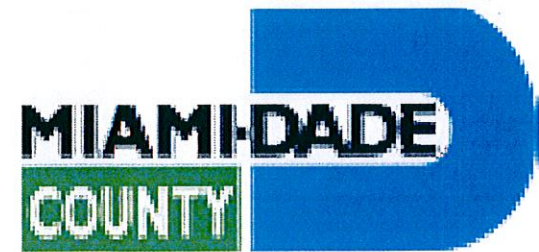




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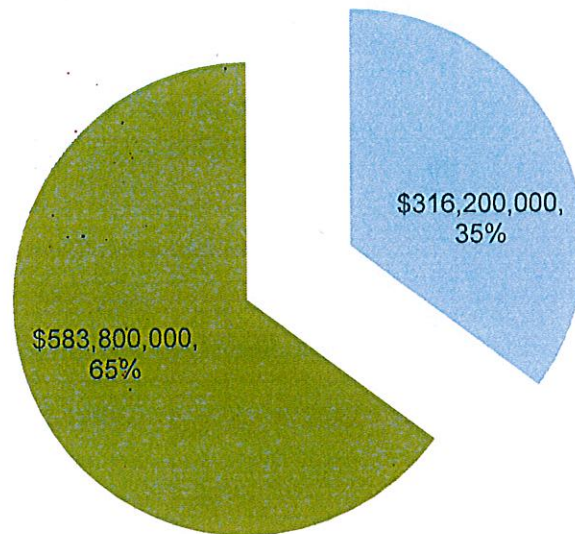
# Miami-Dade County

June 4, 2014



# Medical Discount Review

## Breakdown of 2013 Eligible Charges



■ Total Medical Allowed ■ Total Discount



# Discounts at Non JHS Facilities

## Impact of Increasing the Non-JHS Discount by 10%

<b>Non JHS facilities</b>	
2013 Submitted Charges	\$447,870,878
Allowed at 65% Discount	\$156,754,807
Allowed at 75% discount	\$111,967,719
Impact of 10% Improvement	\$44,787,088
% Reduction in Allowed Charge	28.6%

# Benefit Scenarios

Plan Design	Current High					
	HMO & POS	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5 **
Deductible (2x Family)	\$0	\$0	\$0	\$0	\$250	\$500
Inpatient Hospital Copay per Admit*	\$0	\$0	\$0	\$200	\$350	\$500
Emergency Room Copay	\$25	\$25	\$100	\$100	\$150	\$200
Urgent Care Copay	\$25	\$25	\$25	\$25	\$25	\$25
Outpatient Hospital Copay*	\$0	\$0	\$100	\$100	\$150	\$200
Freestanding Diagnostic Center Copay	\$0	\$0	\$0	\$0	\$0	\$0
Ambulatory Surgical Center Copay	\$0	\$0	\$0	\$0	\$0	\$0
Physician Copays (Primary Care/Specialist)	\$15/\$30	\$15/\$30	\$15/\$30	\$15/\$30	\$15/\$30	\$20/\$40
Retail Pharmacy Copays (Generic/Pref Brand/Non-Pref Brand)	\$15/\$25/\$35	\$15/\$25/\$35	\$15/\$25/\$35	\$15/\$40/\$55	\$15/\$40/\$55	\$15/\$40/\$55
Mail Order Pharmacy Copays (Generic/Pref Brand/Non-Pref Brand)	\$30/\$50/\$70	\$30/\$50/\$70	\$30/\$50/\$70	\$30/\$80/\$110	\$30/\$80/\$110	\$30/\$80/\$110
Specialty Pharmacy Copay	\$20	\$20	\$50	\$100	\$100	\$100
Out of Pocket Maximum (2x Family)	\$1,500	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000

