

2020

2nd Annual

National Hospital Price Transparency Conference:
Path to Affordability

Employers Using Price & Transparency to Purchase Healthcare

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Today's Healthcare Headlines

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BUSINESS

Cost of Employer-Provided Health Coverage Passes \$20,000 a Year

Annual poll of employers by Kaiser Family Foundation finds premiums rose 5% for family plans; 'It's the cost of buying an economy car'

PART 5 | **E.R. VISIT**

As Hospital Prices Soar, a Stitch Tops \$500

Hospital pricing is often convoluted, and hospital charges represent about a third of the total United States health care bill. [READ ARTICLE »](#)

Fabrizio Costantini for the N

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HEALTHCARE PLANS

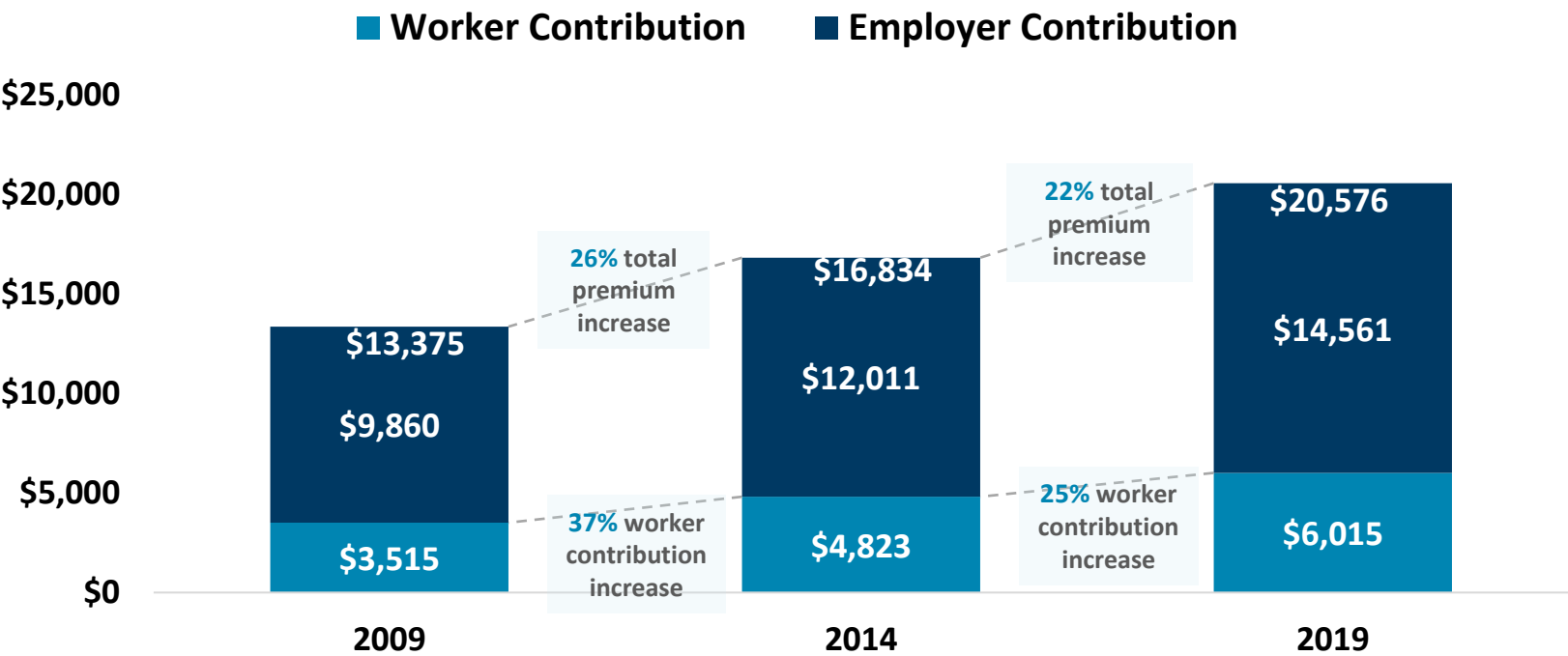
Employers expect healthcare costs to jump 5% in 2021 amid coronavirus pandemic

