



Healthcare Discussion

May/June 2018



WRIGHT STATE
UNIVERSITY

What WSU pays for a self-insured plan?

Fixed Costs

- Administration Fees
- Stop Loss
- Healthcare Reform Fees

Variable Costs

- Medical Claims
- Pharmacy Claims



Expected vs Actual*

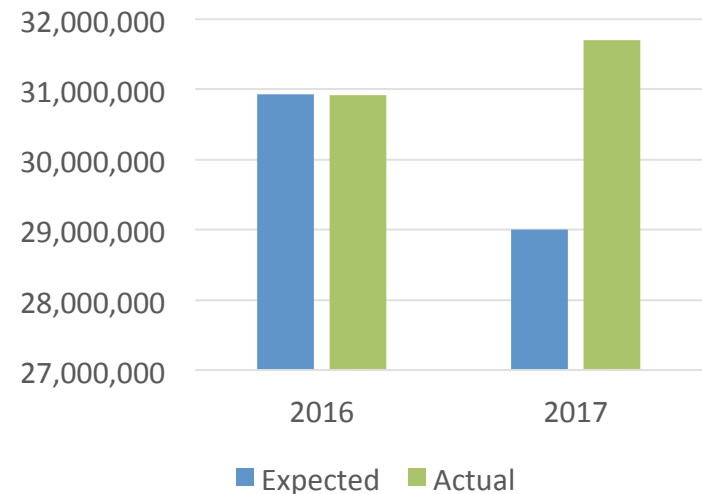
Source: Horan and Associates, Inc.

Calendar Year	Expected Plan Cost	Actual Plan Cost	Difference
2016	\$30,912,075	\$30,927,008	\$ 14,933
2017	\$29,023,415**	\$31,702,652	\$2,679,237

* Does not include costs for Health Savings Account nor savings for Pharmacy Rebates.

** Expectation was lower than 2016 due to headcount reduction after the Voluntary Retirement Incentive Program (VRIP).

Calendar Year Actual	Health Savings Account	Pharmacy Rebates
2016	\$1,222,450	(\$767,411)
2017	\$1,013,933	(\$1,074,489)
Savings	(\$208,517)	(\$307,078)



Why such an increase?

1. High Cost Claims



2. Specialty Drugs



High Cost Claims

Claim Level	2016	2017
\$150,000	7	6
\$175,000	4	3
\$200,000	4	5
\$250,000	0	2
\$300,000	0	1
\$400,000*	1	5
Total	16	22

*Stop Loss would kick in

\$2,240,026 more in 2017

Medical & Pharmacy Spend – Variable Costs

Calendar Year	2017	2018	Difference
Jan	\$1,921,349	\$2,049,057	\$127,708
Feb	\$2,363,667	\$1,872,254	(\$491,413)
March	\$2,197,963	\$2,135,600	(\$62,363)
April	\$2,609,454	\$2,622,853	\$13,399
May	\$2,209,503	\$1,903,259	(\$306,244)
Total	\$11,301,936	\$10,583,023	(\$718,913)

Note: Pharmacy rebates for 2018 are tracking 2017 rebates, up (\$25,070)
 Administrative Fees also down (\$81,393) for Jan-May 2018

Specialty Drugs

Drug	Drug Use/Indication	Paid Increase in 2017
HUMIRA PEN	Arthritis & Crohn's Disease	\$250,209
XYREM*	Loss of Muscle Control (also Narcolepsy)	\$150,199
TECFIDERA	Multiple Sclerosis	\$113,074
SPRYCEL*	Leukemia	\$ 94,800
MEKINIST	Skin Cancer	\$ 86,349
TOTAL		\$694,631

*Earliest possibility for generic is 2023 and 2020

Key Changes for all Employees

1. Implemented a waiting period – New employees healthcare coverage is now effective the first day of the following month
2. Expanded Stop Loss Insurance to include pharmacy in addition to medical claims