\* Waived at Jackson Health System

\*\*Plan changes apply to Select Plan

Deductible applies to all services

In 2015, pharmacy copays will count towards the Out of Pocket Maximum

\$2,500 Out of Pocket Maximum for Select Plan

# Contribution Scenarios

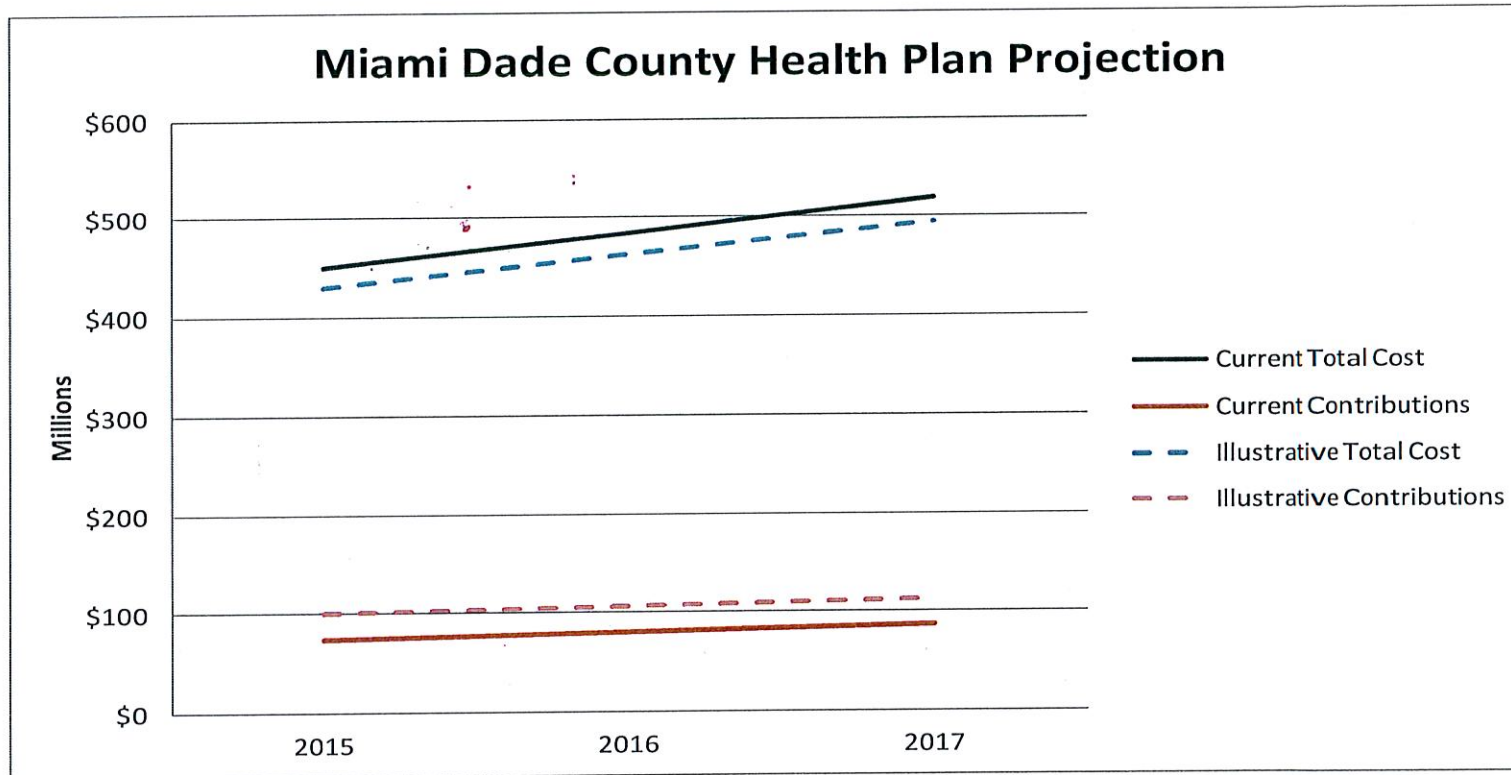
Plan	Tier	Current	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
High HMO	Employee Only	\$0.00	\$25.00	\$50.00	\$75.00	\$100.00	\$125.00
	Employee + Spouse	\$208.35	\$208.35	\$208.35	\$208.35	\$232.00	\$229.00
	Employee + Child(ren)	\$180.17	\$180.17	\$180.17	\$180.17	\$199.00	\$196.00
	Family	\$287.77	\$287.77	\$287.77	\$287.77	\$328.00	\$324.00
POS	Employee Only	\$14.90	\$50.00	\$75.00	\$100.00	\$125.00	\$150.00
	Employee + Spouse	\$344.54	\$344.54	\$344.54	\$344.54	\$383.00	\$372.00
	Employee + Child(ren)	\$285.86	\$285.86	\$285.86	\$285.86	\$330.00	\$320.00
	Family	\$595.59	\$595.59	\$595.59	\$595.59	\$596.00	\$596.00
Select Network	Employee Only	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Employee + Spouse	\$165.99	\$149.00	\$166.00	\$166.00	\$166.00	\$166.00
	Employee + Child(ren)	\$140.93	\$127.00	\$141.00	\$141.00	\$141.00	\$141.00
	Family	\$236.11	\$212.00	\$236.00	\$236.00	\$236.00	\$236.00



