

Patient-Centered Health Plans:

Designing the Path to Wellness

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How Does Insurance Work?

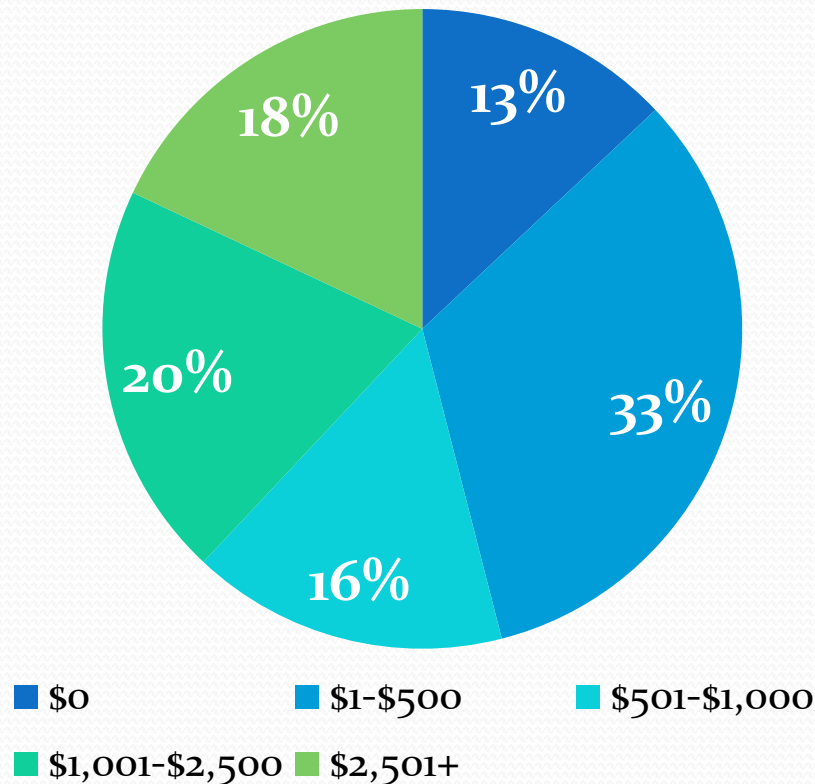
- Employee Perspective

- Best case– have coverage, don't use any health care and remain healthy (net premiums cost only) 13%
- Worst case – have coverage, have catastrophic health event (net premiums + maximum out of pocket) 5%
- Everyone in between 82%

- Important Terms

- Premium
- Deductible
- Maximum Out-of-Pocket

How Much Health Care Do People Actually Use?



Adults age 18-44 (privately insured all year in Northeast, 2005)

- Median (half more/half less) - \$626
- Average (mean) - \$2,178

Source: Medical Expenditure Panel Survey, 2005, www.meps.ahrq.gov

Once a High User, Always a High User?

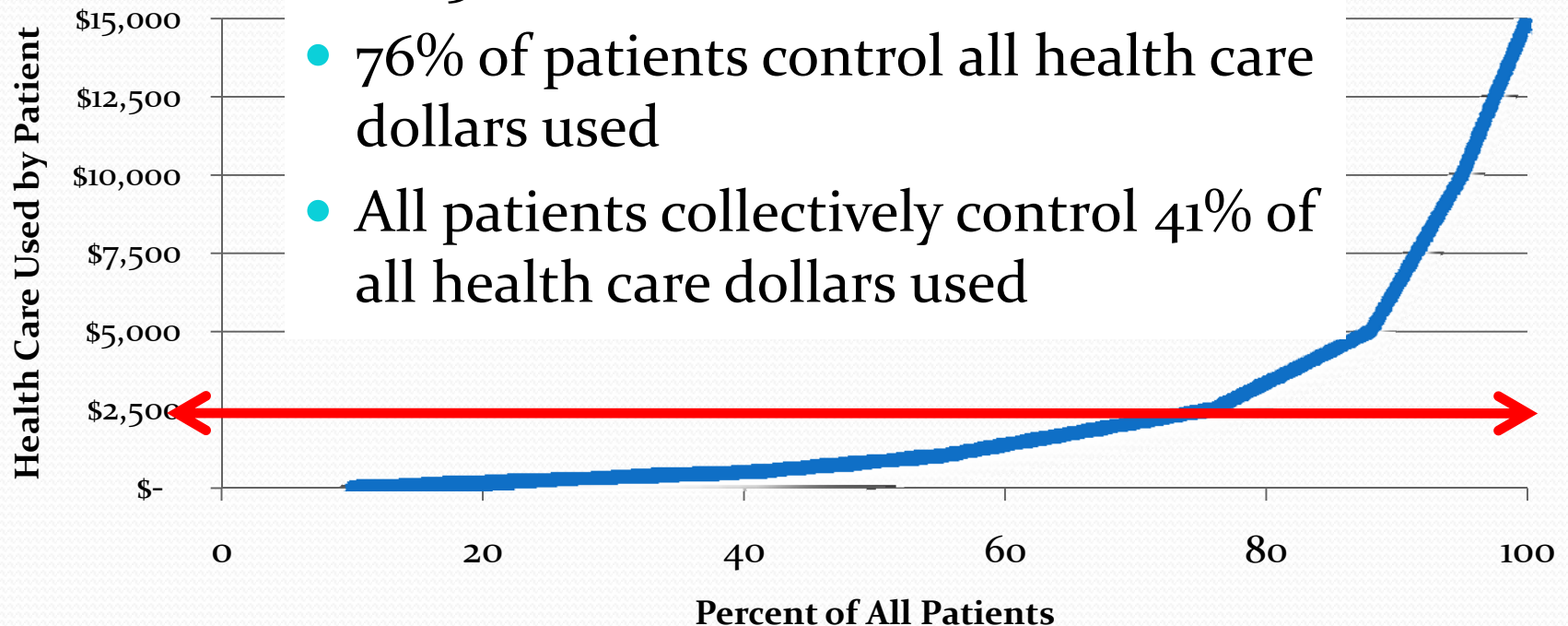
- For the top 10 of every 100 health care consumers (using more than \$5,000 in 2005) in a given year (who consume 65% of all health care used)
 - only 4 will be in the top 10 the following year (41%).
- However, those 50 with the lowest consumption (less than \$800 per person in 2005, using 7% of all health care used)
 - 38 will be low users the following year (75%).

