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# 2017 Health Plan Proposal

Presented to:

Presented by:



*Benefits You Can Bank On*

## thank you for considering our proposal

...We believe the Community Health Vault plan is the only real solution for managing your risk and establishing a plan that truly helps make members healthier at a fair price...

Here at Community Healthcare System, helping Northwest Indiana residents achieve and maintain optimal health is among our top priorities.

The Community Health Vault program is where we combine all our programs and services into our own proprietary health plan offering.

Beyond providing world-class medical care, our hospitals and staff are committed to making health care, education, and resources easily accessible through a variety of programs and partnerships throughout the community.

Through the engagement of our health and risk management partners, we can provide our local employer groups competitively priced health plans that will dramatically improve the health of their members and our community.



A proprietary health plan offering of:



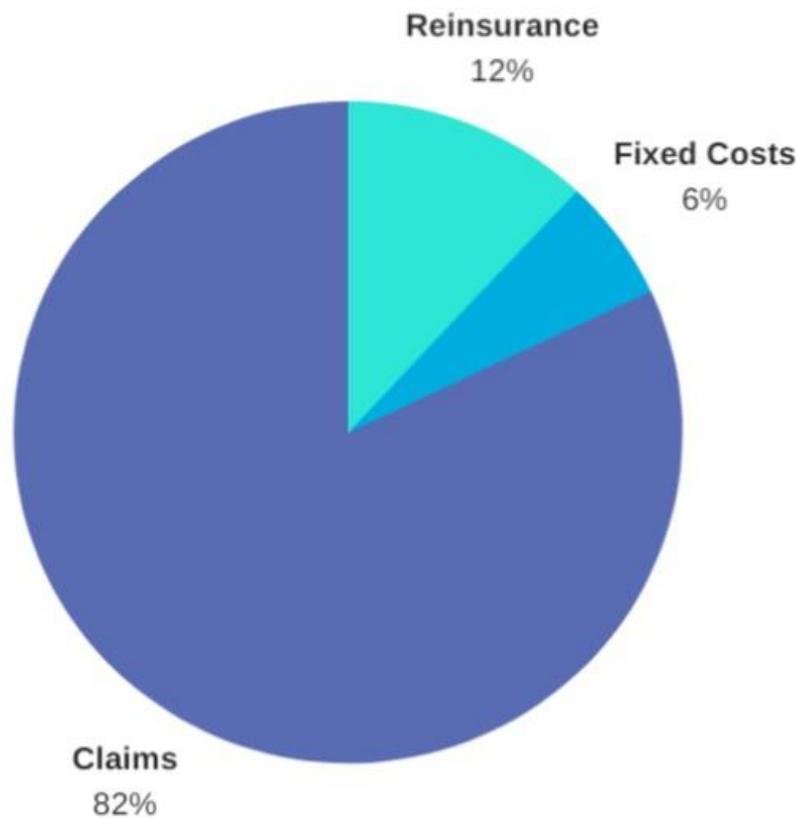
Community Hospital St. Catherine Hospital St. Mary Medical Center  
Munster, Indiana East Chicago, Indiana Hobart, Indiana

# Let's look at the facts of your plan:

What many employers and groups do not realize is which elements of their plan are the costliest.

Attempts to contain costs are only successful when you understand which costs matter and what drives them.

**Trust our proven methods to uncover and control your costs.**



### Reinsurance

Also known as stop-loss or excess-loss insurance which reimburses the employer for claims that exceed a predetermined level

### Fixed Costs

Include administrative fees, network access fees, risk management fees, etc.

### Claims

A variable expense that depends on the utilization of the plan and the bills that come in from providers and facilities

# Population Health Management



**Integrate**  
 Biometric Screening  
 Rx / Medical Claims Data  
 Electronic Medical Record

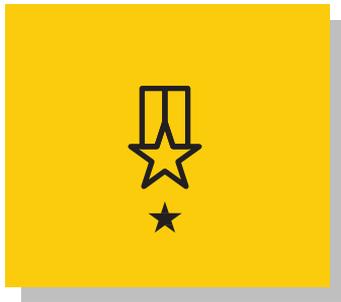


**Automate**  
 Identify and Engage At-Risk Members  
 Deploy Wellness for All Members



**Connect**  
 Member Engagements  
 Provider Performance

# Community Health Vault Captive Strategy: Medical + Rx Claims



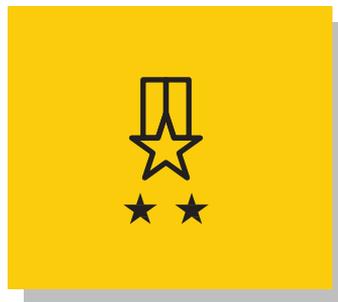
## Outcomes

Monthly Reporting

Ongoing Auditing and Review

Constant collaboration between plan and CHS

CHS is incentivized for their part in delivering the best health care to members



## Wholesale Rx Pricing

Pass through pricing

Manufacturer Rebates go directly to the plan

Formulary is reviewed and designed for optimal performance

Formulary is customizable and flexible



## Price

Rating is based on CHS Vault rates

Rating benefits from CHS case review and care plan

Price reflects buying power of the Captive volume

Performance is reviewed monthly so the renewal is not ever a surprise

These are the only ways to ultimately drive the cost of the health plan down and keep it manageable in both the short and long term.

