulated and grouped
- With high powered analytics, you can determine:
  - Root causes
  - Risks assumptions
  - Fraudulent behavior
  - Disease intervention
Big Data (Data Analytics)

Analytic Capabilities

• Financial management
• Benefit design and network management
• Medical and Rx quality adherence
• Health and wellness program design
• Regulations and compliance
• Vendor performance and contract adherence
Big Data (Data Analytics)

So What’s Next?

• How does my plan compare to others?
• Where we lag, what are my alternatives?
• Where are my opportunities to improve?
• What market dynamics should I be prepared for?
• Communicate

Taking Action With:

• Plan design
• Network (specific network providers)
• Additional vendor partners
• Communication
• Utilization management tools
On Site Clinics
On Site Clinics

Range of Models/Options

• Retail Clinics
• Urgent Care Clinics
• Primary Care Clinics
On Site Clinics

Advantages to Membership

• Lower costs
• Easier access to care and services
• Patient Centered Medical Home
• Clinic staff knows what the benefits are
On Site Clinics

- Located on campus
- Care delivered by nurse practitioners with physician oversight
- Primary care often includes basic care
- Generic prescription drug dispensing
- Treats non-covered for a small fee
On Site Clinics

On Site Economics

• Need 1,000 to break-even
• Need 2,500 to achieve economies of scale
• Membership located within 20 mile radius
• Sensitive to local pricing
• Largest cost is staffing
• ROI* ranges from 1.5:1 to 4:1

* Actual ROI will vary and is dependent on many factors in a given employer's situation.
On Site Clinics

So What’s Next?

• Assessment of need
  – Access to primary care and wellness
  – Facilitate efficient health care delivery
• Consider demographic opportunities and obstacles
• Final advantages and costs
• Benefit value
• Communicate
Transgender Coverage
Transgender Coverage

Starting with the 2017 plan year, allow coverage for transgender
Transgender Coverage

So What’s Next?

• Identify what is and what is not currently covered
• Identify (covered entity) status and applicability
• Obtain compliance council regarding what must be covered and what might be required
• Amend plan and adopt coverage guidelines
• Notify TPA and PBM of coverage changes for transgender services
• Communicate
Telemedicine
Telemedicine

Telemedicine is the exchange of medical information using electronic communication.
Telemedicine

What is it? How does it work?

• Consultation takes place via phone, email or video call
• No appointment needed
• Complements traditional healthcare
• Concept is still evolving
• Has appeal in remote communities
Telemedicine

**Avoided Costs**
Savings come in form of:
- PCP office visits
- Convenience of care
- Urgent care
- Steerable ER
Telemedicine

Cost Savings to Plan Sponsors

• An important healthcare cost containment tool
• AMA:
  – 70% of office visits can be done over phone
  – 50% of ER visits are non-emergencies

Sources: Cigna – MD Live
Telemedicine

So What’s Next?

• Needs assessment
  – Access
  – Current utilization
• Characteristics (opportunities for improvements)
• Cost structure (likely member adoption?)
• Consider partners
  – Independent
  – Leverage existing vendor relations
• Communicate, communicate, communicate

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Member Communications
Some fundamentals:

- Should be honest, direct, simple, clear
- Don’t leave members in the dark
- Be clear, and over communicate
- Never insult a members’ intelligence
Member Communications

What You’re Trying To Do

• Inform
• Educate
• Ensure understanding
• Recruit
• Connect
• Motivate
• Retain
Member Communications

One really simple thing . . .

From your Home Screen to your Home Page in one touch.
**Member Communications**

**So What’s Next?**

- Communicate on time and on point
- When messages are difficult or complex—Break it down
- Never forget to stress “What’s in it for me?”
- You must know how to connect with your audience(s). If you don’t know, find out.
- Access
  - Ongoing Availability
  - Time sensitive communication
- You create the message—You control the message
- Know your objectives. Inform? Educate? Drive action?
- Don’t be afraid to “think outside the box.”
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Emerging Trends in Health Plans

- Costs continue to rise
- There are many leading-edge practices to address rising costs
- Determine which of these practices may work for your population
- Learn as much as you can about your members’ needs and where efficiencies can be embraced.
- Learn as much as you can about initiatives and implement with confidence

Website Resources
https://www.ifebp.org/inforequest/ifebp/0165821.pdf
2017 Educational Programs
Health and Welfare

63rd Annual Employee Benefits Conference
October 22-25, 2017
Las Vegas, Nevada
www.ifebp.org/usannual

Certificate Series
February 27-March 4, 2017
Lake Buena Vista (Orlando), Florida
July 24-29, 2017
Denver, Colorado
www.ifebp.org/certificateseries

Health Care Management Conference
May 1-3, 2017
New Orleans, Louisiana
www.ifebp.org/healthcare

Certificate of Achievement in Public Plan Policy (CAPPP®)
Part I and Part II, June 13-16, 2017
San Jose, California
Part II Only, October 21-22, 2017
Las Vegas, Nevada
www.ifebp.org/cappp

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Self-Funding Health Benefit Plans
Item #7563
www.ifebp.org/SelfFunding