Source: Agency for Healthcare Research and Quality, Nov 2007, Statistical Brief #191.

Patient-Centered Plans – Majority of Patients Control All Their Spending

At \$2,500 deductible:

- 76% of patients control all health care dollars used
- All patients collectively control 41% of all health care dollars used



If so many spend so little, why is insurance so expensive?

- Pricing Insurance: Expense x Probability + Admin. Cost
 - \$100,000 expense, 2% chance you will incur it, 15% admin
 - $\$100,000 \times 2\% = \$2,000 + 15\% \text{ admin} = \text{\$2,300 cost to insure}$

Common 100% Probability expenses in most insurance policies:

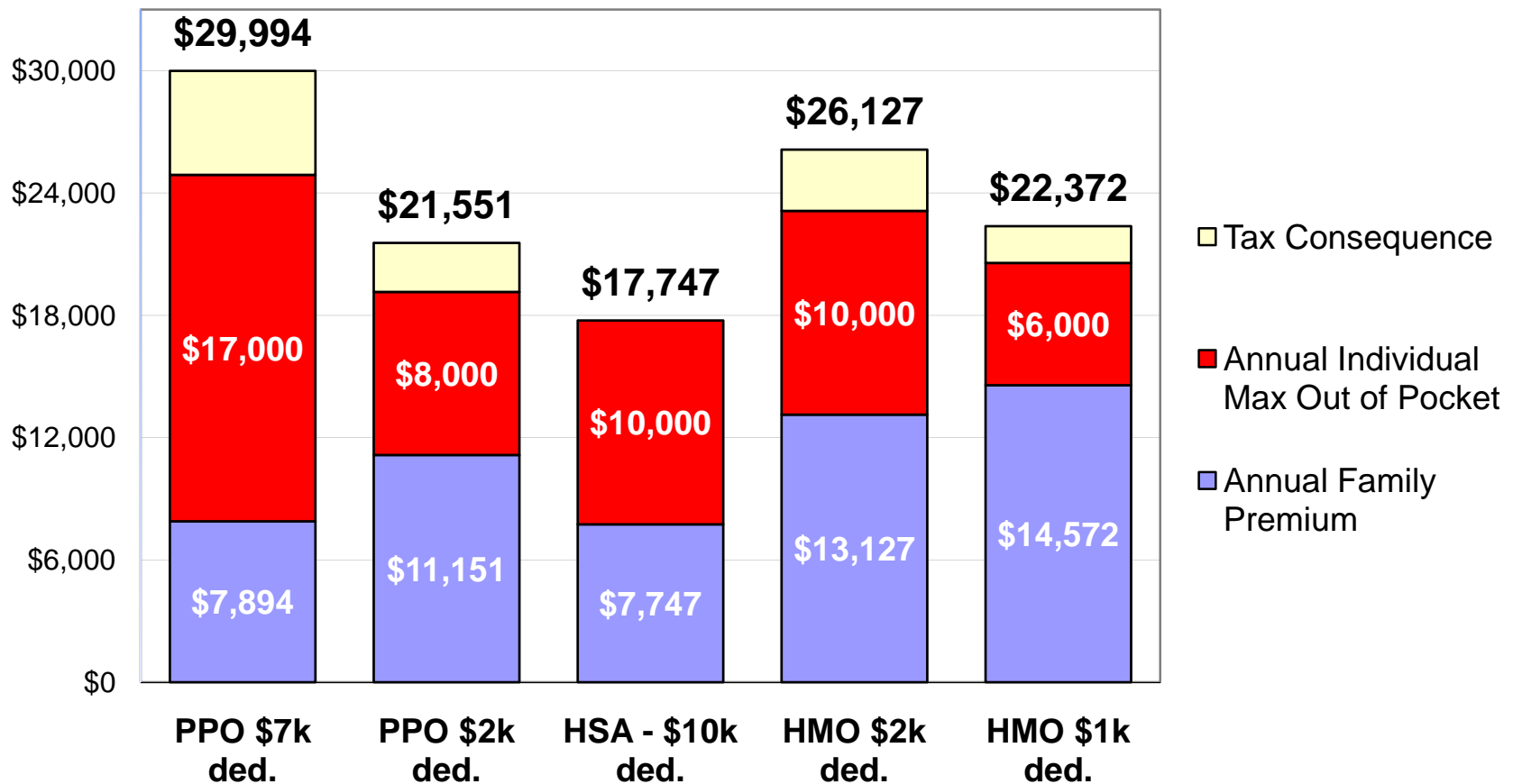
Routine exams

Maintenance medication

There are many other high probability items in most insurance policies.



