



Alaska Department of
ADMINISTRATION



EMPLOYER HEALTH CARE COST DRIVERS AND SOLUTIONS



HEALTH CARE COMMISSION

OCTOBER 10, 2013

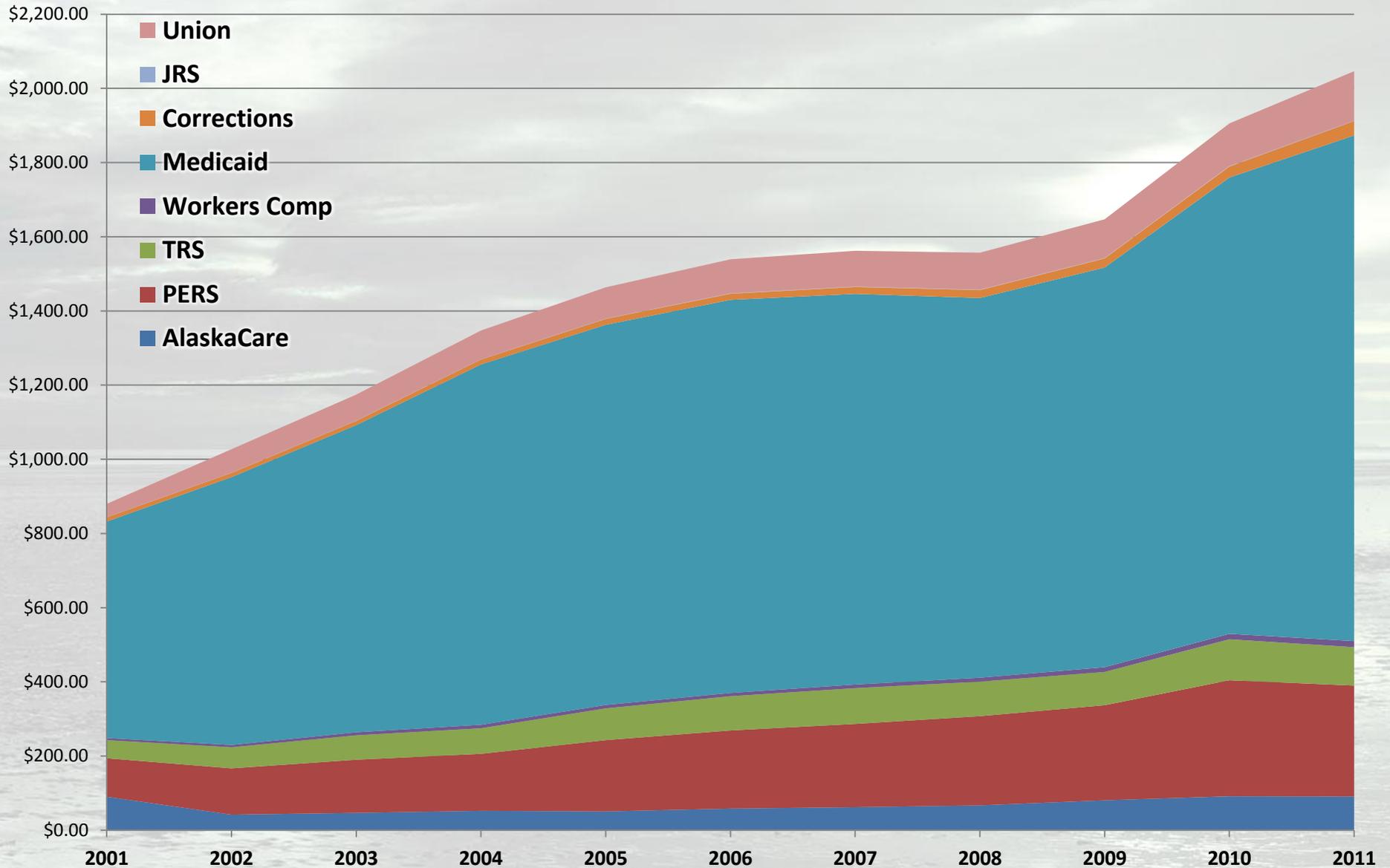


ALASKA CARE
Health Plans

A graphic element of the Alaska Care logo, consisting of a cluster of five blue flowers with yellow centers, positioned below the text "ALASKA CARE" and above the text "Health Plans".

Know your benefits. Live well.

STATE HEALTH CARE SPENDING



WHAT DRIVES COST?

- The services you use
- How often you use them
- The unit cost of those services
- Quality/efficacy of services
- The number of members in the risk pool
- Growth of the population

