

2020

2nd Annual

**National Hospital Price Transparency Conference:**  
**Path to Affordability**

# Employers Using Price & Transparency to Purchase Healthcare

**MODERATED BY:**

**Christan Royer**

Director of Benefits, IU  
Chairwoman, Employers' Forum of Indiana





**Phil Terry**

CEO, Monarch Beverage



**Natalie Roberts**

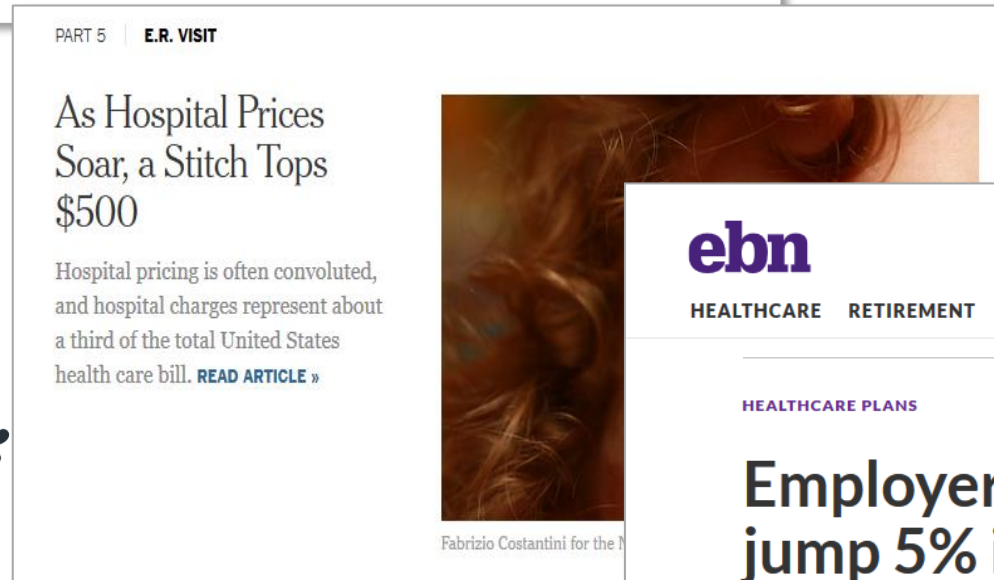
Senior VP of Support,  
Monarch Beverage



**Candace Shaffer**

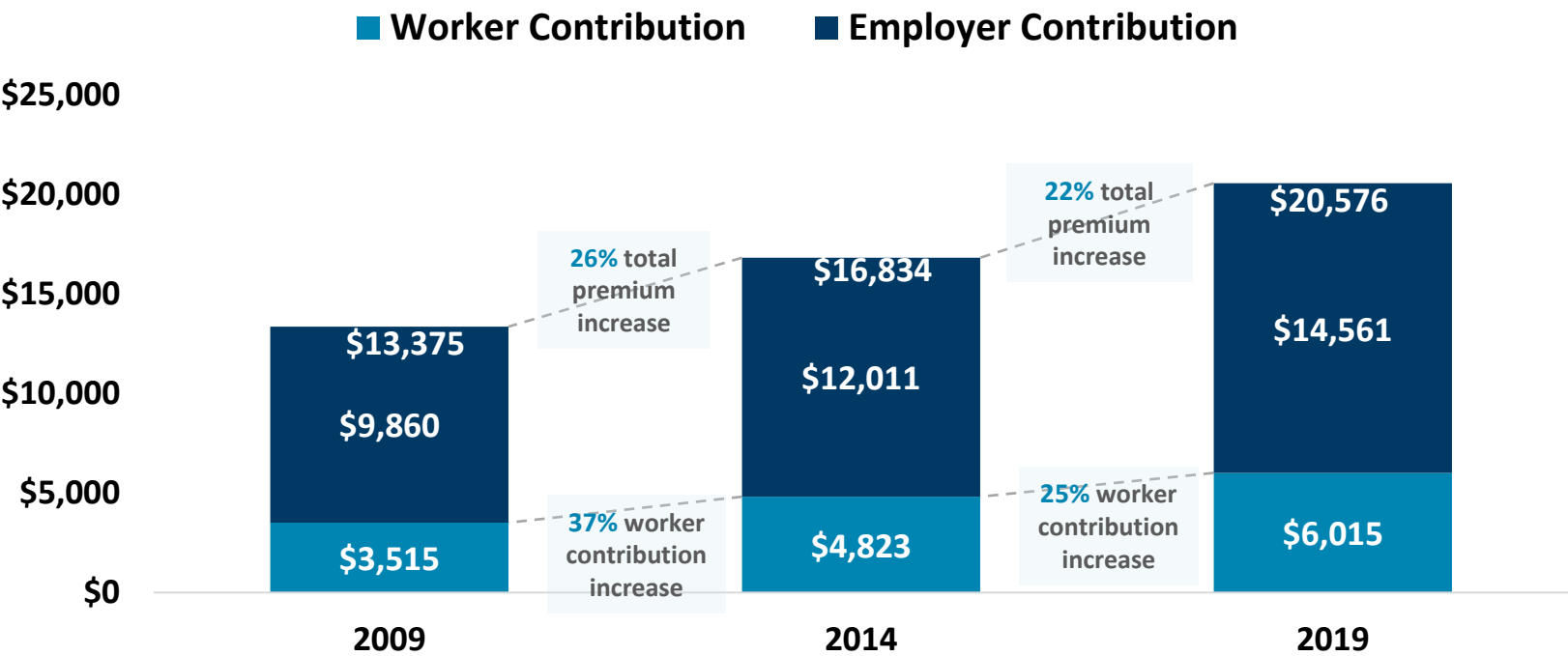
Sr. Director of Benefits,  
Purdue University