Family Chamber Blue Options

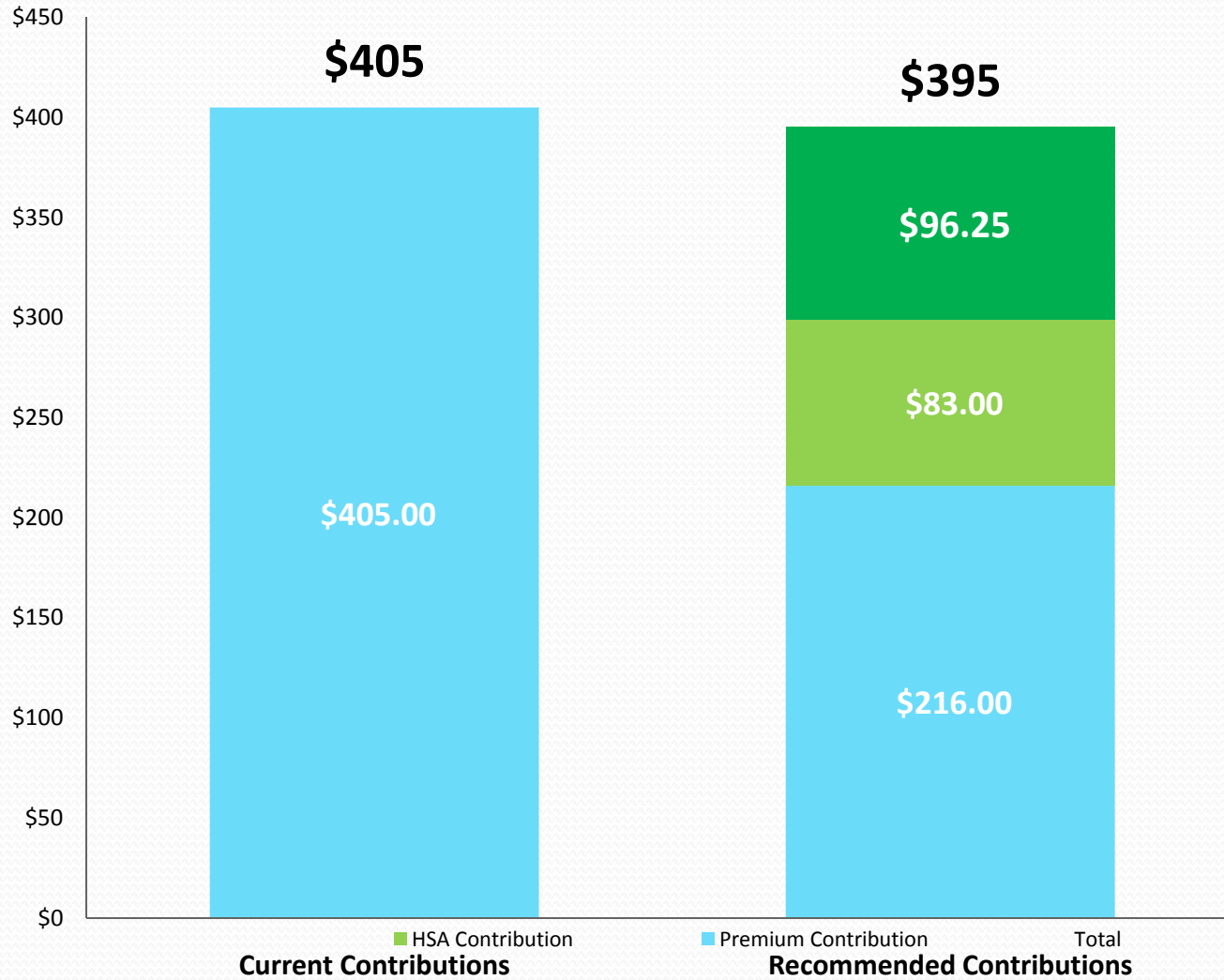


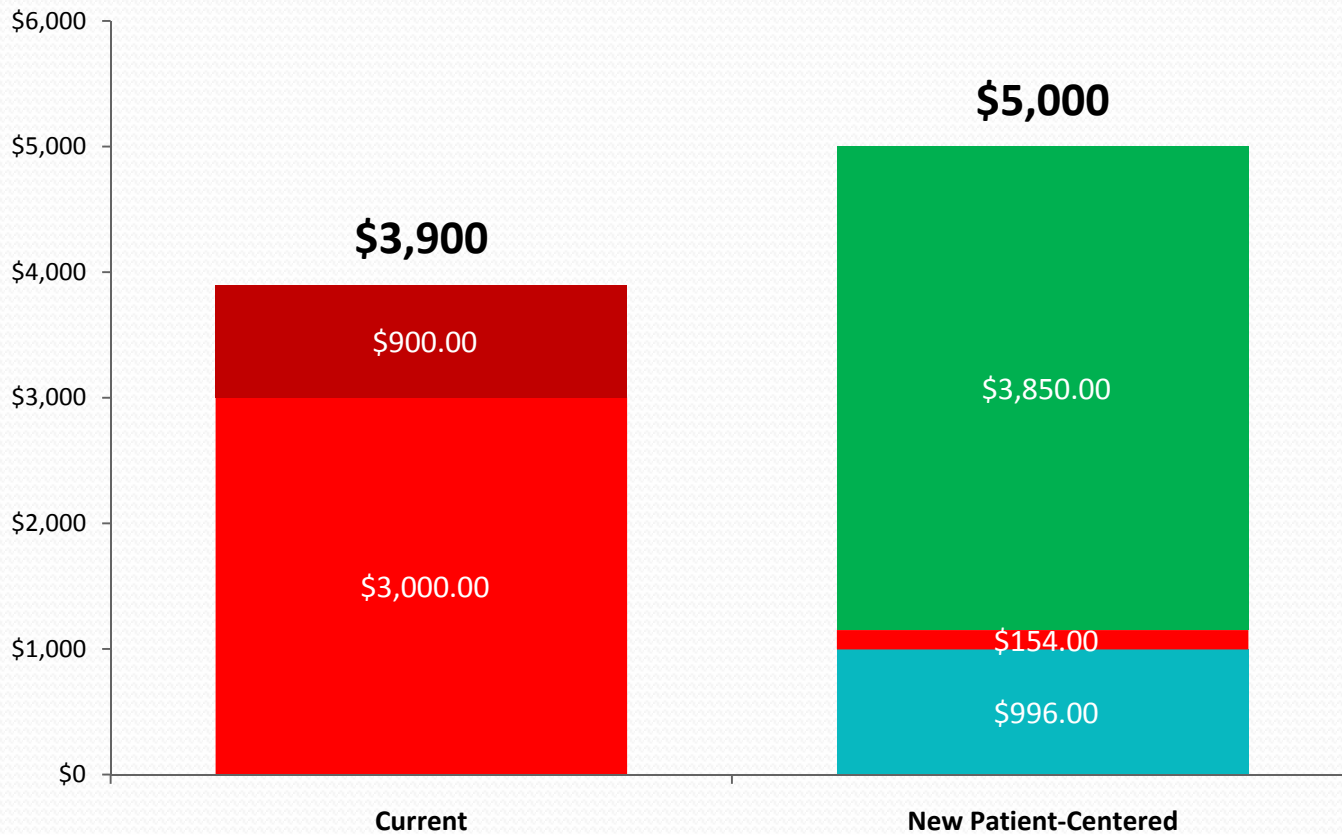


Changing your approach...

Employer Perspective

Old Model	New Patient-Centered Model
Premium	Premium