STATE OF ALASKA EMPLOYEE HEALTH INSURANCE

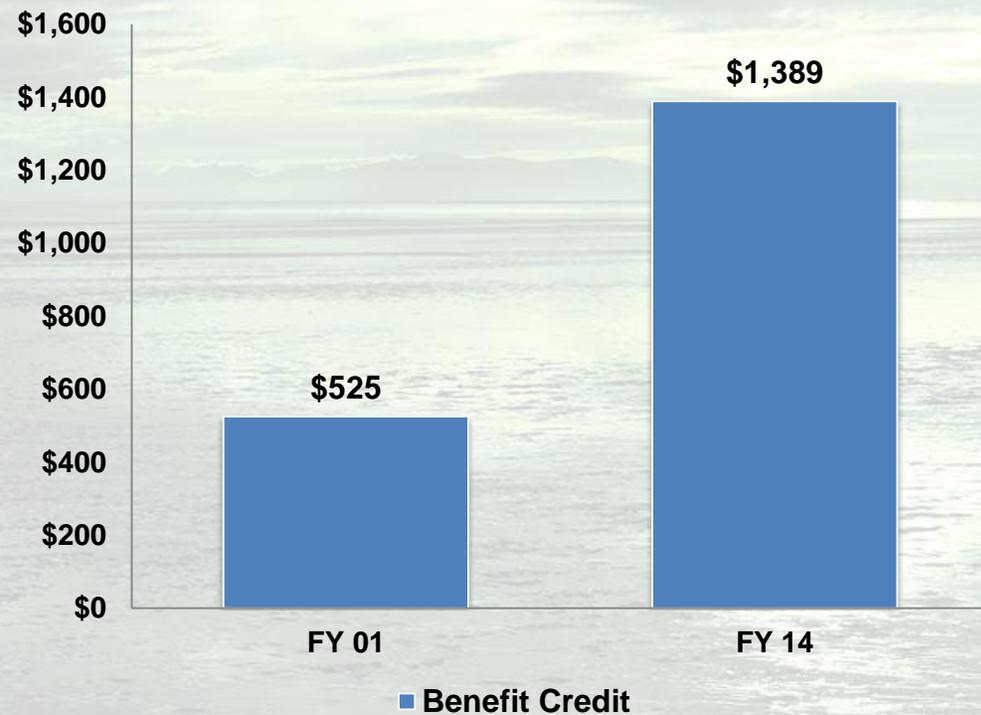


AlaskaCare Health Plan	Union Health Trusts
<u>Employees: 6,700*</u>	<u>Employees: 10,500*</u>
AVTEC	General Government (GGU/ASEA)
Confidential Employees	Labor, Trades and Crafts
Correctional Officers	Public Safety Employees Association
Marine Engineers	Masters, Mates & Pilots
Mt. Edgecumbe Teachers	
Supervisory	
Inland Boatmen's Union	
Exempt/Partially Exempt Employees	

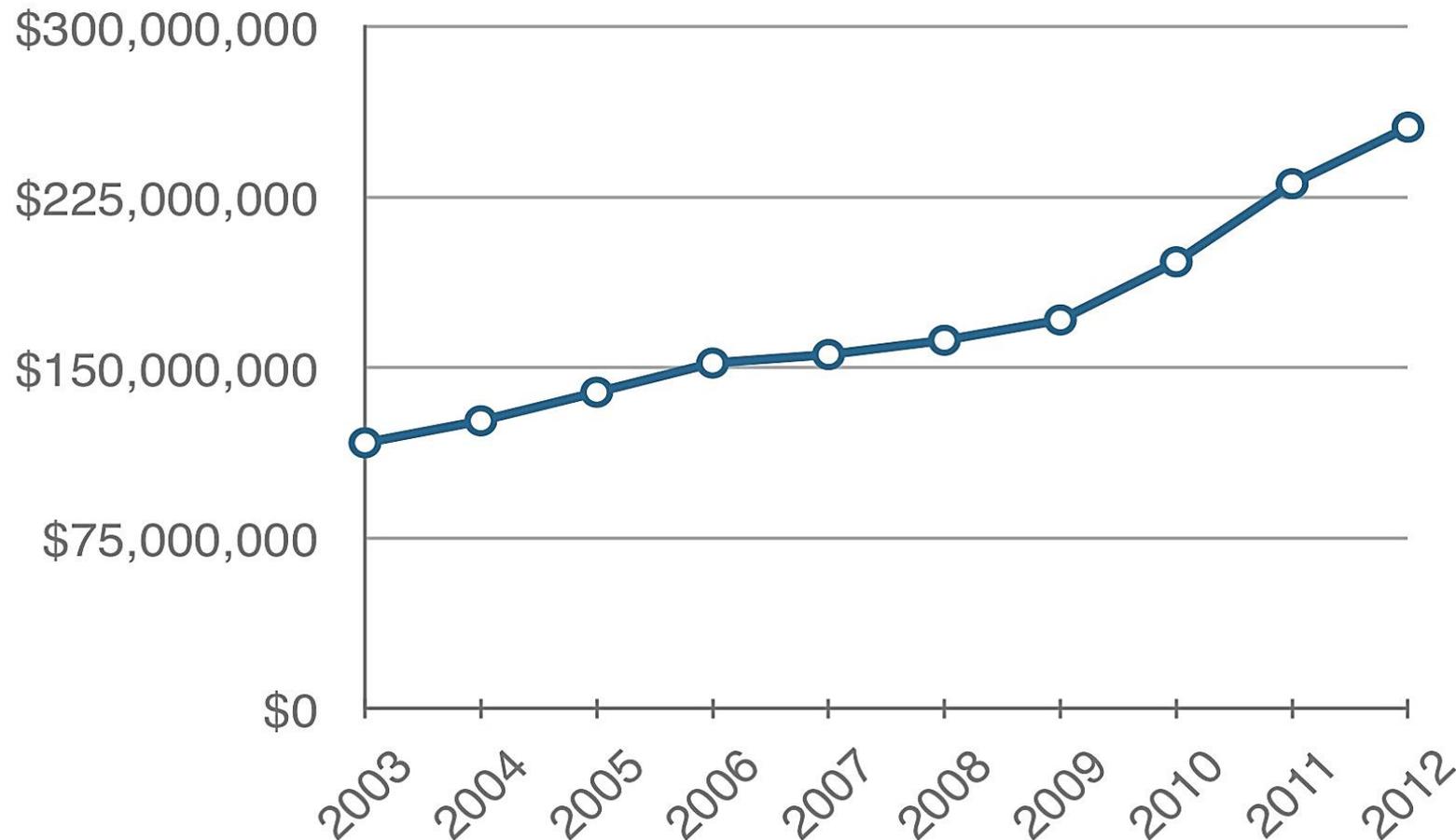
*Population counts are approximate

BENEFIT CREDIT

- Amount State contributes per employee per month
- Subject to negotiations
- Historically based on AlaskaCare premiums and plan experience
- FY 14 benefit credit:
 - \$1,389 per month
 - \$16,668 per year
(medical & dental)