# Pharmacy Drug Program

## overview

CHS partners with Araya to manage prescription drug benefits for its clients. Araya is a privately held Pharmacy Benefit Manager (PBM) located in Latham, New York. Araya's income is generated from administrative fees alone. Pharmacy discounts and manufacturer rebates are passed directly to the client. Araya does not have ownership interest in the pharmacy network or home delivery providers. This allows incentives to be aligned with the client. Araya measures results by their client's continued financial success and the health of their members.

Araya's management team has years of experience working with many types and sizes of organizations. They offer a flexible service model with a full range of tailored solutions. Araya collaborates with clients, enabling them to leverage the data collected through the adjudication process, improving the quality of care and delivering the most cost-effective benefit.

## network

The CHS Vault Captive contract with Araya includes "pass through pricing". This means that Captive clients pay claims at the same price the pharmacy is paid. In traditional models, payors are charged an inflated price that allows the PBM, brokers and consultants to make undisclosed profit, driving up the cost of care. The CHS Vault Captive's model ensures the lowest cost to the plan, minimizing exposure and risk which enables a successful, affordable long-term strategy.

This pricing applies at all levels, including Retail Pharmacy, Mail order Pharmacy and Specialty Pharmacy. The "pass through" model also guarantees that CHS Vault Captive clients will benefit from improved rates whenever Araya renegotiates their contract, not just at renewal.

## rebates

Through their partnership, Araya and CHS Vault Captive have a strategic solution for rebate management that offers innovative drug formulary solutions to reduce overall cost for CHS Vault's clients. Precise's partner focuses on high cost specialty medications with therapeutic choices to drive the higher rebate and lowest net cost. CHS Vault clients are benefiting from market-leading rebates in key therapy classes like Hepatitis C and Autoimmune therapies.

## clinical programs

Prescription drugs cost are no longer a secondary concern for self-insured employer groups or the stop loss carrier. Many new biotech therapies have price tags that can easily hit individual stop loss thresholds. The Araya clinical team reviews all specialty claims to ensure patients meet clinically accepted guidelines before they are approved for payment.

New therapies are also compared against standard protocols to verify that patients have tried equally effective, economical alternatives first. In many cases, Araya's programs can achieve the same clinical result at a significantly reduced cost or delay therapy until market forces bring down the cost naturally.

## risk identification

Data captured through the Pharmacy Benefit Management adjudication system represents a great opportunity for early identification of members who may hit stop loss thresholds. Minutes after processing the claim in real time, prescription data is loaded to the Araya warehouse. The data is shared with our predictive-modeling and analytics partner HCI. Passing this data through HCI's risk stratification algorithms help us predict future costs for patients based on the medication they have been prescribed. We now can inform our stop loss carrier of potential claims earlier than ever before helping them to adjust actuarial analysis and better rate each group.

# Who's Who

Get in touch with our professional team. On the CHS Vault plan, you really are engaged with an entire team of individuals and support personnel who constantly review, analyze and recommend plan improvements.

## (Broker Name) Team

The broker and their team will continue to provide the high level of brokerage services you are accustomed to. They will continue to be your first line of support.

## CHS Practitioners

The practitioners that are a part of the CHS narrow network are motivated and incented to keep patients healthy and treat illness effectively.

## New Healthy Me

New Healthy Me is the wellness division of CHS. This includes a proven, successful solution for all your population health needs.

## TPA Name

The TPA serves as the Third Party Administrator (TPA) on CHS Vault plans, administering claims both within the CHS network, and whichever out of network

## Araya

Araya is the Pharmacy Benefit Manager on CHV plans, ensuring the group is paying the most competitive price for Rx claims

## Companion Life Insurance

Companion Life Insurance is the A Rated Reinsurance carrier who issues the stop loss policy for the group, capping the liability on each

## Montgomery Management

Montgomery Management is the Managing General Underwriter negotiating the CHV rates for the group with the Carrier

## Vault Captive

The Vault Captive is a segregated cell captive domiciled in North Carolina. For no additional premium, the Captive provides an extra \$100k layer of risk protection per individual

# Out of Network Options

The narrow network provided by CHS provides the highest level of health engagement at the best rate to the plan and members. But we all realize there are situations that arise where an out of network facility or practitioners are necessary. Below are the 2 best options for the out of network benefits.