By Amanda Schiavo August 24, 2020, 5:00 a.m. EDT 3 Min Read



Premiums continue to increase

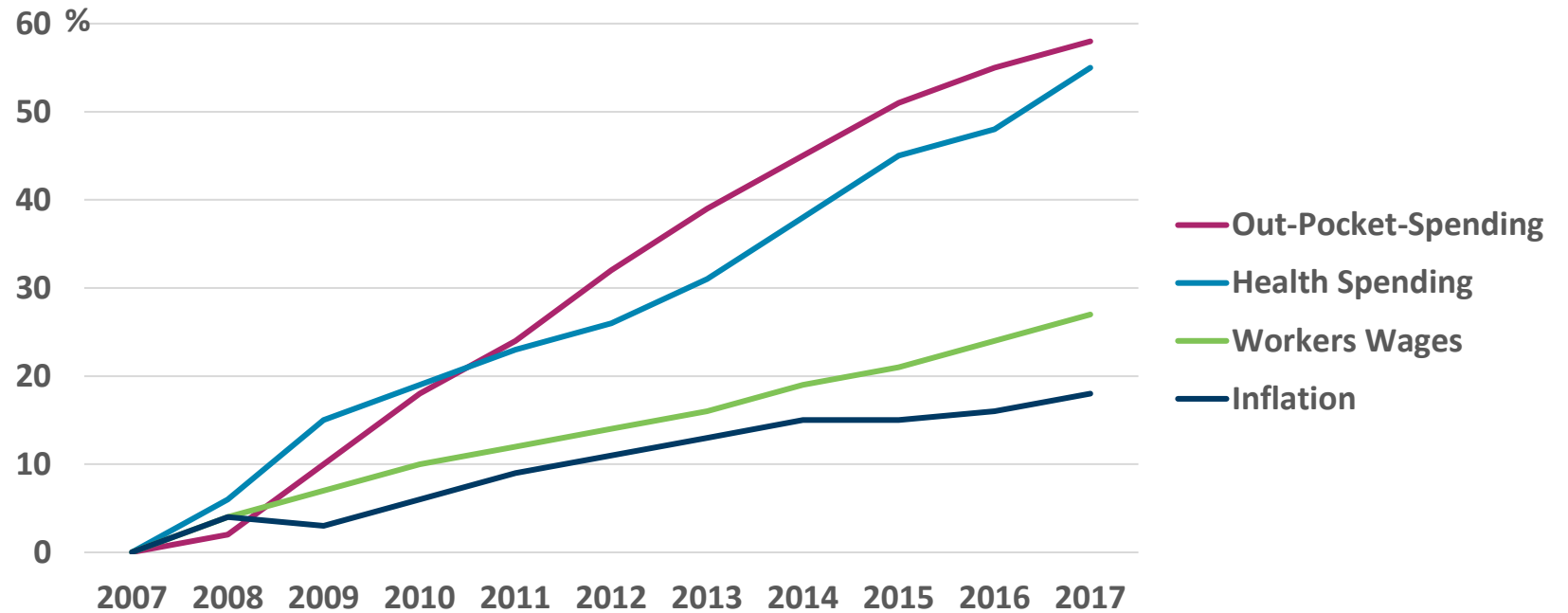
Average Annual Worker and Employer Premium Contributions and Total Premiums for Family Coverage – 2009, 2014, and 2019



Source: <https://www.kff.org/report-section/ehbs-2019-summary-of-findings/attachment/figure-a-36/>

OOP costs continue to grow faster than wages

Cumulative growth in out-of-pocket and total health spending for people with large employer coverage, 2007-2017

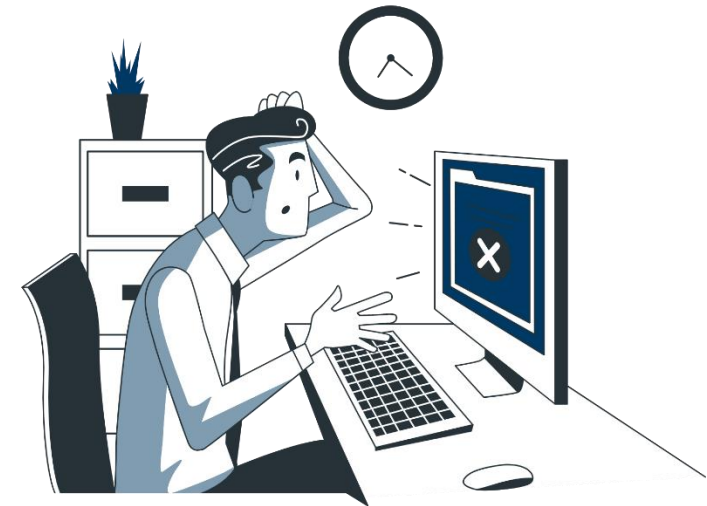


Source: <https://www.healthsystemtracker.org/brief/tracking-the-rise-in-premium-contributions-and-cost-sharing-for-families-with-large-employer-coverage/>