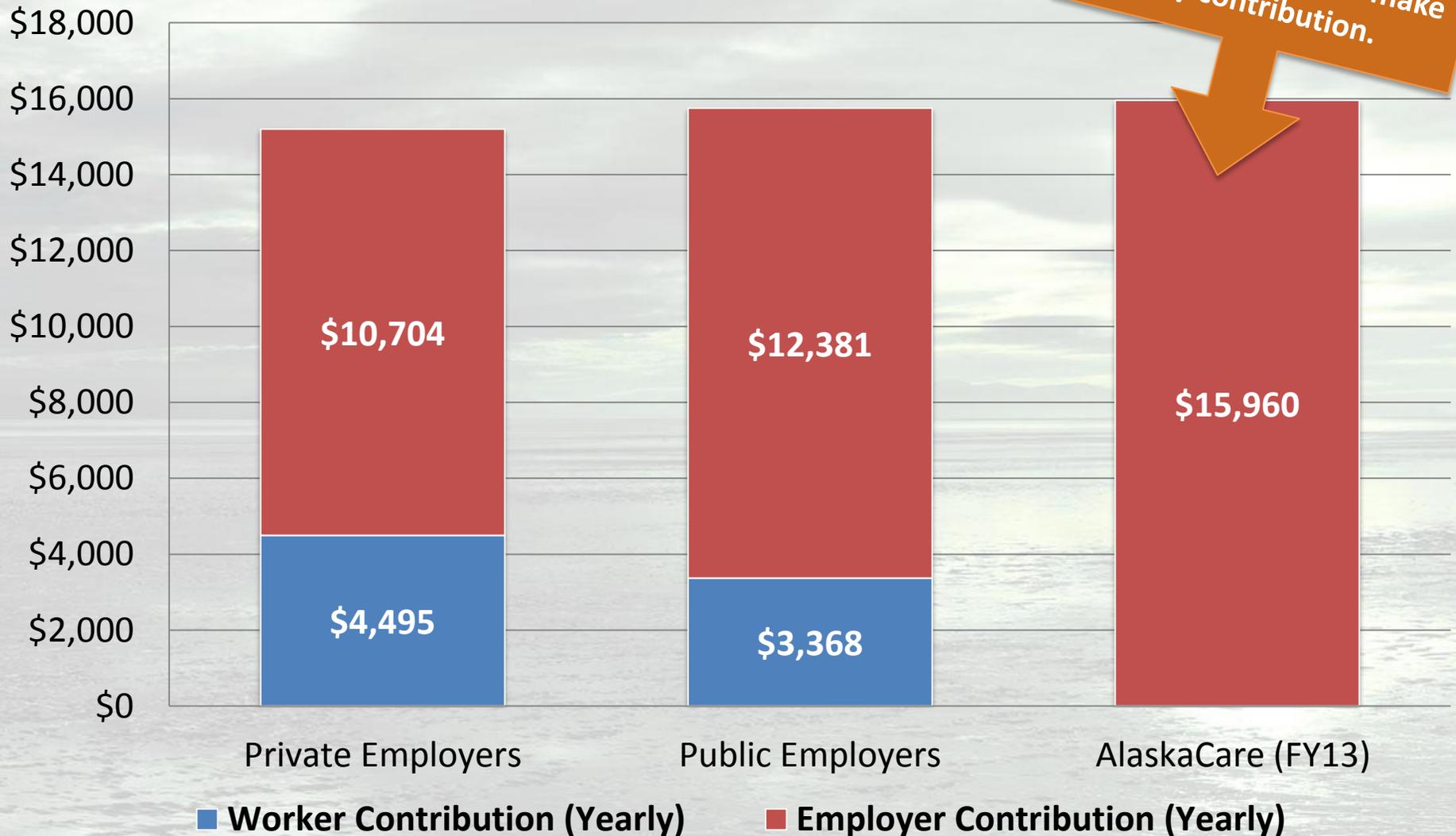
STATE COSTS FOR ACTIVE EMPLOYEE HEALTH INSURANCE



- State employee health insurance costs have more than doubled in the past decade, from \$117mm in 2003 to \$256mm in 2012.
- The population-adjusted increase is approximately 7%/year.

US EMPLOYER & EMPLOYEE CONTRIBUTIONS

Worker and Employer Premium Contributions for Family Coverage / Economy Plans (2012)



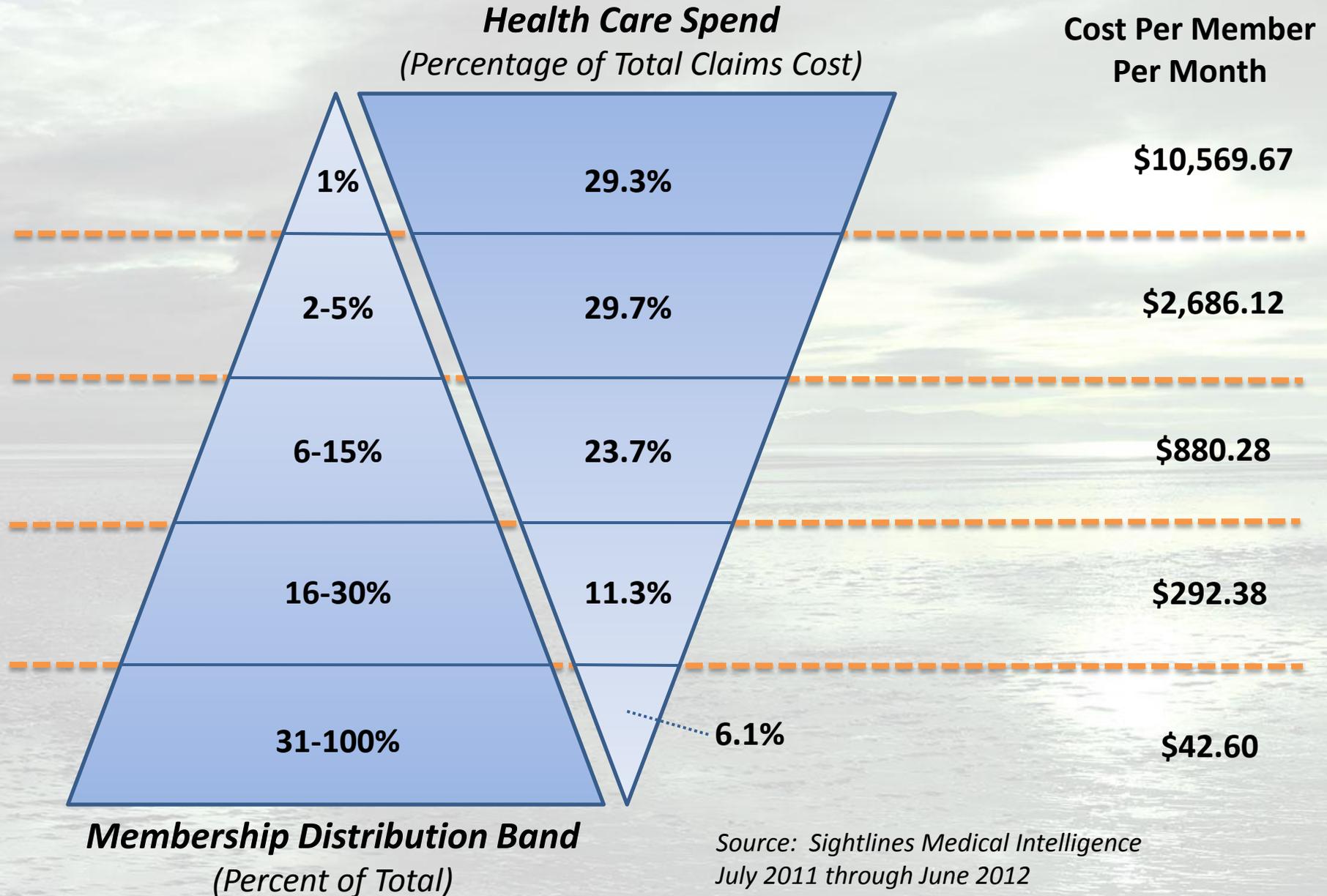
Participants in the economy plan don't make any contribution.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