# Today's Healthcare Headlines



# Premiums continue to increase

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

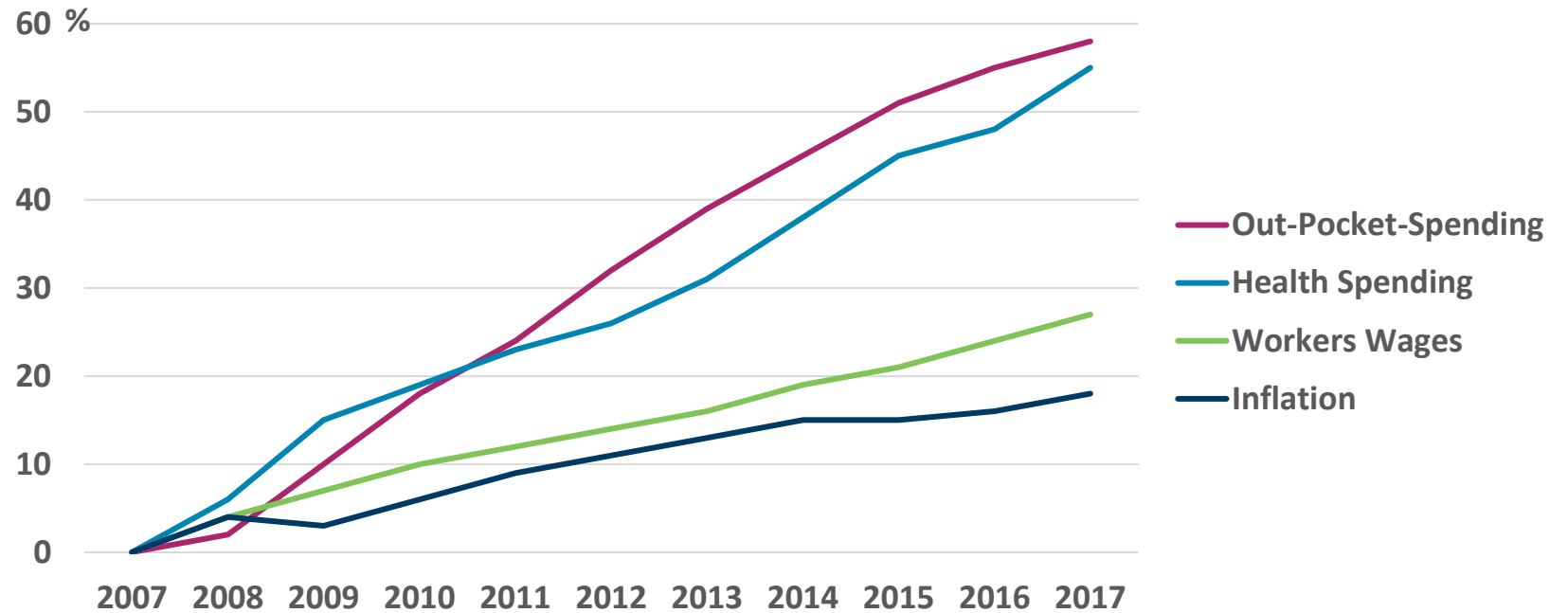


Source: <https://www.kff.org/report-section/ehbs-2019-summary-of-findings/attachment/figure-a-36/>