Key Changes for Staff & NBUF

1. Eliminated the PPO 90/10 plan
2. Increased deductibles and out-of-pocket maximums on the PPO 80/20 plan
3. Added a fourth pharmacy tier for PP 80/20, specialty drugs
4. Domestic Partner (same and opposite sex) coverage will end on December 31, 2018
5. Eliminated Older Adult Child (Age 27-28) coverage on 12/31/16
6. Added two coverage levels: employee + spouse and employee + child(ren)
7. Implemented a new premium structure: 4 coverage levels, 20% cost share and 3 salary tiers
8. Reduced WSU's contribution to the health savings account
9. Eliminated Healthy Rewards

2018 Plan Offerings

PPO 90/10	Staff & NBUF	AAUP
Offered	No	Yes

PPO 80/20	Staff & NBUF	AAUP
Deductibles (single / family)	\$800 / \$1,600	\$250 / \$500
Out-of-pocket Maximums (single / family)	\$4,000 / \$8,000	\$1,750 / \$3,500
Deductibles & Out-of-pocket Maximums	Non-Embedded	Embedded
Specialty Care Physician Copay	\$35	\$30
Prescriptions: Tier 1 Generic	\$10	\$8
- Retail Tier 2 Brand Formulary	20%, Max \$50	\$25
(30 day) Tier 3 Non-Formulary	40%, Max \$80	\$40
Tier 4 Specialty	25%, Max \$200	N/A
Prescriptions: Tier 1 Generic	\$25	\$12
- Mail Order Tier 2 Brand Formulary	20%, Max \$125	10%, Min \$22
(90 day) Tier 3 Non-Formulary	40%, Max \$200	10%, Min \$60
Tier 4 Specialty	N/A	N/A

Non-Embedded: For employee + child(ren), employee + spouse and employee + family, only the family deductible and OOPM applies. For employee only coverage, the single deductible and OOPM applies.

Embedded: For employee + 1 and employee + 2 or more, each covered family member has an single and a family deductible and OOPM. Once either deductible is met co-insurance applies.

2018 Plan Offerings

HDHP	Staff & NBUF	AAUP
Co-insurance (after deductible)	10%	0%
Out-of-pocket Maximums (single / family)	\$3,000 / \$6,000	\$2,000 / \$4,000
HSA Employer Contribution (single / family)	\$500 / \$1,000	\$1,000 / \$2,000

	Staff & NBUF	AAUP
Coverage Levels	Employee Employee + Child(ren) Employee + Spouse Employee + Family	Employee Employee + 1 Employee + 2
Additional Dependents	--	Domestic Partner (same and opposite sex) Older Adult Child (age 27-28)

2018 Plan Offerings

Premium Structure	<u>Staff & NBUF</u>		<u>AAUP</u>	
	Salary Tiers (1 - 3)	Employee Cost Share	Salary Tiers (2 - 5)	Employee Cost Share
Medical	< \$47k	13.3%	> \$50k	10.4%
Medical	\$47k - \$75k	20.0%	\$50k - \$74k	13.0%
Medical	> \$75k	26.6%	\$75k - \$99k	15.7%
Medical	--	--	> \$100k	18.2%
Dental	All	20%	Bundled with Medical	
Vision	All	20%	Bundled with Medical	

What's Happening Today

1. Projected 2019 healthcare inflation:
 - Medical - 7.8%
 - Rx – 11%
2. RFP for healthcare and stop loss insurance
 - Previous RFP in Summer 2013
3. Formed a RFP committee
4. Negotiated with HORAN for a one-time savings in FY18
5. Negotiated with Delta Dental for a one-time savings of \$15,000 for FY19
6. IUC partnership with all 14 universities for a benefit aggregation project
 - Review exiting IUC benefit contracts
 - Gathering benefits data from all universities with the intent of identifying cost savings associated with pooling of purchase power
7. Expand communication to increase employee engagement in cost saving efforts
8. Student clinic may begin to serve employees

What's Trending

1. Medical renewal not favorable
2. Spouses cost more than employees

Time Period	EE Claims PMPY	SP Claims PMPY	Annual Difference
12 month review	\$7,431	\$8,313	\$882
36 month review	\$6,550	\$7,535	\$985

3. Increased number of ER visits

Diagnosis	# of visits	Paid Amount	Average per visit
Acute nose/throat infections (e.g. common cold)	76	\$51,616	\$679

What You Can Do

Castlight: Personalized tool that helps you find the high-quality, affordable care you need

What's the difference
between these X-rays?