Key impacts of healthcare costs on employers and employees

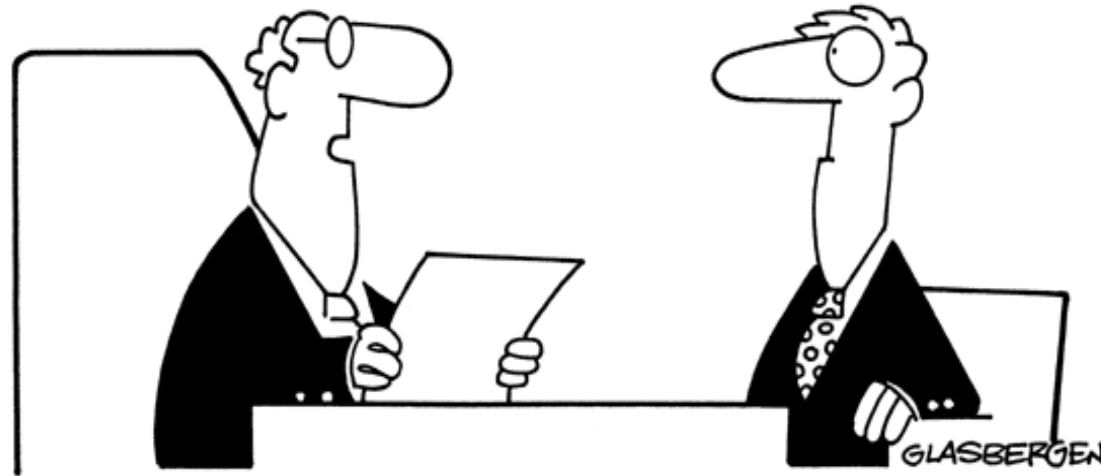
- Healthcare expenditures are a **large proportion** of employer budgets
- Per employee costs are growing rapidly, at rates **far above the cost of living**
- These increases are **challenging the ability to provide raises** to employees
- Employers have tried to shield employees over time, but they are **not able to continue** doing this in the future

This is **NOT** sustainable.



Unsustainable employer costs

Copyright 2002 by Randy Glasbergen.
www.glasbergen.com



“Of course we have benefits. Our next one is Saturday night. We hope to raise enough money to pay our group insurance premium.”