PLAN DEMOGRAPHICS: ACTIVE

- Average number of members (plus dependents) is around 17,000
- Almost even distribution of men and women
- Average age is 35
- Top 5 prevalent chronic diseases:
 1. Hypertension
 2. Hyperlipidemia
 3. Diabetes
 4. Osteoarthritis
 5. Asthma
- 0.18% of our membership (31 people) accounted for 14% of the cost of medical claims paid out.
- Frequent conditions among high cost claimants (>\$250,000)
 - Degenerative ortho
 - Renal failure
 - Psychiatric disorders

UTILIZATION OF SERVICES



UNIT COST OF SERVICES

Procedure	Area 981 90% UCR (Washington) % Medicare	Area 995 90% UCR (Anchorage area) % Medicare
Total Hip Arthroplasty	\$5,409 305.2%	\$12,155 685.9%
Fragmenting of Kidney Stone	\$2,120 183.6%	\$8,200 710.1%
Nasal/Sinus Endoscopy, Surgery	\$871 235.4%	\$2,620 708.1%
Inject Spine L/S (CD)	\$683 312.4%	\$1,260 576.3%
RPR Umbil Hern, Reduc > 5 yr	\$1,229 232.1%	\$3,385 639.4%

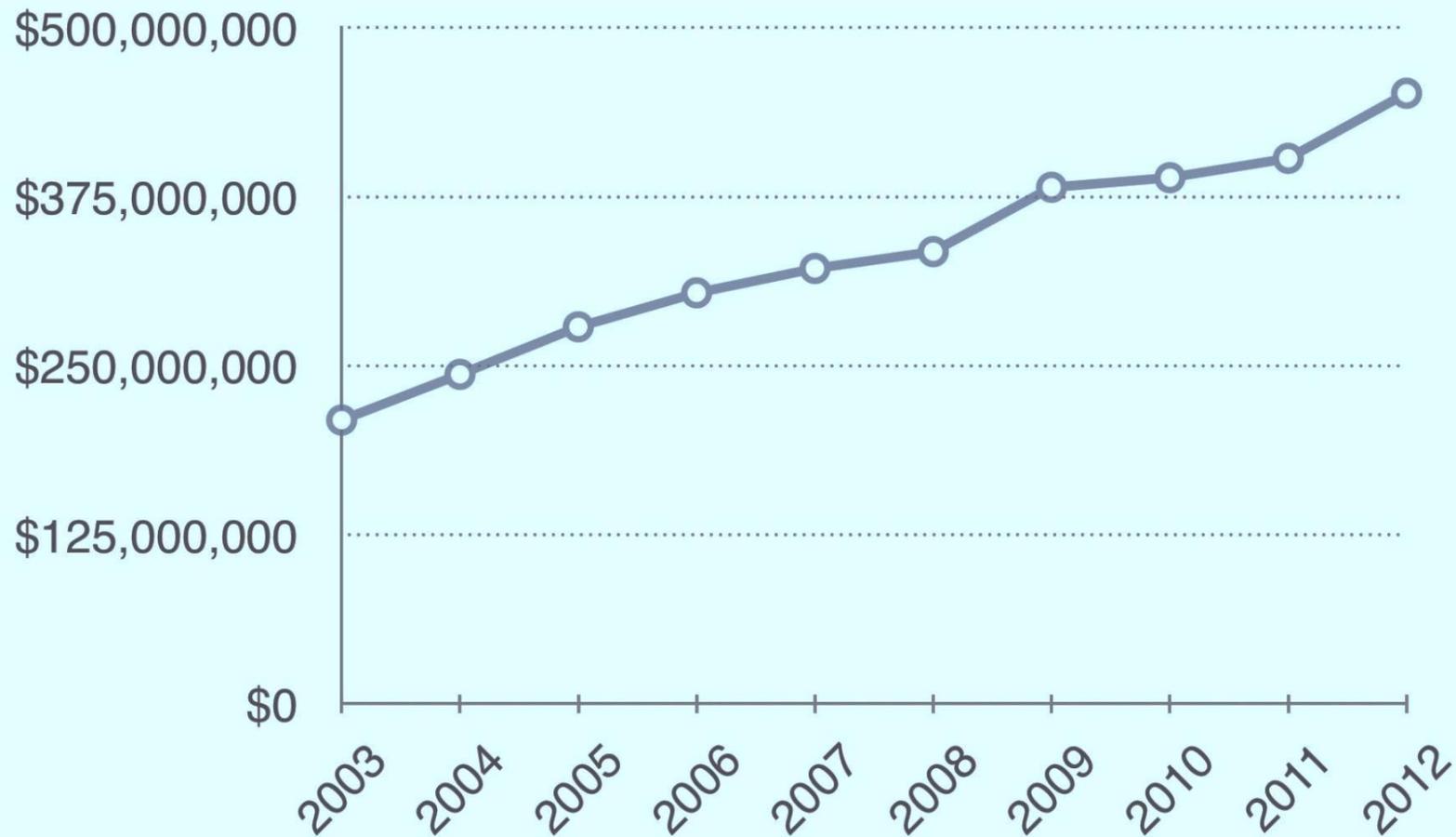
Source: Milliman Report 2011

ACTIVE HEALTH PLAN CHALLENGES

- Recent plan experience: spike in high-cost claimants
- State of Alaska culture
- Traditional plan structure
- Geography/dispersed population
- Network development/access
- Cost of services

