

State Employee Health Plan Update

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**COMMITTEE ON HEALTH CARE, INSURANCE
& FINANCIAL SERVICES**

JANUARY 24TH, 2019

Employee Health & Benefits Programs

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- Medical Plans
 - SOM Active Employees and Retirees
 - Ancillary Employees and Retirees
- Dental Plan
- Vision Plan
- COBRA
- Wellness Program
- Deferred Compensation Plan (Voluntary 457(b) Defined Contribution)
- Employee Assistance Program (aka “Living Resource Program”)
- Flex Spending Accounts
 - Health Care FSA
 - Dependent Care FSA
- Firefighter/Law Enforcement Retirement
- Teacher Retiree Health Insurance Subsidy
- Teacher Grant program

Governing Statutes & Body

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State Employee Health Commission(SEHC)

- Oversight of Medical and Dental Plans
- 12 labor members - 1 co-chair member
- 12 management members - 1 co-chair member
- Focus – Plan Design and Cost

Employee Health & Benefits

- Analysis and Strategic Recommendation to SEHC
- Plan Administration

Statutory language

- SEHC: Title 5, Part 1, Chapter 13, Subchapter 2, §285-A
- Administration: Title 5, Part 1, Chapter 13, Subchapter 2, §286
- Health Plan: Title 5, Part 1, Chapter 13, Subchapter 2, §285

Availability of Health & Dental Plan

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- State Employees
- “Ancillary Employers”
 - ✦ Maine Military Authority;
 - ✦ Judiciary;
 - ✦ Maine State Employees Association;
 - ✦ Council 74 of the American Federation of State, County and Municipal employees
 - ✦ Maine Turnpike Authority;
 - ✦ Maine Community College System;
 - ✦ Maine Maritime Academy;
 - ✦ Maine Public Employees Retirement System
 - ✦ Maine National Guard performing state active service pursuant to Title 37-B
 - ✦ Northern New England Passenger Rail Authority;
 - ✦ Maine Port Authority;
 - ✦ Child Development Services System under Title 20-A, section 7209.
 - ✦ Finance Authority of Maine;
 - ✦ Maine School of Science and Mathematics;
 - ✦ Small Enterprise Growth Board;
 - ✦ Maine School for Marine Science, Technology, Transportation and Engineering;
 - ✦ Other Small Boards and Commissions

Insurance Program Structure

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Medical Plans

- Preferred Provider Plan (Self-Insured, Employer subsidized, Anthem)
 - State of Maine & Ancillary employees
 - State of Maine & Ancillary non-Medicare Retirees

- Medicare Advantage Plan (Fully Insured, Medicare Integrated, Employer Subsidized, Aetna)
 - State of Maine & Ancillary Medicare Retirees

Dental Plan

- Standard Plan (Retention Account, Employer Subsidized, Northeast Delta Dental)
 - State of Maine & Ancillary employees

Vision Plan (Fully-Insured, No Employer Subsidy)

- State of Maine & Ancillary employees

Value of Subsidized Health Plans – FY18

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PPO (Anthem)	<u>\$ Millions</u>
• Medical Claims*:	173.8
• Pharmacy (<i>Express Scripts</i>):	46.9
• Claims Admin	5.0
• Stop-Loss Insurance:	<u>2.3</u>
Total Gross	228.0
• Refunds/Rebates:	7.6
• Stop Loss Insurance	
• Pharmacy Rebates	
Total Net	220.4

Value of Retiree PPO Plan – FY18

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Retiree Medicare Advantage Plan (Fully Insured – AETNA)	\$ Millions
• Paid Premium	29.6

Value of Dental & Vision Plan- FY18

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Dental Plan (DELTA)	\$ Millions
• Dental Claims:	7.3
• Claims Admin:	.8
• Stabilization Fund:	<u>(.6)</u>
Total Gross	7.5 ← Premium
• Vision Plan (ANTHEM)	
• Paid Premium	.4

Plan Comparison - Medical

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Benefits	Anthem PPO		Aetna Medicare Advantage	
	In-Network	Out-of-Network	In-Network	Out-of-Network
Individual Annual Deductible	\$600	\$3,000	\$300	
Individual Annual Out-of-Pocket Maximum	\$2,000	\$5,000	\$3,400	
Preventive Care	Covered at 100%	Deductible, then plan pays 60%	Covered at 100%	Plan pays 80% No deductible
PCP Office Visit	No deductible applies, \$20 copay	Deductible, then plan pays 60%	Deductible, then \$5 copay	Deductible, then plan pays 80%
Specialist Office Visit	No deductible applies, \$40 copay	Deductible, then plan pays 60%	Deductible, then \$25 copay	Deductible, then plan pays 80%
Inpatient Hospital	Deductible, then plan pays 90%	Deductible, then plan pays 60%	Deductible, then plan pays 100%	Deductible, then plan pays 80%
Outpatient Surgery	Deductible, then plan pays 90%-95%	Deductible, then plan pays 60%	Deductible, then \$50 copay	Deductible, then plan pays 80%