Source: https://www.glasbergen.com/ngg_tag/insurance-cost/

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September 18, 2020





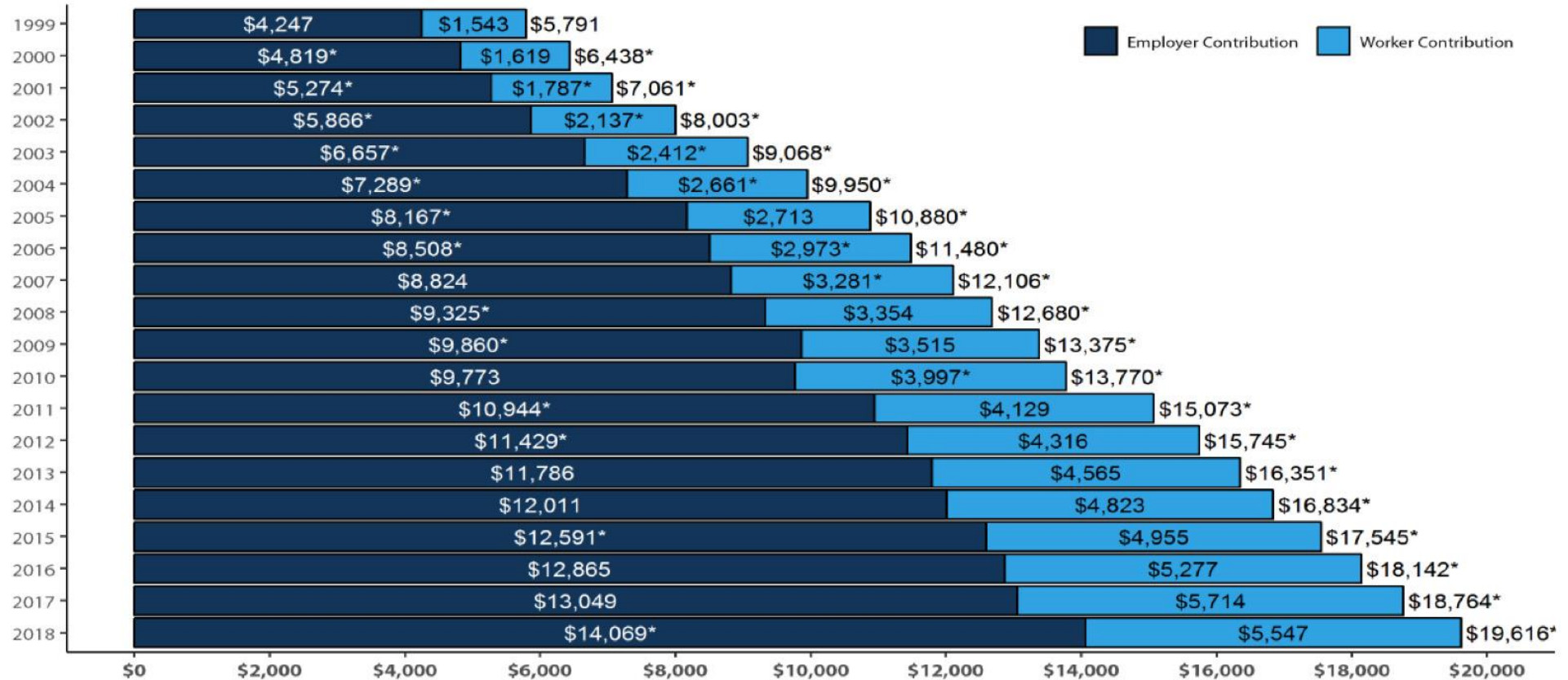
ABOUT US

- Headquartered in Indianapolis, Indiana
- Privately owned since 1947
- More than 650 company employees
- One of the nation's largest distributors of beer
- Represent 500+ of the world's best brands
- Deliver on average 60,000 cases of product a day





HEALTHCARE COSTS IN THE US



*Estimate is statistically different from estimates for the previous year shown ($p < .05$).

SOURCE: KFF Employer Health Benefits Survey, 2018; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999 – 2017.

OUR PHILOSOPHY

If you are in business, you are in the business of healthcare



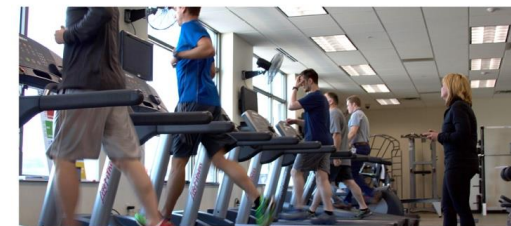
WE CAN'T
SEEM TO
INFLUENCE
PEOPLE TO
CHANGE THEIR
BEHAVIORS



SOURCE: *The Long Fix: Solving America's Health Care Crisis with Strategies That Work for Everyone* by Vivian Lee.

WellHealth WORX

a center for healthy living



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Move from a Center Of Excellence
(COE) to Physician of Excellence
(POE) model



Move from a tiered network of health
care providers based on a non-
transparent formula to a transparent
system based on price and quality



**NEW FOCUS IS TO
USE RELEVANT
CLINICAL DATA TO
REDUCE HEALTHCARE
COSTS AND IMPROVE
OUTCOMES**



- Focus On Disease Prevention
- Focus On Disease Management
- Focus Quality Providers
- Focus On Lower Cost Providers