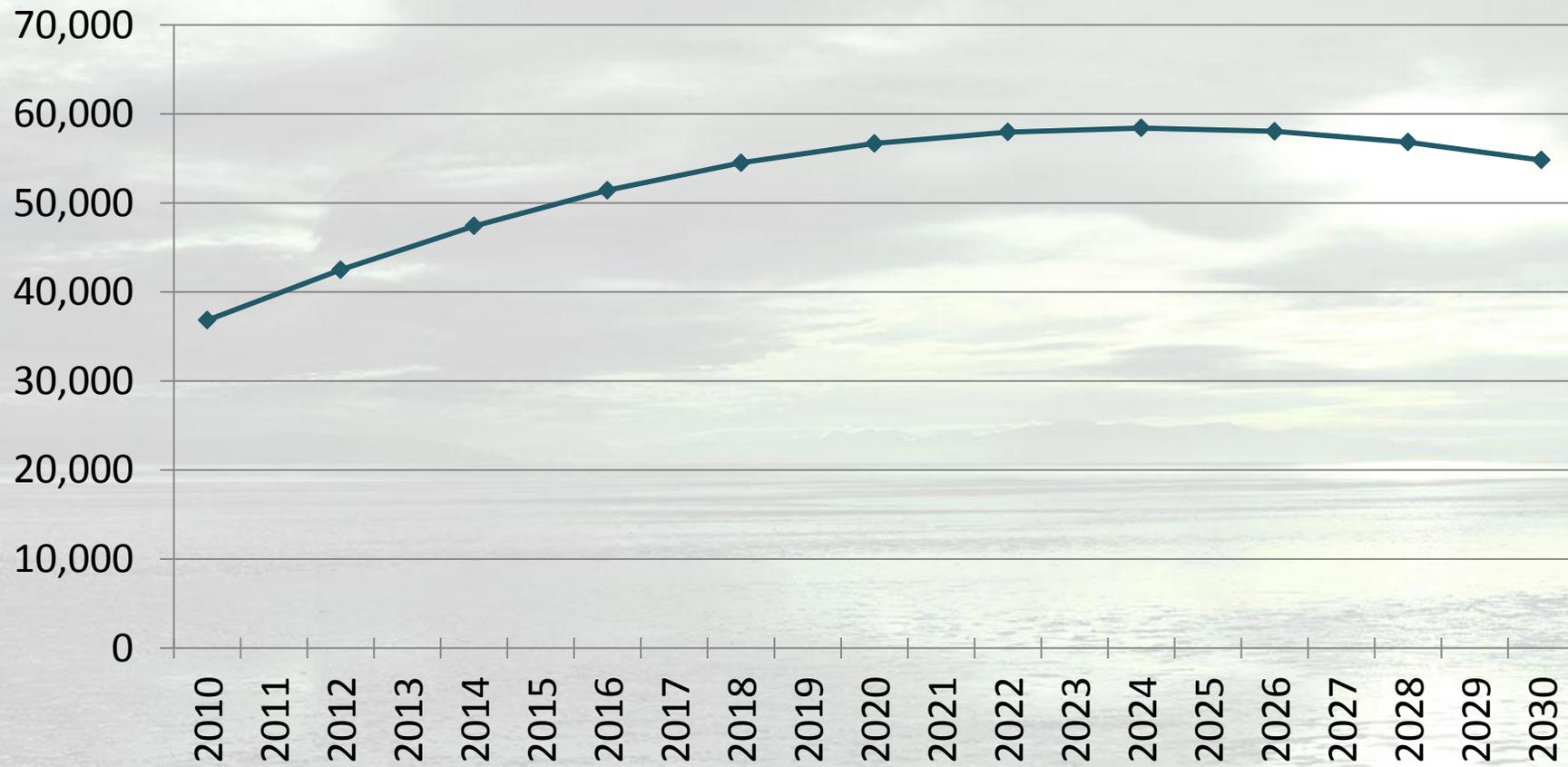
Active Plan			
	Economy	Standard	Premium
Deductible	\$500 individual \$1,000 family	\$300 individual \$600 family	\$300 individual \$600 family
Coinsurance	70%	80%	90%
Annual Out-of-Pocket Maximum	\$2,000 per person after deductible	\$1,200 per person after deductible	\$350 per person after deductible
Lifetime Maximum	Unlimited		
Preventive Care	Covered at 100% with no deductible at in-network providers		
Dependents	Covered up to age 26		

COSTS FOR RETIREE HEALTH INSURANCE



Retiree health insurance costs have more than doubled in the past decade, from \$210mm in 2003 to \$451mm in 2012.