	Health savings account (HSA) with optional employer contribution
	Health reimbursement account (HRA) employer promise to pay





ER funded HRA

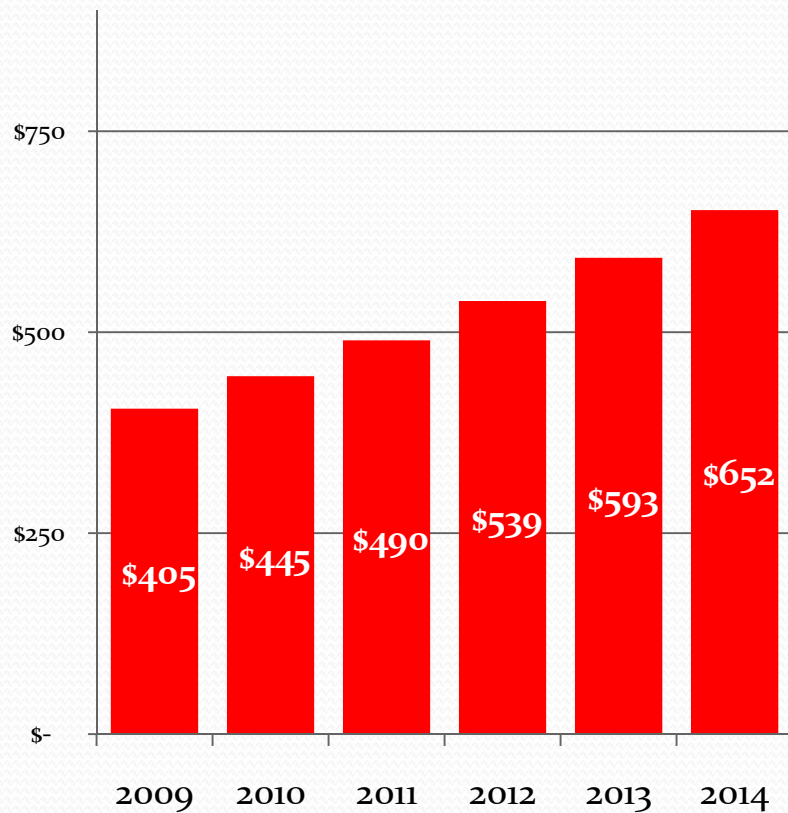
Maximum Out-of-Pocket (remaining)