# Resulting Cost Reductions

Plan Design Changes	2015 Plan Design	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Plan Design Change		\$3,100,000	\$6,600,000	\$12,000,000	\$19,700,000	\$35,500,000
Efficiencies	Assumed Shift to Jackson	\$0	\$0	\$6,600,000	\$6,300,000	\$5,700,000
	Emergency Room Shift to Urgent Care	\$0	\$600,000	\$2,500,000	\$2,300,000	\$2,000,000
	OP Hospital Shift to Freestanding	\$0	\$500,000	\$2,100,000	\$2,000,000	\$1,900,000
	Formulary/Pharmacy RFP Savings	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
	Disease Management	\$3,900,000	\$7,700,000	\$8,000,000	\$7,900,000	\$7,700,000
	Select Network Claims Savings	\$1,100,000	\$2,300,000	\$7,900,000	\$7,900,000	\$10,400,000
	Subtotal Efficiency Savings	\$7,500,000	\$13,600,000	\$29,600,000	\$28,900,000	\$30,200,000
Contribution Changes		\$10,700,000	\$20,200,000	\$20,600,000	\$34,700,000	\$33,700,000
Total Projected Impact		\$21,300,000	\$40,400,000	\$62,200,000	\$83,300,000	\$99,400,000

# 3-Year Forecast – Scenario 3



Other scenarios look similar graphically.



# Illustrative Wellness Programs

## Smoking Cessation

- Add smoker surcharge and offer cessation program
- Typical surcharge = \$50 per month (or more)
- Provide advance notice so members can complete program prior to Open Enrollment
- Might require member to complete cessation program to avoid penalty in year 1
- Might require member to stop smoking to avoid penalty in year 2
- Could apply only to new hires (less impact)



# Illustrative Wellness Programs

## Smoking Cessation

- Expect about 15% of employees to smoke
- Assuming \$25 bi-weekly surcharge:

	<b>Enrolled Employees</b>	<b>Expected Smokers</b>	<b>Maximum Penalty</b>
MDC	23,336	3,500	\$2,275,000
JHS	7,601	1,140	\$741,000
Total	30,937	4,640	\$3,016,000

# Illustrative Wellness Programs

## Health Risk Assessment/Biometrics/Wellness Points

- For plans with employee premium, offer opportunity to have premiums reduced
- County plan has high use of preventive services today
- May be less value in biometrics and risk assessments
- Wellness “points” based on desired activities
  - Exercise
  - Appropriate screenings
  - Improving or maintaining BMI, cholesterol, blood pressure, etc.
- Can be extended to dependents



# Illustrative Wellness Programs

## HRA/Biometrics/Wellness Points - Example

Activity	Points
Complete Health Risk Assessment (Online)	100
Complete Biometric Screening	200
Meet Exercise Goal for 2 Month Period	500
Improve/Maintain Key Numbers	750
Bi-Weekly Premium Credit - 1000 or more points	\$25

# Illustrative Wellness Programs

## Impact/ROI

- Expect wellness savings to emerge over time
- May actually cause short-term increase in costs (although less likely for County due to high frequency of preventive screenings already taking place)
- Vendors typically quote ROI of 3:1 but not easy to validate...
- But there is evidence that well-run wellness programs do contribute to more efficient plans