# 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

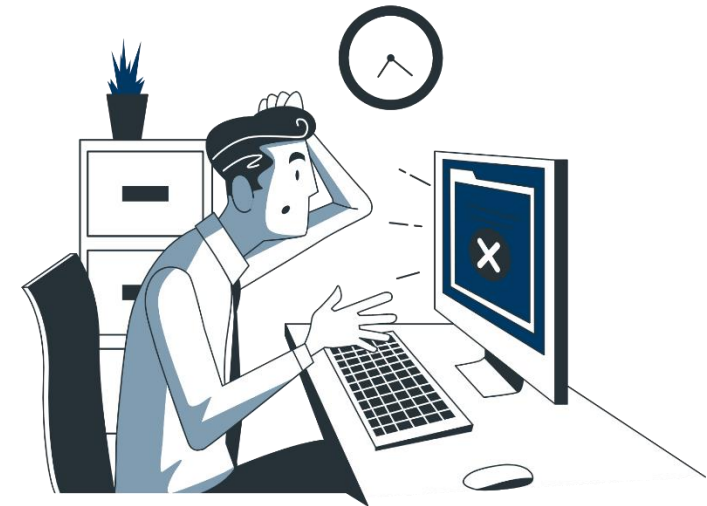


Source: <https://www.healthsystemtracker.org/brief/tracking-the-rise-in-premium-contributions-and-cost-sharing-for-families-with-large-employer-coverage/>

# Key impacts of healthcare costs on employers and employees

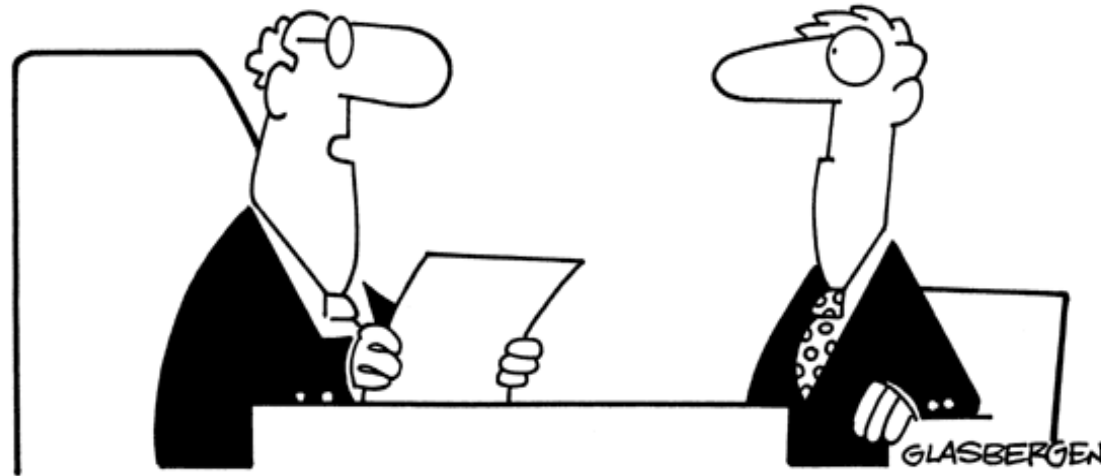
- Healthcare expenditures are a **large proportion** of employer budgets
- Per employee costs are growing rapidly, at rates **far above the cost of living**
- These increases are **challenging the ability to provide raises** to employees
- Employers have tried to shield employees over time, but they 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/](https://www.glasbergen.com/ngg_tag/insurance-cost/)