PROJECTED RETIREMENT SYSTEM GROWTH



PLAN DEMOGRAPHICS: RETIREE

- Average number of members (plus dependents) is around 65,000
- Slightly higher distribution of women (54%)
- Average age is 63
- Top 5 prevalent chronic diseases :
 1. Hypertension
 2. Hyperlipidemia
 3. Osteoarthritis
 4. Diabetes
 5. Coronary Artery Disease
- 0.20% of our membership (129 people) accounted for 17.5% of the cost of medical claims paid out.
- Challenges specific to this plan:
 - Specialty medication
 - Unmanaged diabetes
 - Specialty surgery

RETIREE PLAN CHALLENGES

- Lack of agility/flexibility (diminishment clause)
- Outdated plan structure and benefits
- Dispersed population
- Plan demographics
- Network development/access
- Cost of services

Plan Provisions	
Deductible	\$150 individual \$450 family
Coinsurance	80%
Annual Out-of-Pocket Maximum	\$800 per person after deductible
Lifetime Maximum	\$2,000,000 \$5,000 annual restoration
Preventive Care	Not covered
Dependents	Covered up to age 19, or age 23 if a student

SOLUTIONS

Provide high-quality, high-value, fiscally sustainable care to AlaskaCare members through:

- Increasing member engagement
- Supporting evidence-based medicine and promoting data-driven decision making
- Collaborating with providers to transform the Alaska health care market

NEW PARTNERS: AETNA & MODAHEALTH



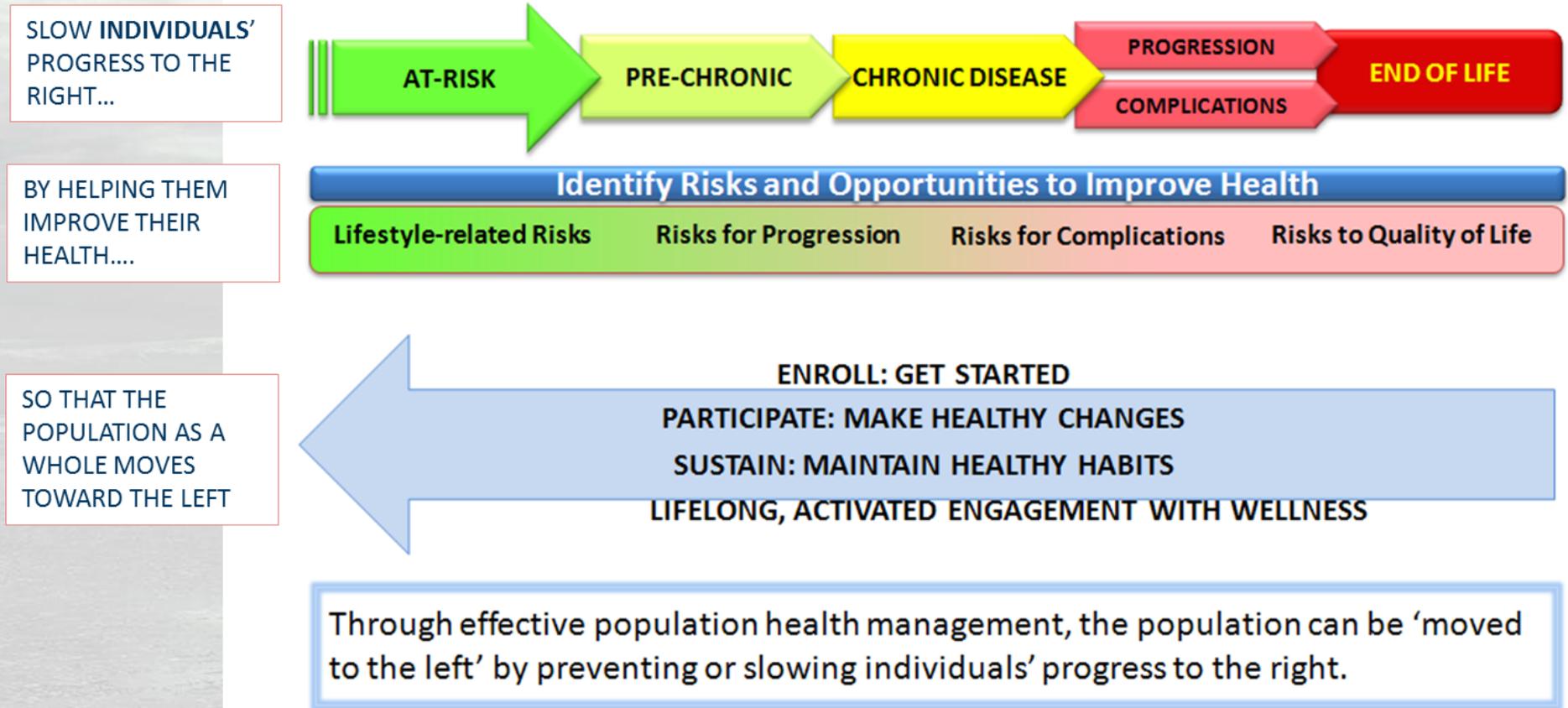
We have new health care partners.



As of January 1, 2014 we'll be transitioning to **Aetna**, **ActiveHealth Management** and **ModaHealth**.

INCREASE MEMBER ENGAGEMENT: WELLNESS

The aim: move the population to the left



INCREASE MEMBER ENGAGEMENT: DISEASE MANAGEMENT



- Disease Management Conditions

<p style="text-align: center;">Vascular</p> <ul style="list-style-type: none"> ■ Coronary Artery Disease ■ Diabetes – <i>Adult & Pediatric</i> ■ Heart Failure ■ High Blood Pressure – <i>Adult & Pediatric</i> ■ High Cholesterol ■ Peripheral Arterial Disease ■ Cerebrovascular Disease/Stroke 	<p style="text-align: center;">Gastrointestinal</p> <ul style="list-style-type: none"> ■ Gastro Esophageal Reflux Disease ■ Peptic Ulcer Disease ■ Ulcerative Colitis/Inflammatory Bowel Disease/Crohn’s ■ Chronic Hepatitis 	<p style="text-align: center;">Neuro-Geriatric</p> <ul style="list-style-type: none"> ■ Migraines ■ Parkinson’s Disease ■ Seizures ■ Geriatrics 	
<p style="text-align: center;">Cancer</p> <ul style="list-style-type: none"> ■ Breast Cancer ■ Prostate Cancer ■ Colorectal Cancer ■ Lung Cancer ■ Lymphoma/Leukemia ■ Other Cancer 	<p style="text-align: center;">Orthopedic/ Rheumatologic</p> <ul style="list-style-type: none"> ■ Chronic Back/Neck Pain ■ Rheumatoid Arthritis ■ Osteoporosis ■ Osteoarthritis ■ Systemic Lupus Erythematosus 	<p style="text-align: center;">Pulmonary</p> <ul style="list-style-type: none"> ■ Asthma – <i>Adult & Pediatric</i> ■ COPD 	
<p style="text-align: center;">Renal</p> <ul style="list-style-type: none"> ■ Chronic Kidney Disease ■ End Stage Renal Failure 			<p style="text-align: center;">Other</p> <ul style="list-style-type: none"> ■ Weight Management – <i>Adult & Pediatric</i> ■ Depression* ■ Cystic Fibrosis – <i>Adult & Pediatric</i> ■ HIV ■ Hypercoagulable State ■ Sickle Cell Disease – <i>Adult & Pediatric</i>
<p style="text-align: center;">Lifestyle Topics</p> <ul style="list-style-type: none"> ■ Stress Management ■ Weight Management ■ Tobacco Cessation ■ Healthy Eating ■ Physical Activity 			