ER funded HSA

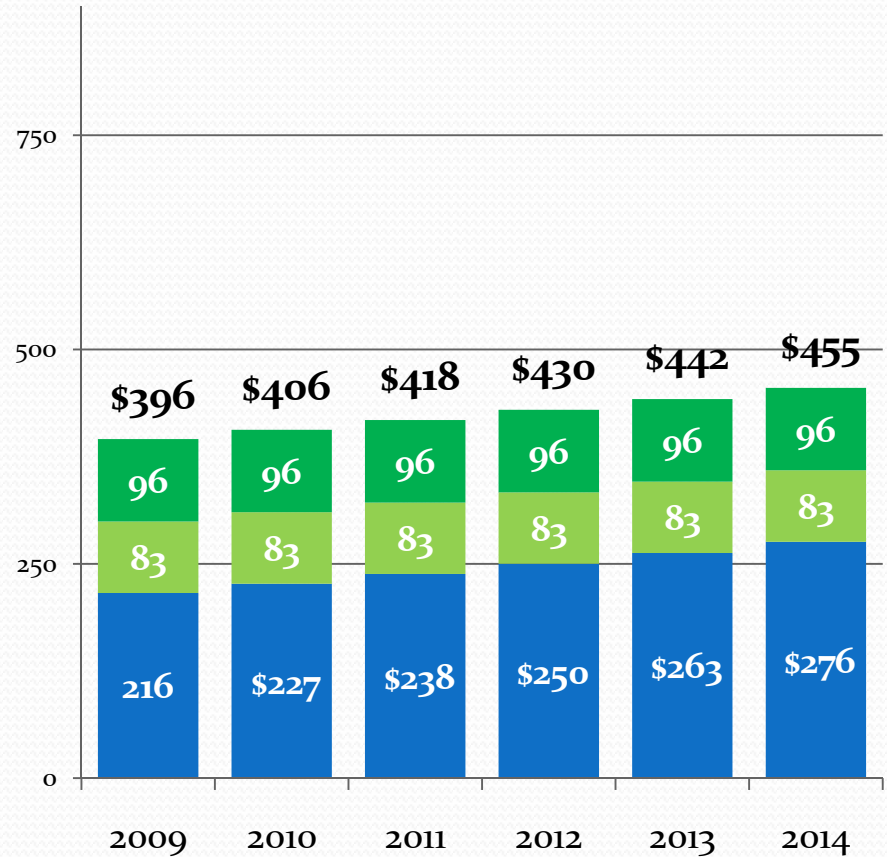
Premium Contribution

Total

5-Year Trend - Employer



■ HMO Premium



■ HSA Premium

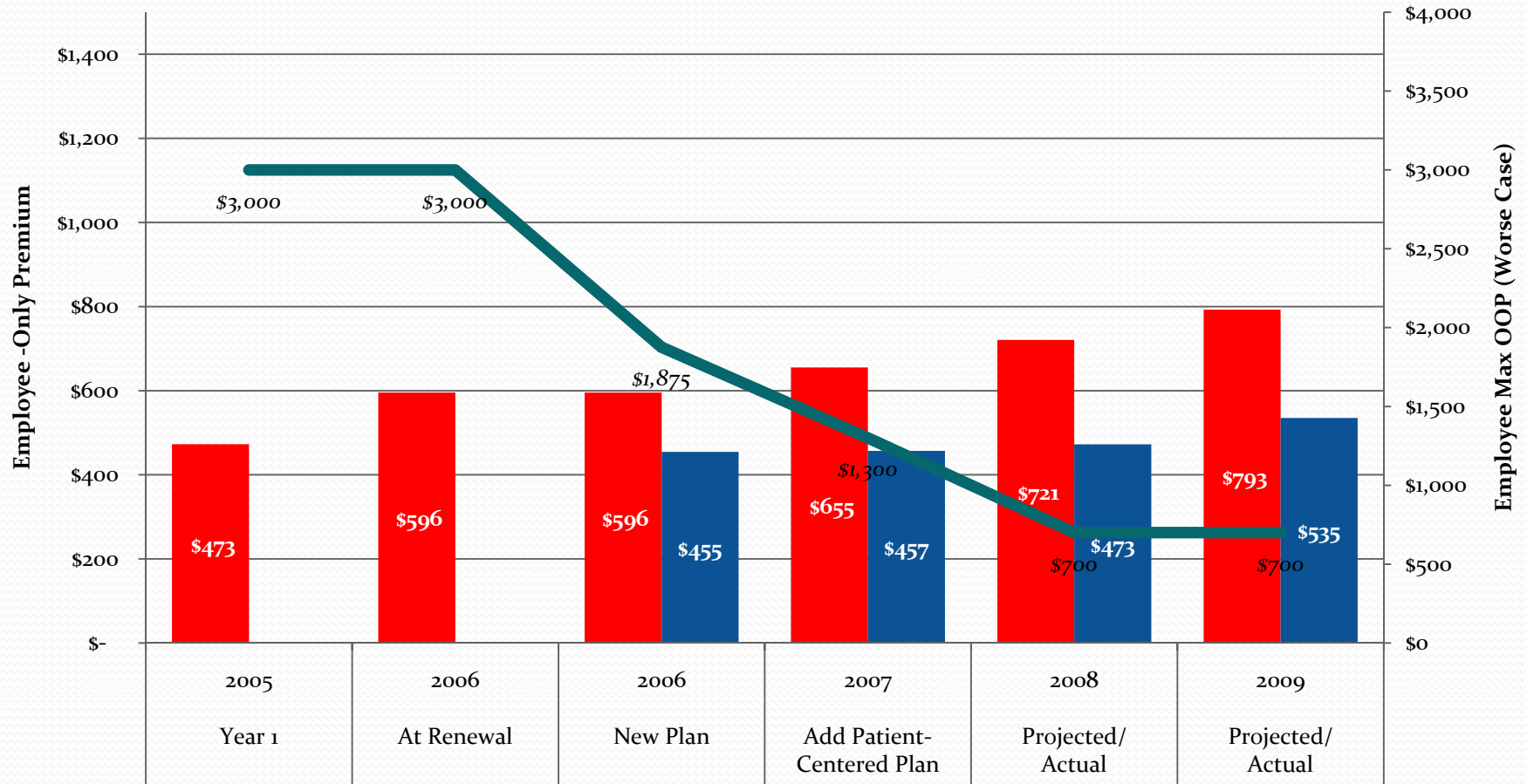
■ HSA-ER Contribution

■ HRA-ER Funding

Case Example - Mobius, Inc. - 2006 to Present

Change from Old Plan to Patient-Centered Plan in 2007

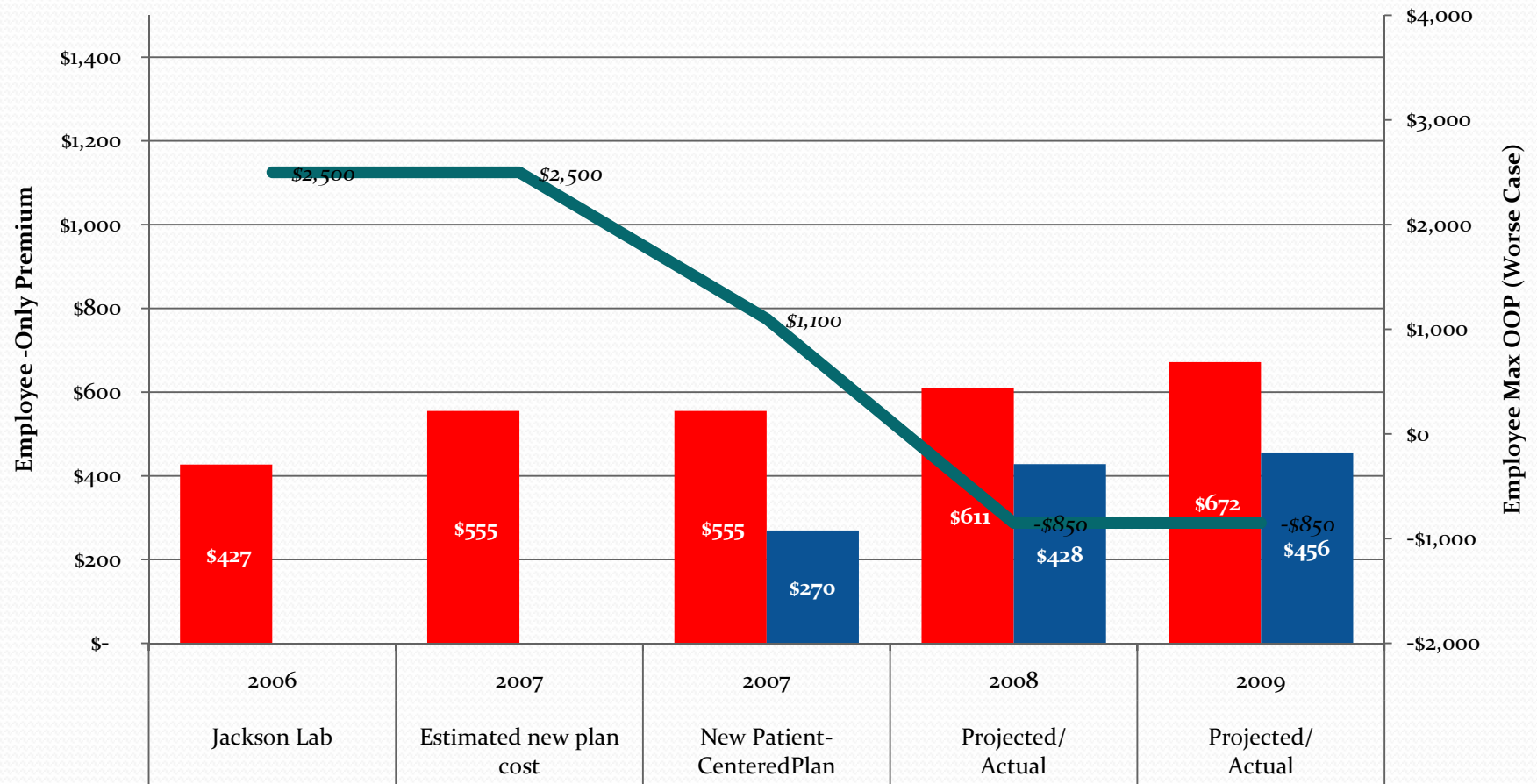
Employee-Only Coverage