POP HEALTH DASHBOARD



CLINICAL VALUE REPORT



ADT REPORTING



CARE MANAGER



Indiana Health Information Exchange

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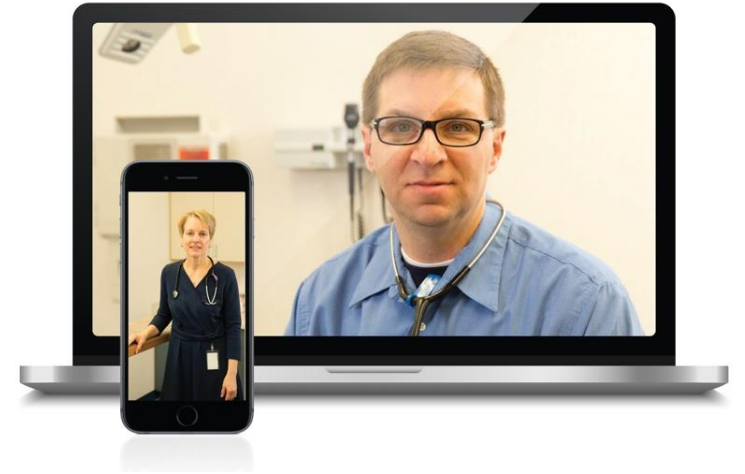
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CLINICAL VALUE REPORT



CARE WEB



FUTURE STATE OF HEALTHCARE



Direct contracting



Narrow or tiered network designs based on transparent quality and price data



Reference-based and bundle pricing



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Purdue University

Candace Shaffer

Senior Director of Benefits, Purdue University

September 18, 2020

A decorative graphic in the bottom-left corner of the slide. It shows a blue stethoscope resting on a stack of US dollar bills, including a \$100 bill. The background of this section is a gradient of green and blue.

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About Us



- One of the nation's leading research institutions with a reputation for excellent and affordable education
- Three campuses / Four locations - differing needs and resources
- 12,718 active eligible employees
- 25,051 total members (employees, spouses, dependents)
- 84% in HDHP; 16% PPO

Benefit Department Goals

1. To provide high-quality, affordable, family-friendly benefit offerings to meet the needs of our diverse workforce
2. Reshape healthcare at Purdue and disrupt that which needs disrupting

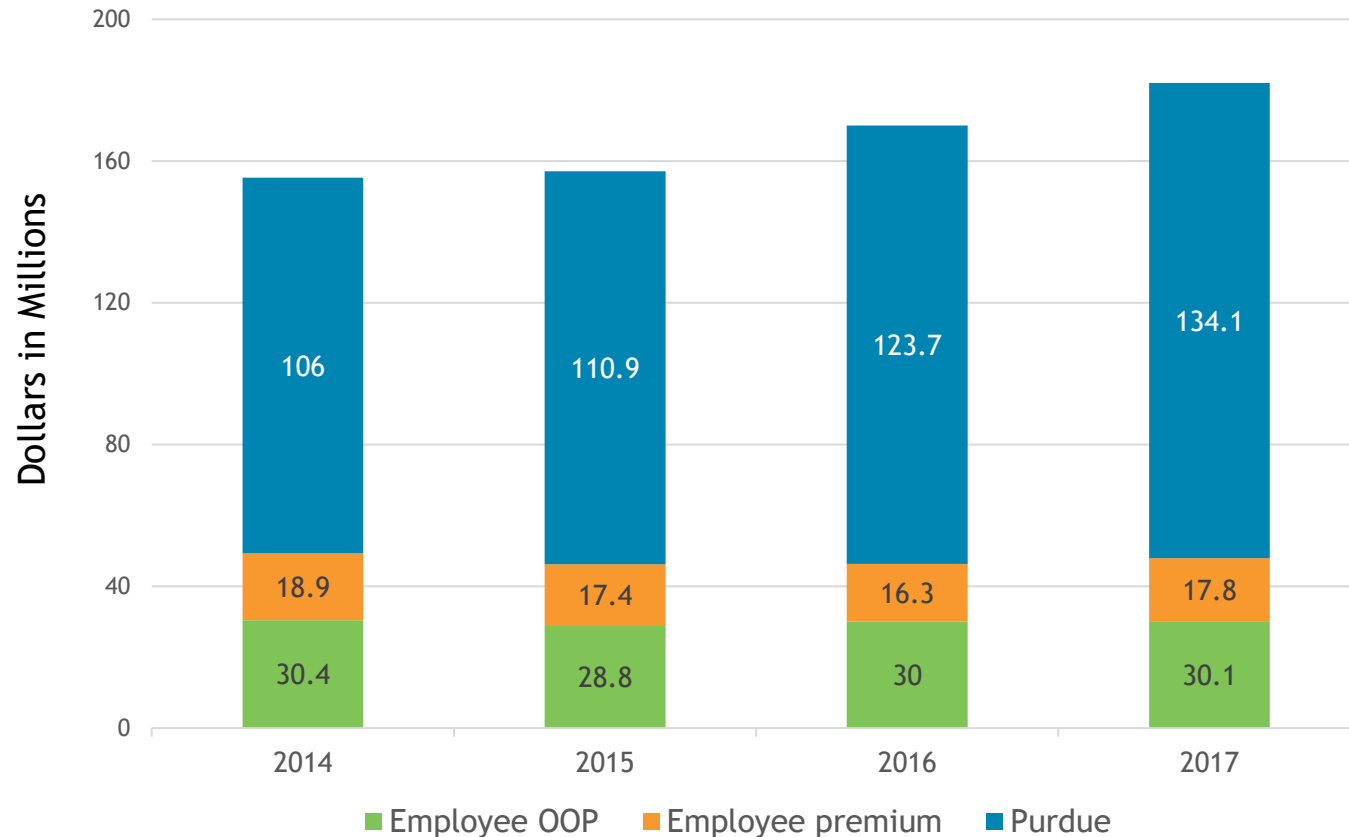
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Healthcare Expenditures