Plan Comparison - Pharmacy

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Medication Category	Express Scripts		Aetna Medicare Advantage	
	30-Day Retail	90-Day Retail or Mail Order	30-Day Retail	90-Day Retail or Mail Order
Generic	\$10 copay	\$15 copay	\$10 copay	\$10 copay
Preferred Brand	\$30 copay	\$45 copay	\$30 copay	\$30 copay
Non-Preferred Brand	\$45 copay	\$70 copay	\$45 copay	\$45 copay
Specialty	\$25% coinsurance up to \$150	25% coinsurance up to \$225	\$45 copay	\$45 copay
Annual Out-of-Pocket Limit	\$4,600		N/A	N/A

Current Premium Levels

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Anthem PPO (Active EE & Non-MCR Retirees)

	Single	Employee + Sp/DP	Employee + Children	Family
Premium/Mo	\$889.35	\$1,860.14	\$1,463.05	\$2,213.31
Members	9,148	1,666	1,722	2,422

Aetna Medicare Advantage (Medicare Retirees)

	Single
Premium/Mo	\$285.34
Members	8,652

Major Contract Status

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- *Active & Non-Medicare Retiree PPO Plan*
 - Current Vendor: Anthem
 - Contract Period : Contract runs through 6/30/20; extensions can be placed through 6/30/23.
- *Prescription Benefit Management*
 - Current Vendor: Express Scripts
 - Contract Period : Contract runs through 6/30/20; extensions can be placed through 6/30/23.
- *Medicare Advantage Plan*
 - Current Vendor : Aetna
 - Current Period: Contract runs through 12/31/20; extensions can be placed through 12/31/23.
- *Stop-Loss Insurance*
 - Current Vendor: Sun Life Financial
 - Current Period: . Contract runs through 6/30/19; can be renewed in one-year periods through 6/30/23.
- *Dental Plan*
 - Current Vendor: Northeast Delta Dental
 - Initial contract runs through 6/30/20; extensions can be placed through 6/30/22.

Historical Theme

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- Highest Quality at Most Appropriate Cost



Moving the Needle

- Impact State Employee Health Plans
- Leverage States Purchasing Power on Maine Healthcare Market

Historical Refinement – Quality & Cost

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Aggregate
Provider
Focus

- Hospitals
 - Accountable Care Organization / Contracts
 - Facility Tiering
- Physician Practices Tiering

Data
Analytics

- Wide Variances of Quality & Cost
 - Doctors
 - Procedures

Refined
Focus

- Facilities
- Doctors
- Procedures
- Best Days of the Week for Procedures

Moving Members to High Quality & Lower Cost Services

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- Educate: Subscriber → Good Healthcare Consumer
- Plan Design Incentives (i.e., no member cost share)
 - Centers of Excellence
 - Knee & Hip Replace Replacement
 - Bariatric Surgery
 - Independent Lab & Imaging Services
- Bundled Fixed Cost Procedures
 - Specialty Procedures

Getting Members to High Quality & Lower Cost Services

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- Center of Excellence expansion
- Infusion Therapy Services
 - Acute Care Sites →
 - Home Infusion
 - Independent Sites of Care
- Non-Emergency Care
 - Appropriate use of Tele-medicine option
 - Office visit - \$200+
 - Tele-med - \$49

Other Initiatives

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Pharmacy Benefit

- Opioid Management Program
- Market Review Analysis
- Contract review
 - Make more transparent
 - Focus on Specialty Meds

Dental Plan

- Shift to Self-Insured Status
 - Reduce “Retention” fees (TPA fees = 11% of claims)

Challenges

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- Paternalistic Culture: Recipient → Active Shopper
- Population Risk: Higher Age=Higher Risk
- Budgetary Constraints: COLA + 3%
- Affordable Care Act: Reporting
- Wage erosion from medical premium inflation
- Antiquated Statutes
 - Administrative Rules
 - Wellness – Health Premium Credit
- Administrative Technology: Manual → Workday

FY 2019-20 Priorities

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- HRMS Implementation – 1/1/2020
- Health Care Cost Containment / Plan Design Strategy
- Wellness Initiatives
- Employee Support and Education

Thank you

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Questions?

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