Case Example - Bar Harbor Biotechnology, Inc. - 2007 to Present

New Patient-Centered Plan in 2007

Employee-Only Coverage



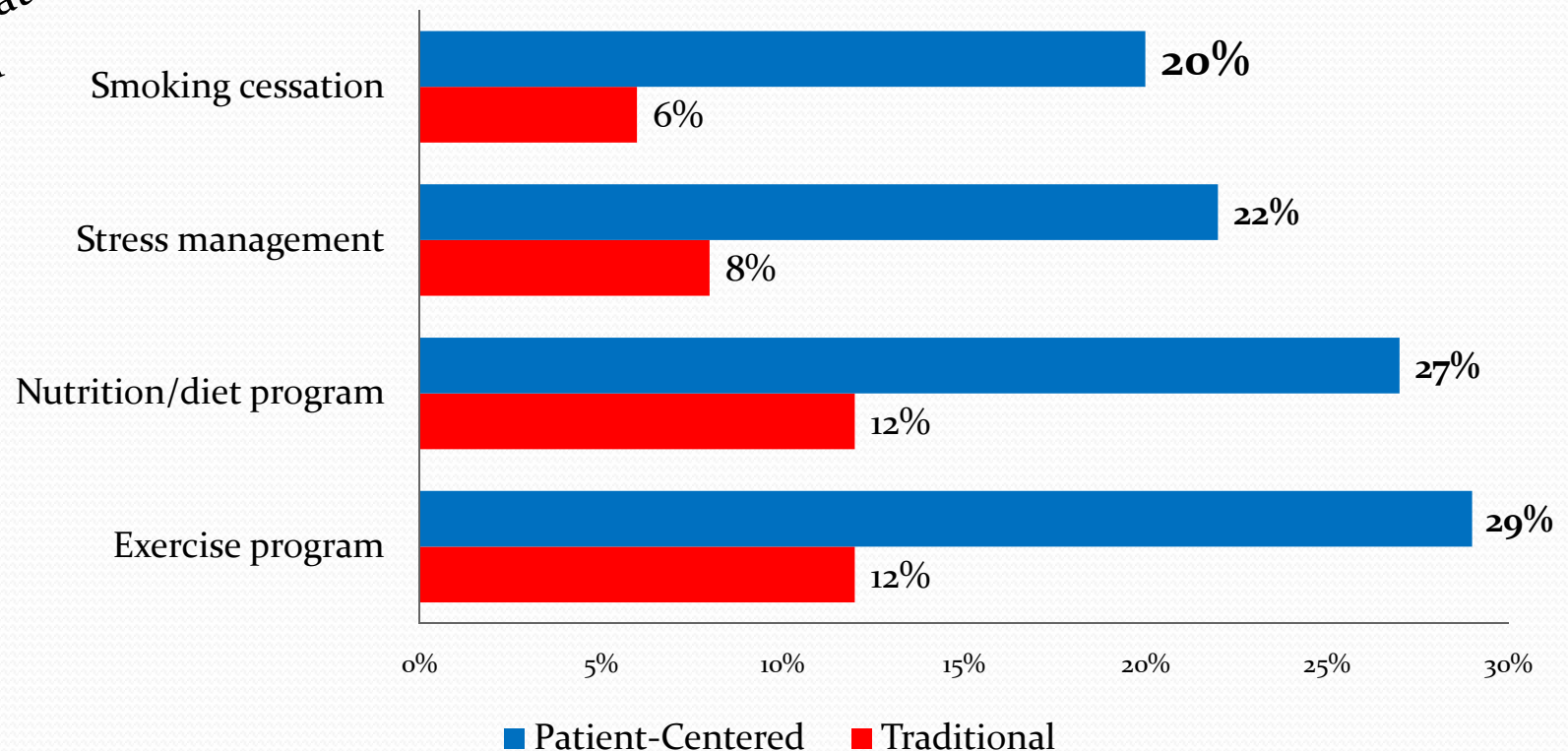
Keys to An Effective Patient-Centered Benefit

- Fostering a **culture of health care consumerism** among all employees, beginning with senior executives
- Implementing a focused **employee education campaign**
- Offering **wellness programs and incentives for healthy behaviors**, as well as 100 percent coverage for **preventive care**