* Addressed as a co-morbid condition

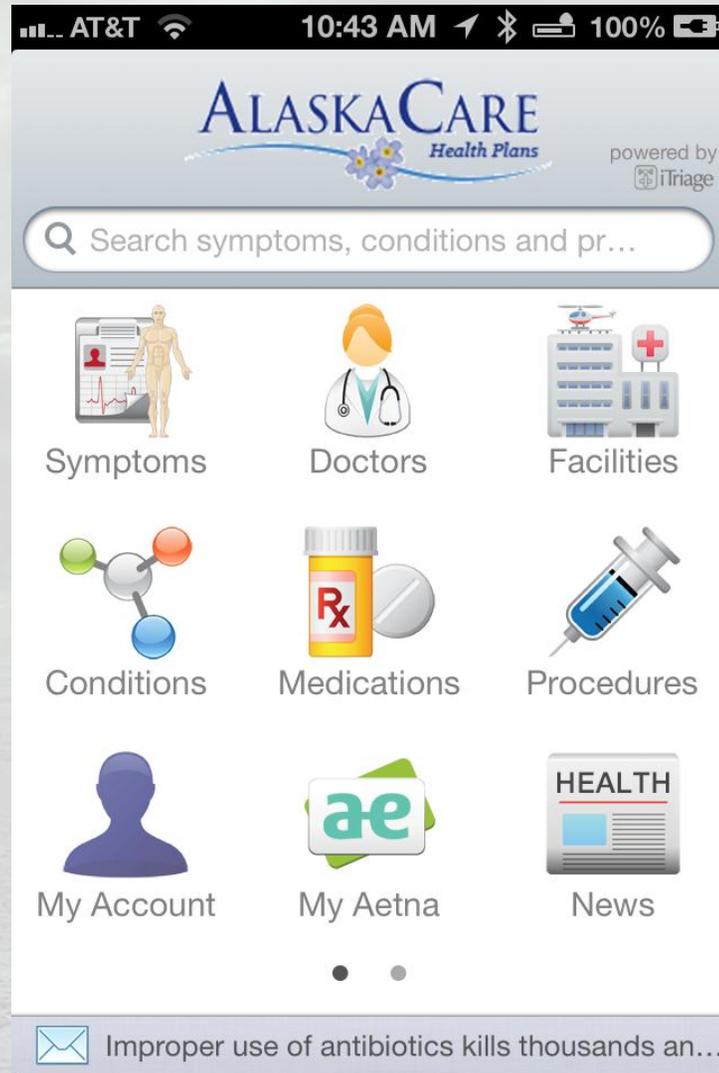
INCREASED MEMBER ENGAGEMENT: CDHP (ACTIVE)

- In 2006, the State of Indiana implemented a Consumer-Driven Health Plan (CDHP)
 - Individual deductible \$2,500, family deductible \$5,000
 - State contributed 45% of deductible to Health Savings Account
- In 2007, a second CDHP plan was implemented with lower deductibles but higher premiums
- Indiana saved money: CHDP 2010 savings were 10.7% or \$17-\$23 million
- Employees saved money
 - 2010 employees saved \$7-\$10 million
 - Unused funds were \$30 million
 - Average of \$2,000 per employee
- 2012 CDHP participation above 90%
- CDHP participants did not put off or avoid using important health care services