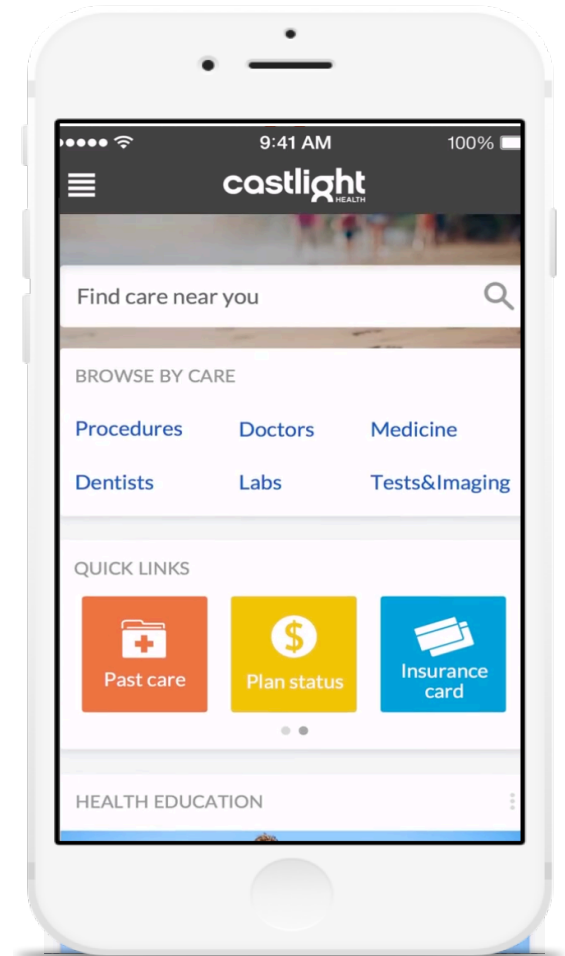
One costs \$85. The other costs \$35.

It's the same X-ray but different price.

See for yourself on Castlight www.mycastlight.com



Easy-to-use App



What You Can Do

A screenshot of the LiveHealth Online website. The header is dark blue with 'ESPAÑOL', 'SIGN UP', and 'LOGIN' buttons. Below the header is a white navigation bar with 'LiveHealth ONLINE' logo and links for 'ABOUT', 'HOW IT WORKS', 'HEALTH TIPS', 'VIDEOS', 'NEWS', and 'SERVICES'. The main content area features a large image of a doctor on a tablet, with a patient's head visible in the foreground. Overlaid text reads: 'SEE A DOCTOR 24/7 ON YOUR COMPUTER OR MOBILE DEVICE.' followed by 'Life won't wait for you to feel better. See a doctor at LiveHealth Online – and keep on going.' At the bottom of the image are two buttons: 'Continue >' and 'Play the Video'.

You Pay:

PPO 90/10	\$15
PPO 80/20	\$20
HDHP	\$49

Healthcare Plans Best Practices

Basics

- ✓ Offer HDHP (CDHP)
- ✓ HSA sponsor makes a contribution to employee's accounts
- ✓ Transparency tool provided by specialty vendor
- Mandatory generics or other RX strategies
- Steer members to specialty pharmacy for specialty drugs
- Collective purchasing of Rx benefits
- Spousal surcharge

Well-Being

- Company vision/mission statement supports a healthy workplace culture
- ✓ Offer technology-based well-being resources
- ✓ Use incentives for well-being programs
 - Smoking Cessation
- Spouses may participate in programs
- Tobacco surcharge
- ✓ Provide stress management or mindfulness programs
- Integrate well-being incentive with health plan
 - Smoking Surcharge

Quality and Value

- Offer a Surgical Center of Excellence
- Primary care on-site clinic
- Telemedicine utilization of 5% or higher
- Reference-based pricing
- Narrow networks-pharmacy and medical
- Restricted Formulary



As we focus on increased communication around healthcare costs, what advice do you have?

As we enter strategic benefit planning, what feedback do you wish to provide?