## Value-Based Pricing (VBP) Network

This provides members with an unlimited facility network. All claims are audited and repriced according to a negotiated rate. This plan affords the group the greatest savings, when out of network practitioners or facilities must be utilized.

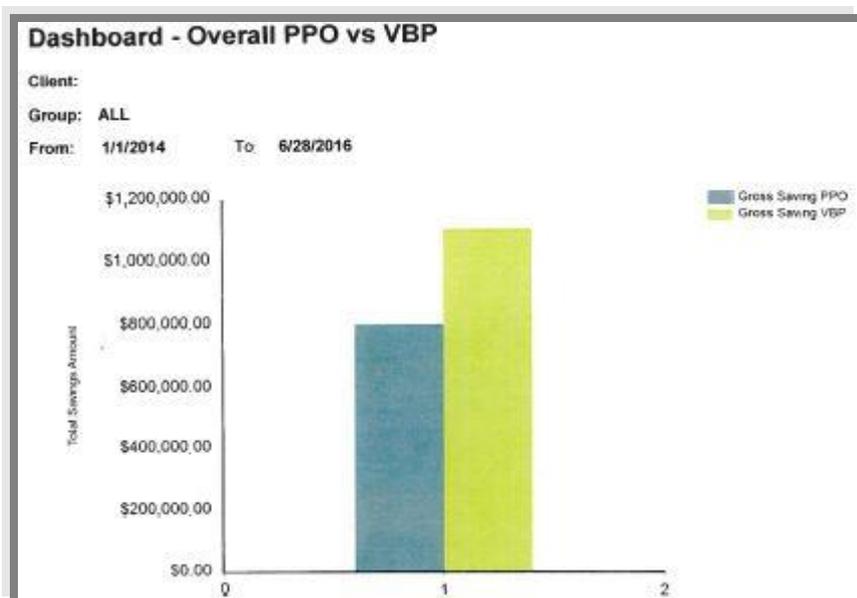
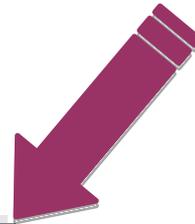


## Cigna PPO Network

This network provides access to the Cigna PPO network when the CHS practitioners and facilities cannot be utilized. The rates paid for claims reflect a negotiated discount and are more costly than VBP but are still a great option and more affordable than fully-insured reimbursements.

# How Value-Based Pricing performs as an out of network option

Data taken from actual client reporting



**Summary:**

PPO		VS	VBP	
Total Claim Count:	237		Total Claim Count:	237
Total Bill Charges:	\$1,727,442.58		Total Bill Charges:	\$1,727,442.58
Total Allowed Charges:	\$926,844.48		Total Allowed Charges:	\$624,664.95
Total Gross Savings:	\$800,598.10		Total Gross Savings:	\$1,102,777.63
Overall Saving Percentage	46.34 %		Overall Saving Percentage	63.83 %

Additional VBP Savings Below the PPO

\$302,179.53 or 17.49%

*Keep in mind- the transition to a VBP plan does not have to be made year 1.*

*On the CHS Vault plan, this only comes into play when a CHS facility or practitioner cannot be utilized.*

# Nothing is better than a Client Case Study – or a few

## Situation 1: Maximum Liability Reduction (Medical Claims)

**Client:** A small group veterinary clinic

**Situation:** A member was pregnant with twins and carrier was attempting to 'laser' them at \$80,000 each for delivery.

**\*Notes:** A laser occurs when a plan member is assigned an individual specific deductible that is higher than the rest of the group. This affects the overall maximum liability of the plan, not the member specifically. It is not a guaranteed expense, but is likely to be an expense, if claims for that member are processed as underwriting expects

**Our work:** We worked with our medical review team to determine the cost of delivering twins at the hospital the member would be delivering. We provided thorough analysis of not only the anticipated expenses at the facility, but others in that geographical area as well as detailed documentation we were able to secure from the practitioner stating it was not a high-risk pregnancy.

**Outcome:** We were able to have the laser completely removed, with no additional liability for the member or the plan.

**Summary:** This could not happen on any other plan. Not only does this level of troubleshooting require direct engagement with facilities as well as practitioners and underwriters, but it requires a knowledgeable team who is able to detect and recognize potentially incorrect charges or assignments of liability. This solution secured the group not only a lower maximum liability by \$160,000 but the peace of mind that there are experts reviewing and responding to all data and ensuring its validity.

## Situation 2: Maximum Liability Reduction (Rx Expense)

**Client:** A small non-profit (501(c)3) organization

**Situation:** A member was diagnosed with Multiple Sclerosis and prescribed a drug that underwriting rated at a cost that was geographically estimated. It resulted in a laser of \$155,000 annually for the client.