2014 - 2017



2014

- Three plans (2 HDHP; 1 PPO)
- Anthem contract; savings used to reduce employee premiums

2015-2016

- No employee premium increases
- Added free preventive dental
- Added autism and bariatric coverages

2017

- Direct agreement for on campus labs
- Imaging/radiology offered at Student Health Center
- New onsite employee clinic operator
- Healthy Boiler provided additional financial incentives for wellness activities and education
- Employee premium increase (4%)

Change in Focus



Narrow Network Option



HealthSync network added to existing medical plans

**More
personalized
care plans**



**High-
performing
doctors driven
by quality**



**Lower
costs with
participating
providers**



**Nearly 10,000
providers and
45 hospitals
across Indiana**



**Faster
appointments
with
specialists**

Narrow Network Option



Lower plan costs

- ✓ Lower deductibles
- ✓ Lower co-insurance
- ✓ Lower out-of-pocket maximums



Direct Agreements

On Campus
Labs

Imaging

Total Hip
Total Knee

Specialty Rx
- Medical

Specialty Rx
-
Prescription

Physical
Therapy

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Direct Agreements - Imaging

Why?

- Imaging services are a commodity
- Purdue has significant volume (e.g. over 15,000 x-rays)
- Total plan costs - over \$10m annually
 - Covers non-emergency imaging services (i.e. x-rays, ultrasounds, mammograms)
- Substantial competition exists from providers outside of an inpatient hospital setting

Selection

- Key criteria:
 - Access/locations
 - Accreditation
 - Patient safety
 - Diagnostic services (i.e. timeliness, decision support, incidental findings)
 - Cost

Estimate 17%
reduction in costs

Direct Agreements – Total Hip & Total Knee

Why?

- Wide variation in costs for same procedure matched with a wide variation in outcomes
- One of highest musculoskeletal expenses - \$2.7m annually for 75 procedures

Selection

- Key criteria:
 - Provider qualifications and experience
 - Prior experience with bundled care
 - Quality measures (i.e. replacement process, safety, readmission, infection, complications)
 - Patient care experience
 - Warranty on total care associated with replacement (i.e. return to function)
 - Cost

Estimate 34%
reduction in
costs

Direct Agreements – Specialty Rx

Why?

- 1-2% of total prescription volume, but 46% of total Rx dollars
- Better prior authorization process - focus on outcomes
- Variances in Site of Care for patient - cost and comfort
- Co-Pay Assistance to support employee - maximizing opportunities

Selection

- Key criteria:
 - Provider qualifications and experience
 - Prior experience with carve out
 - Patient care experience - including communication
 - Patient outcomes key to process
 - Cost



Direct Agreements – Physical Therapy

Why?

- Wide variation in costs for same procedure matched with a wide variation in outcomes
- Directly related to many musculoskeletal expenses - \$13m annually
- Potential reduction in workers compensation claims - \$3m annually

Selection

- Key criteria:
 - Provider qualifications and experience
 - Prior experience with direct contract
 - Quality measures (Merit-based Incentive Payment System)
 - Patient experience, including access
 - Ability to provide on campus prevention services
 - Cost

