

MARCH 29, 2016



# HCBD UPDATE

- Health Plan Spend
- Financial Projections
- RX Program
- Summary Plan Document Material Modifications

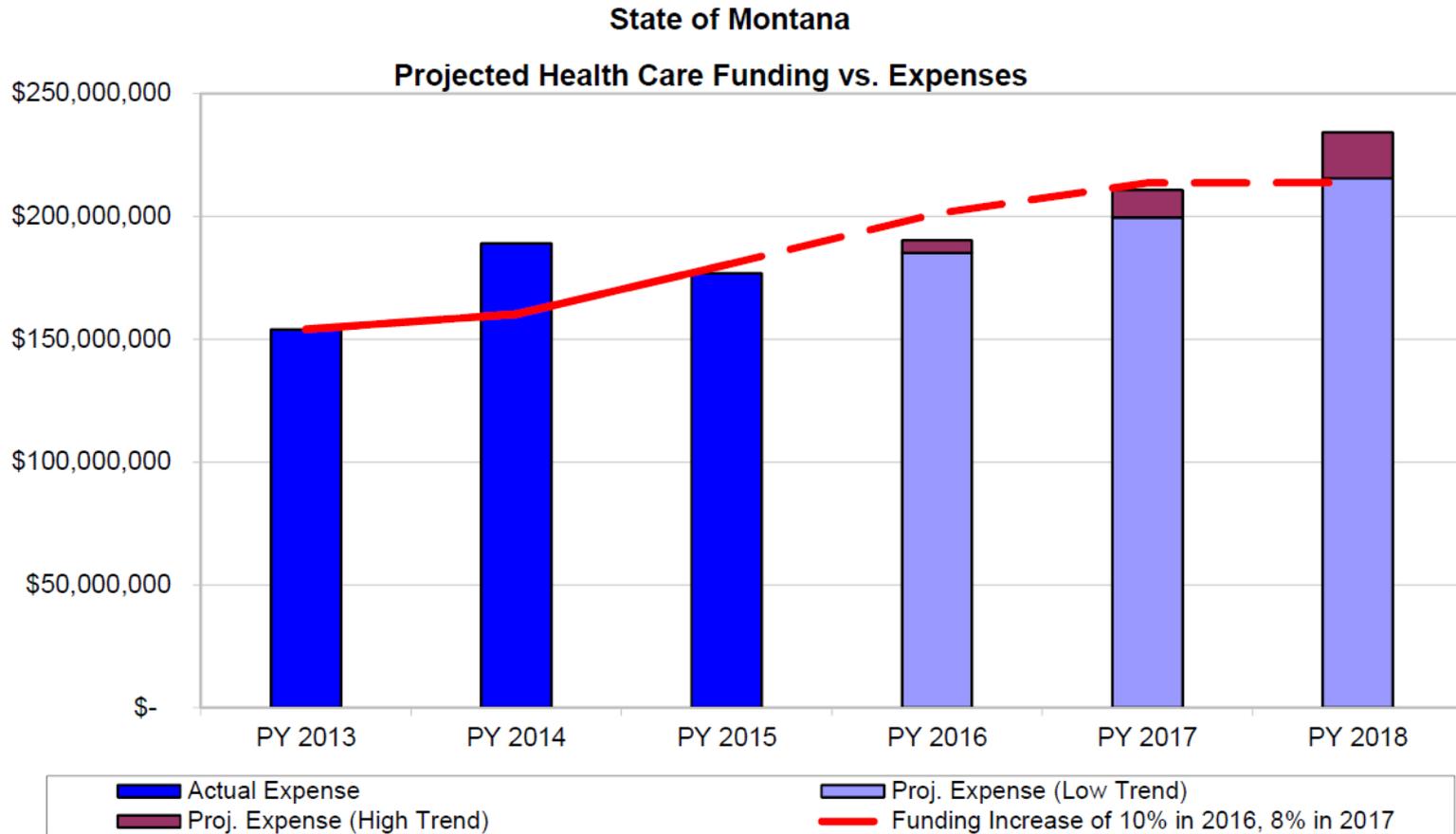
# HEALTH PLAN SPEND

	<u>2014</u>	<u>2015</u>
<b>Inpatient Hospital Claims</b>	24%	21%
<b>Outpatient Hospital Claims</b>	24%	24%
<b>Physician Claims</b>	23%	23%
<b>Vision and Dental Claims</b>	5%	5%
<b>Pharmacy Claims</b>	15%	18%
<b>Health Center</b>	3%	3%
<b>TPA Fees (Medical, Pharmacy, Dental, Vision)</b>	3%	3%
<b>HCBD Administration</b>	2%	2%
<b>ACA Fees</b>	1%	1%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

# 2016 COST CONTAINMENT

<b><i>Patient (Employee/Member)</i></b>	
Average member contribution increase of 12% for 2016	\$ 5,365,000
Average retiree contribution increase of 12% for 2016	1,576,000
Change in benefit plan (deductibles, etc.) for 2016	4,593,000
	<b>\$ 11,534,000</b>
<b><i>Payer (State of Montana)</i></b>	
8% increase in State Share	<b>\$ 11,730,000</b>
<b><i>Providers</i></b>	
24% reduction in TPA Admin Fees starting 1/1/2016	904,000
18% reduction in CareHere Admin Fees starting 1/1/2016	360,000
RX Initiatives	1,800,000
	<b>\$ 3,064,000</b>

# FINANCIAL PROJECTIONS – ANW



# PHARMACY PROGRAM

- Alliant Consultant Review
  - ✓ Discount guarantees low compared to market (retail and specialty)
  - ✓ Pass through model changed to pass through PLUS spread in 2013
  - ✓ Rebates significantly lower than market, not aligned with formulary
  - ✓ Administrative fees higher than market
- RX RFP for Jan 1, 2017 Implementation
  - Alliant consultants
  - Mike Matovich, Montana Family Pharmacies
  - Start work this week

# PLAN CHANGES

- Clarity/consistency
- Align with industry standards
- Save Plan money by managing vendors, providers, or facilities
- Comply with Federal laws/regulations

# PLAN CHANGES

- Allergy Shots
- ER copay
- Prior Authorization for MRI/CT
- Air Ambulance payments

# ALIGN WITH INDUSTRY STANDARDS

- Chiropractor x-rays
- Experimental Chemo
- Weight Management
- Surgical staff
- Second opinions

# SAVE PLAN MONEY

- End Stage Renal Disease
- Hemophilia
- Hospital Errors
- Surgical implants