**\*Notes:** A laser occurs when a plan member is assigned an individual specific deductible that is higher than the rest of the group. This affects the overall maximum liability of the plan, not the member specifically. It is not a guaranteed expense, but is likely to be an expense, if claims for that member are processed as underwriting expects.

**Our work:** We worked with our pharmacy benefit manager to determine the actual cost of the drug direct from the manufacturer. We were also able to employ some creative coinsurance rebate systems with the manufacturer.

**Outcome:** Overall, we were able to reduce the laser amount down to the actual cost of the drugs which was \$85,000 (a \$70,000 reduction).

**Summary:** This could not happen on any other plan. Not only does this level of troubleshooting require direct engagement with drug manufacturers as well as pharmacy benefit managers and underwriters, but it requires a knowledgeable team who is able to detect and recognize potentially incorrect charges or assignments of liability. This solution secured the group not only a lower maximum liability by \$70,000 but the peace of mind that there are experts reviewing and responding to all data and ensuring they are not being held

## Situation 3: Benefit Plan Improvement

**Client:** A small municipality

**Situation:** The plan design for this town was extremely complicated and cumbersome for members and HR staff. It included various reimbursement and health savings structures as well as confusing benefit class assignments.

**Our work:** Through a gradual transition each year, at the directed pace of the municipality leadership, we were able to suggest benefit modifications that improved the benefits and reduced the costs. We did this at a pace that was acceptable to the group and not disruptive for the plan or members. We performed ongoing compliance and discrimination testing as well as simulated plan designs to determine their potential effectiveness.

**Outcome:** At their most recent renewal, we were able to finalize the transition to one simple plan design that provides all members with a low deductible plan, and a simplified benefit structure. The ongoing cost savings were significant enough through our various cost-containment strategies that the plan was able to implement a wellness plan as well as an incentive for employees and their family members to participate.

**Summary:** The simplification of the benefits model ensures the ease of its administration for the plan sponsor and their staff as well as the members involved. By recognizing the long-term strategy of the client and through direct engagement monthly, quarterly and annually, PBG was able to guide the group into a benefits structure that ensures all stakeholders have a positive experience and the municipality retains much-needed funds.



## The key elements of our wellness plan

Health Risk Assessments (HRA)

Biometrics/ Laboratory Screenings

Clinical Health Coaching

### Offer HRAs to make members aware of risk factors that may impact their quality of life

The main objectives of a HRA are to:

- Assess health status
- Estimate the level of health risk
- Inform and provide feedback to participants to motivate behavior change to reduce health risks

### Provide members with vital information that identifies health risks

Screenings capture vital health information related to:

- Full Lipid Panel (cholesterol, LDL, HDL, triglycerides)
- Blood glucose
- Body Composition (height, weight, BMI, body fat percentage, waist circumference)
- A1c, PSA, TSH, cotinine, and many other lab tests available as add-ons

### Provide health coaching support to medium and high-risk members

- Contacts medium and high-risk members identified through the HRA and screening process
- Provides guidance in accordance to Prochaska's "Readiness-to-Change" protocols which are geared towards achieving long-term lifestyle change
- Provides disease management support to members as needed
- Leverages member portal tools including digital coaching modules, secure email, and online scheduling



Our population health management integrated platform lowers employer costs by providing resources that identify and mitigate risk.

We combine cutting-edge technology with comprehensive support to help employees live well and perform better.

**The Member Experience:**

- **Fun wellness activities and enticing incentives** motivate members to make healthier choices
- **Interactive member portal and mobile app** that provide secure access to personal health information, wellness activities, health education and fitness device (i.e., Fitbit, Nike, JawBone) information
- **Member service and health coaching** to assist members with program and technology questions, plus, guide members toward lifestyle and clinical improvements
- **Member messaging** that includes customizable print communications, as well as text, email and voicemail messaging



**Features:**

- Actionable, real-time data analytics and reporting
- Integrated member HRAs and screening results
- Predictive modeling to identify medium to high-risk groups for targeted outreach
- Disease management and Health Coaching based on 'Readiness to Change' behavioral science
- Incentive management tracking member participation and rewards



Connect with 150+ mobile health devices and apps



# ABC Client 2017 CHV Rate Summary

\*Please see detailed breakdown provided to your broker

	Summary of Renewal Rates	Summary of 2017 CHV Rates
<b>Maximum Liability</b>		
Annual Total	\$1,818,895.92	\$1,571,374.92
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Total Guaranteed Savings:		\$247,521.00
<b>Claims Expense</b>		
Expected Costs	\$1,818,895.92	\$1,359,676.54
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Total Expected Savings w/o Captive Dividend		\$459,219.38
<b>Potential Captive Dividend</b>	\$0	\$134,785.35
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Total Expected Costs	\$1,818,895.92	\$1,224,891.19
Total Expected Savings		33%

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Ready to offer a health plan that  
actually makes employees  
healthier?

Let's get started.