INCREASED MEMBER ENGAGEMENT: CONCIERGE SERVICES

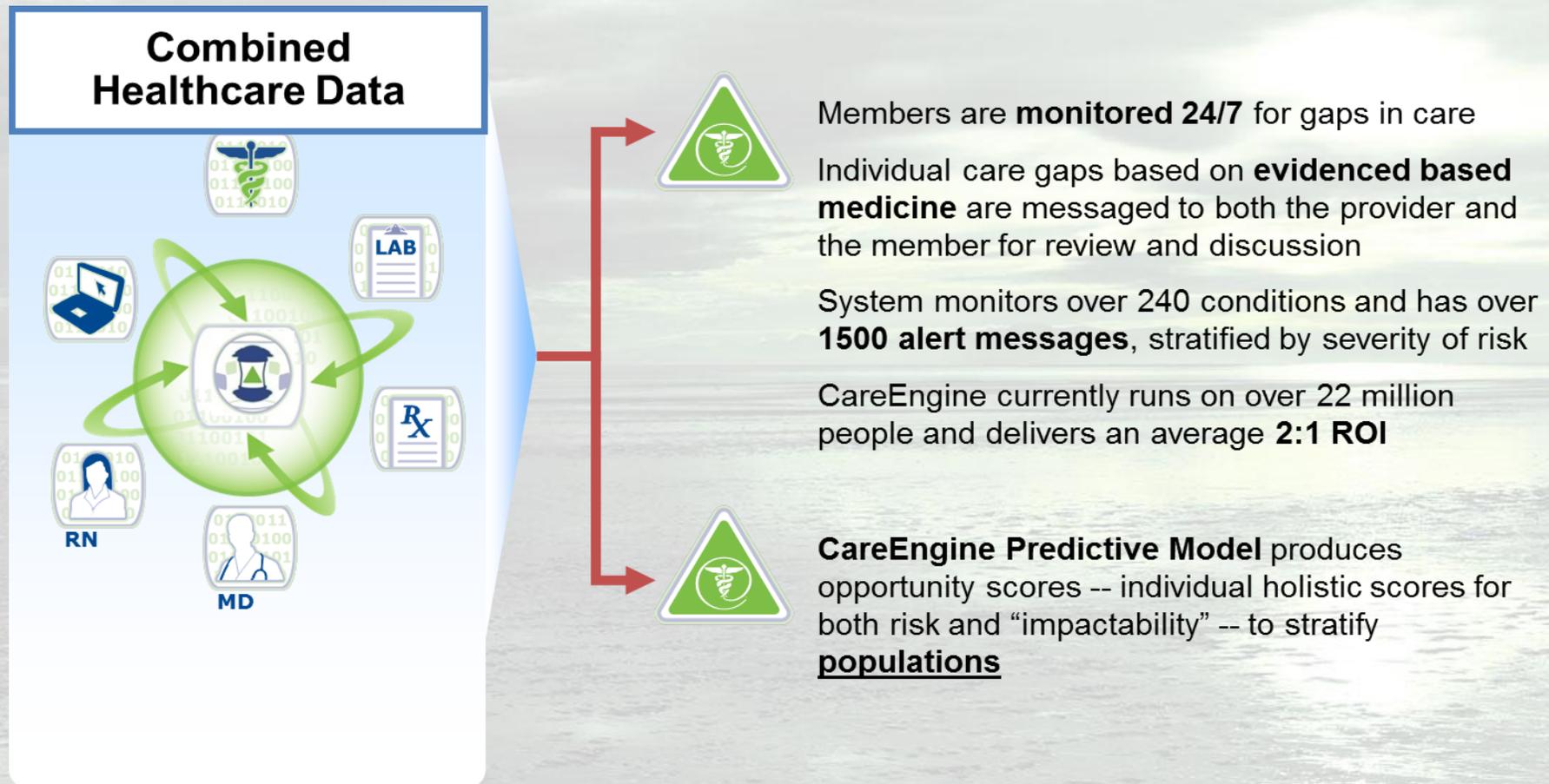
- *A dedicated concierge team* - State of Alaska members will have a single point of contact for health care needs
- *What is a concierge:* A go-to, real, live person who is on-call and on-chat to answer any real-world questions from our members
- *Concierges:*
 - Take the time to guide members through their health care journeys
 - Empower members with tools and resources Are uniquely equipped with member call history, preferences, clinical alerts and detailed personal information at hand
 - Provide a warm transfer if a transfer is necessary
- *Personalized guidance and advocacy*

INCREASED MEMBER ENGAGEMENT: ITRIAGE



- Align plan structure around best practices
 - Expand pre-certification list
 - Adopt Aetna’s clinical policy bulletins
 - Rigorous review of our plan provisions
 - Consider plan design changes to support evidence based medicine: e.g. three-tier formulary, etc.
- Use concierge services as opportunity for decision-support

Assesses health opportunities: continuous data-driven evidence-based medicine



EVIDENCE-BASED MEDICINE: DATA-DRIVEN DECISION-MAKING

- Identify trends early and address them, before they become cost-drivers
- Uncover “hidden cost drivers” that can address the root cause of a problem



Over 100 standard reports



EXECUTIVE SUMMARY

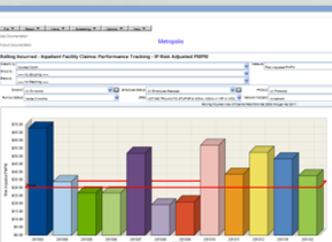
Concise, informative executive dashboards and reports to provide a selection of reports across quality, cost, utilization and other key performance measures.

FINANCIAL ANALYSIS

Analysis and predictive modeling to isolate cost drivers, project future estimated cost and understand financial implications of disease and population health states.



Intuitive graphical displays



PROGRAM EVALUATION

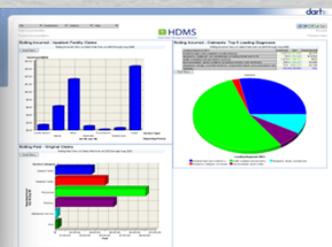
Provides insights into our CM/DM/UM/Wellness programs to evaluate efficiency and effectiveness as well as find new opportunities for making an impact.

POPULATION MANAGEMENT

Risk stratified views of our population by condition allowing analytic drill down and longitudinal perspectives with the associated cost information.



Custom dashboards



PROVIDER ANALYSIS

Review patient and provider compliance and compare treatment patterns against industry accepted evidence based medicine guidelines as well as comparative evaluations to peer groups.

BENCHMARKS

National dataset available for market analysis based on HDMS aggregated data or loaded from external data targets.

COLLABORATE WITH PROVIDERS TO TRANSFORM MARKET

Network Strategy and Priorities

- Improve access to contracting physicians and providers
- Improve predictability and performance (cost) of contracts
- Address egregious charges/rates for targeted high volume procedures
- Collaborate with Aetna to identify and engage delivery system partners committed to designing transformative solutions
- Encourage delivery system investment in integrated care delivery
 - Comprehensive care models such as PCMH and ACOs
 - Procedure-based integration opportunities such as bundled payments

THINGS WE'RE WATCHING

- Onsite clinics (State of Montana, HCCMCA)
- Centers of Excellence
- Narrow networks
- Reference pricing (CalPERS)
- Private exchanges
- Consumerism and transparency tools
- Impact of public plans on health care market

THANK YOU. ANY QUESTIONS?



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www.AlaskaCare.gov

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Alaska Department of Administration Retirement and Benefits

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Employee Retiree Notices

ALASKA CARE Health Plans

Administration > Division of Retirement and Benefits > AlaskaCare Health Plans

AlaskaCare Health Plans

- Contact Us
- Find a Provider
- Get ID Cards
- Wellness

Employee	Retiree
<ul style="list-style-type: none">PlansPharmacyInformationForms/PublicationsWellnessEmployee Assistance Program	<ul style="list-style-type: none">PlansPharmacyInformationFormsPublications

Pharmacy Benefits	Headlines and Announcements
<ul style="list-style-type: none">Pharmacy Benefits SeriesFind a Network Pharmacy	<ul style="list-style-type: none">IPA ChangeAlaska Regional Hospital EventsMedication Adherence Letter

Note: Links marked with this icon point to an external site.

Accessibility Contact Policies Site Index

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