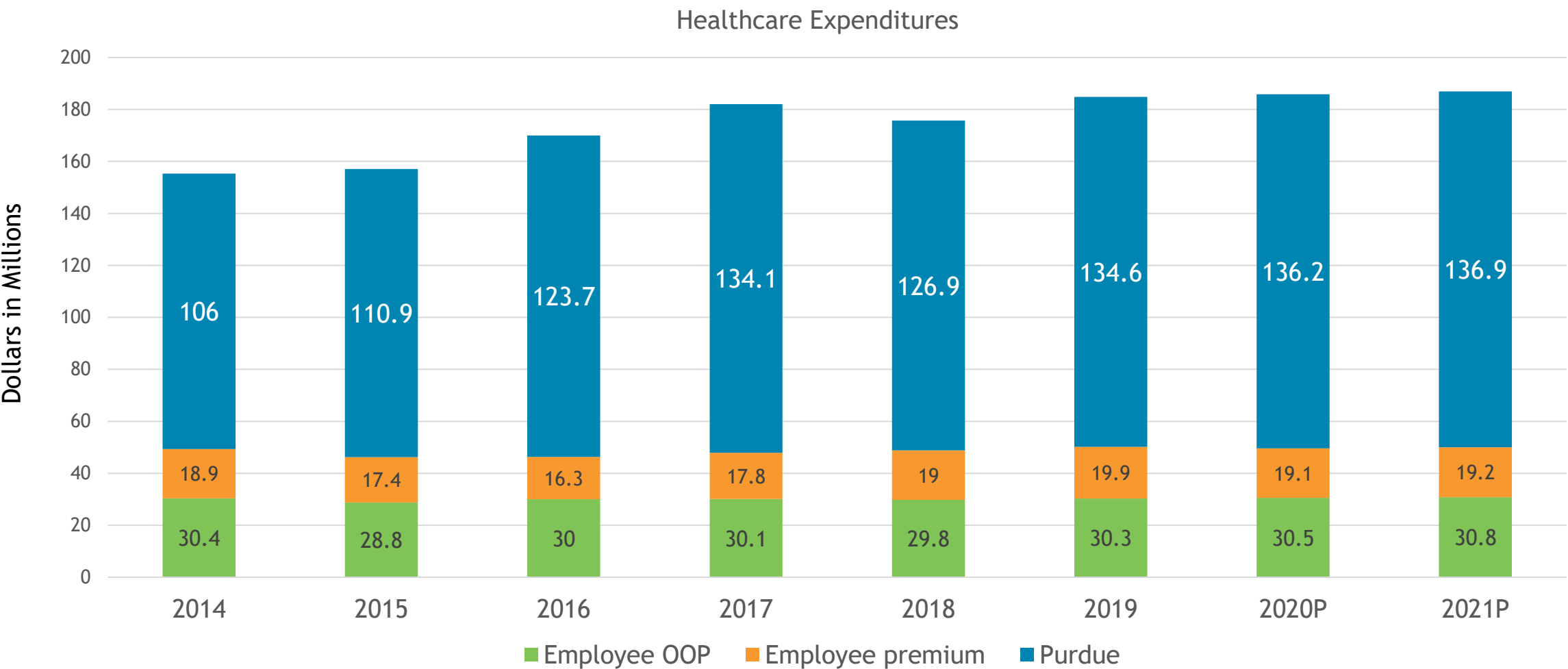


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Healthcare Expenditures – Flat Trend



History of Benefit Changes

2014

- Three plans (2 HDHP; 1 PPO)
- Anthem contract; savings used to reduce employee premiums

2015-2016

- No employee premium increases
- Added free preventive dental
- Added autism and bariatric coverages

2017

- Direct agreement for on campus labs
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- New onsite employee clinic operator
- Healthy Boiler provided additional financial incentives for wellness activities and education
- Employee premium increase (4%)

2018

- Change in pharmacy benefit manager
- Numerous measures to reduce administrative costs (i.e. broker consolidation, data mgmt.)
- Employee premium increase (7%)

2019

- Deductible/OOP increases
- Prescription formulary change
- Employee premium increase (6%)

2020

- No employee premium increase
- Sunset PPO medical plan (1/1/21)
- Working spouse premium
- Tobacco surcharge increase
- Direct provider agreements
- Tiered narrow network option
- Cancer concierge
- Prescription concierge

Employer Actions to Consider

Benefit Design Strategies

- Reference-based Pricing
- Centers of Excellence
- Value-based options: high quality and low cost

Provider Network and Contracting Strategies

- Tiered or narrow provider network
- Alternative sites of care
- Medicare Plus Contracting
- Direct Contracting