- Carefully constructing a benefits package that includes **appropriate levels of employee financial responsibility**

Key Findings of Patient-Centered Employees – 1. Committed in Wellness

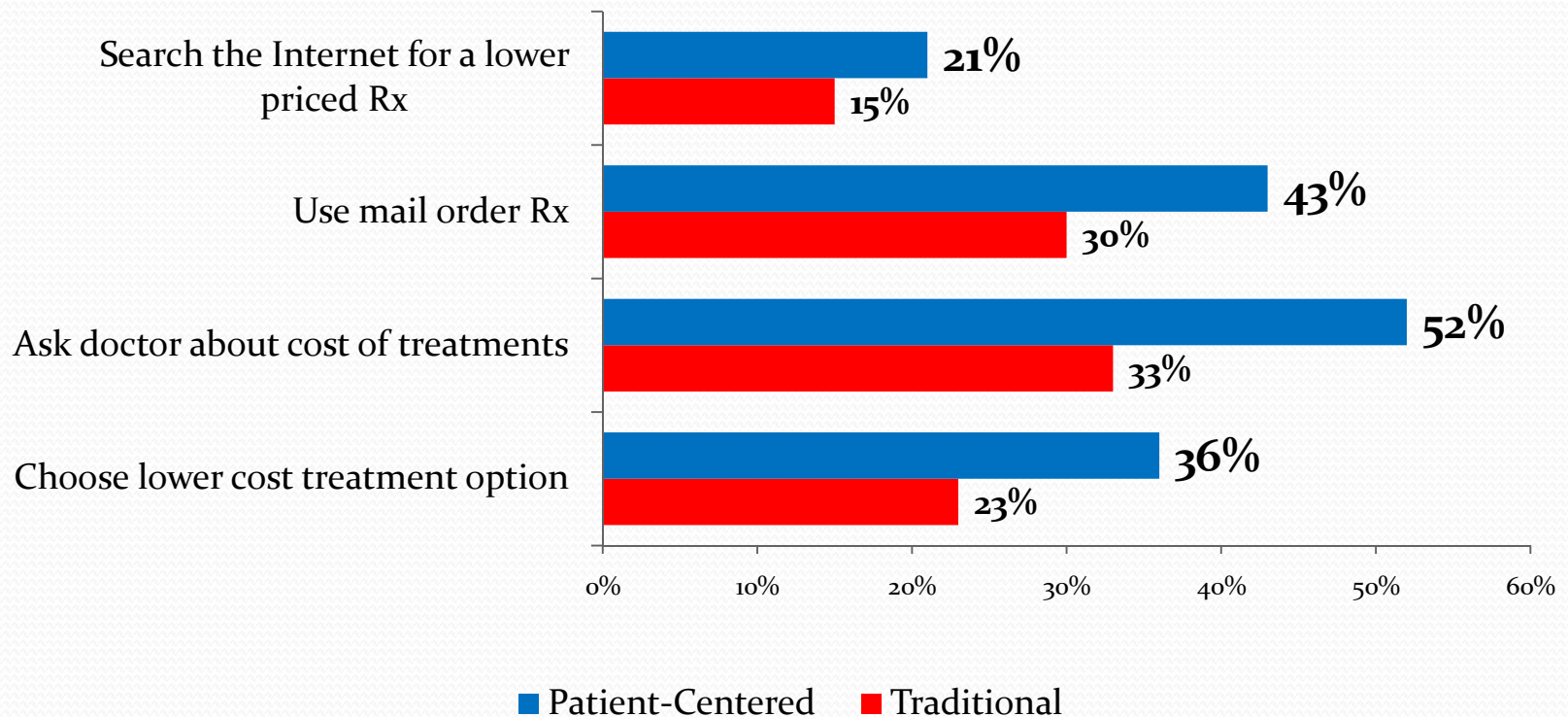
The Blue Cross Blue Shield Association 2007 CDHP Member Experience Survey showed HSA plan members were more engaged in wellness and prevention:

Participated
in



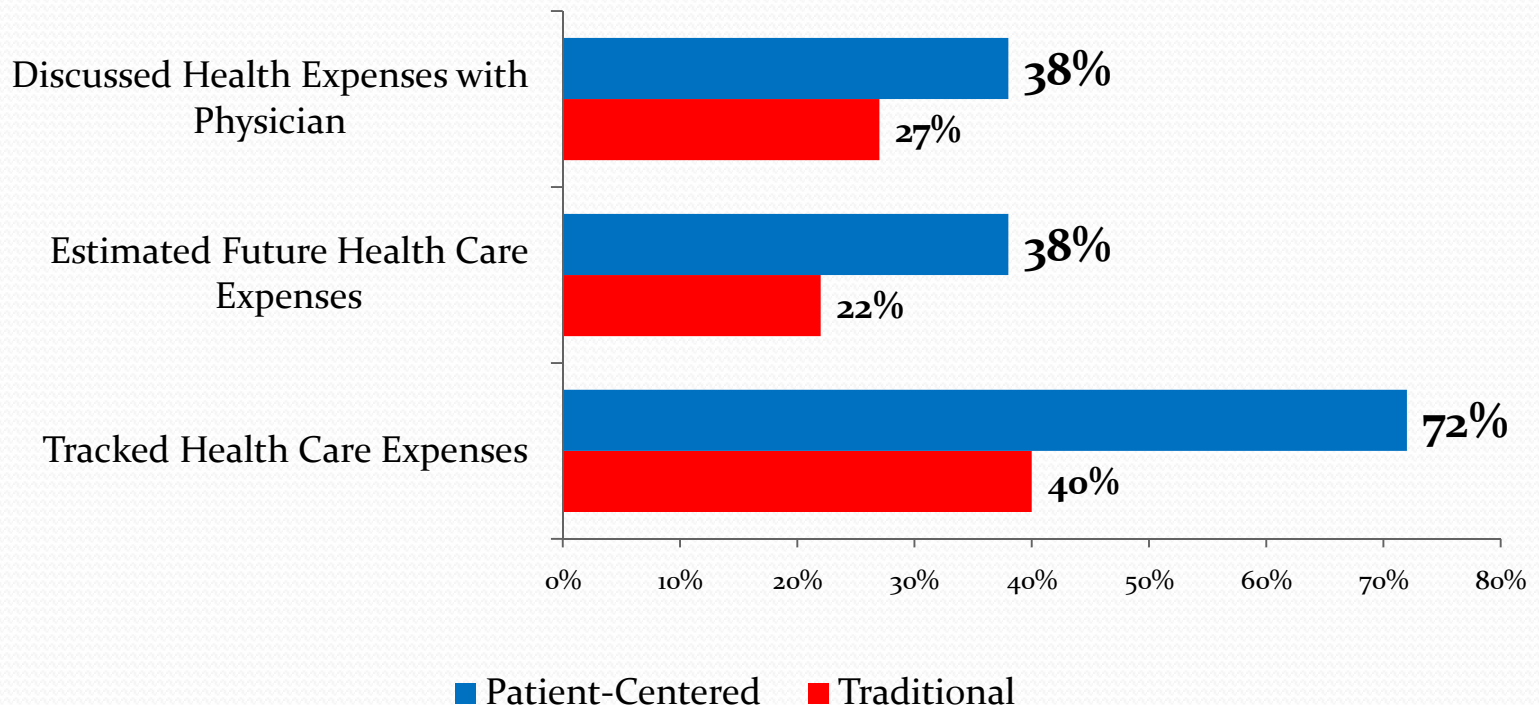
Key Findings of Patient-Centered Employees – 2. Focused on Cost & Quality

The Blue Cross Blue Shield Association 2008 CDHP Member Experience Survey showed HSA plan members researched cost and quality of providers much more:



Key Findings of Patient-Centered Employees – 3. Saved for the Future

The Blue Cross Blue Shield Association 2008 CDHP Member Experience Survey showed HSA plan members planned for health expenses more thoroughly:



Questions?

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