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# Monarch Beverage

Phil Terry, CEO

Natalie Roberts, Senior Vice President of Support

September 18, 2020









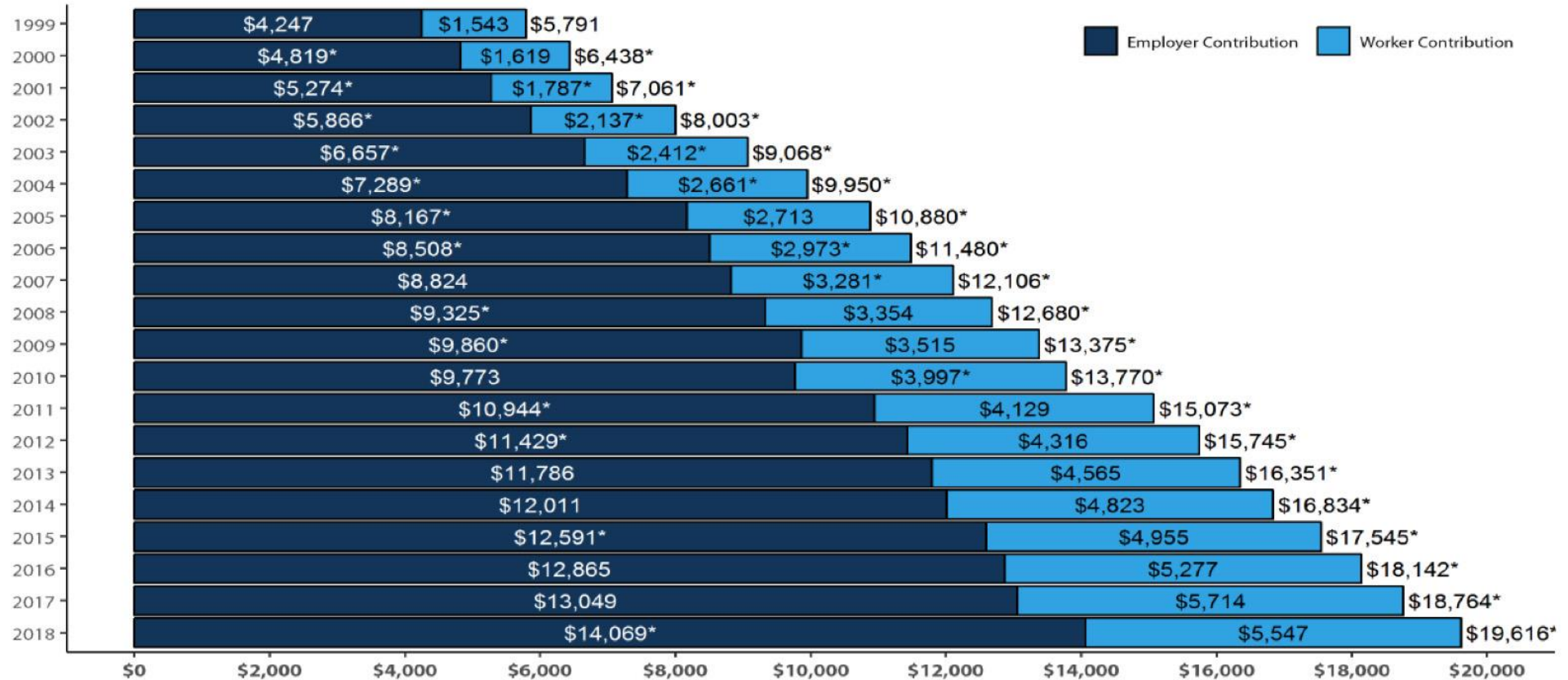
# ABOUT US

- 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





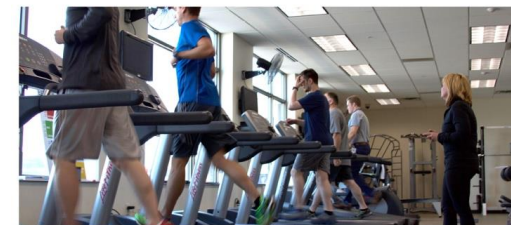
WE CAN'T  
SEEM TO  
INFLUENCE  
PEOPLE TO  
CHANGE THEIR  
BEHAVIORS



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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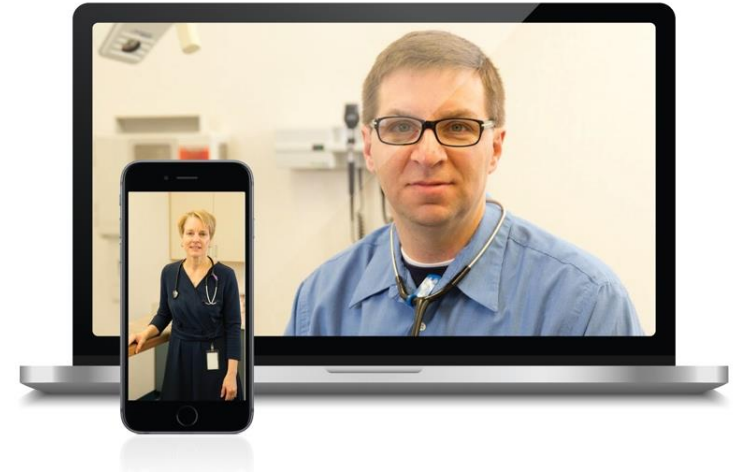
**Path to Affordability**



## CLINICAL VALUE REPORT



## CARE WEB



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# 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

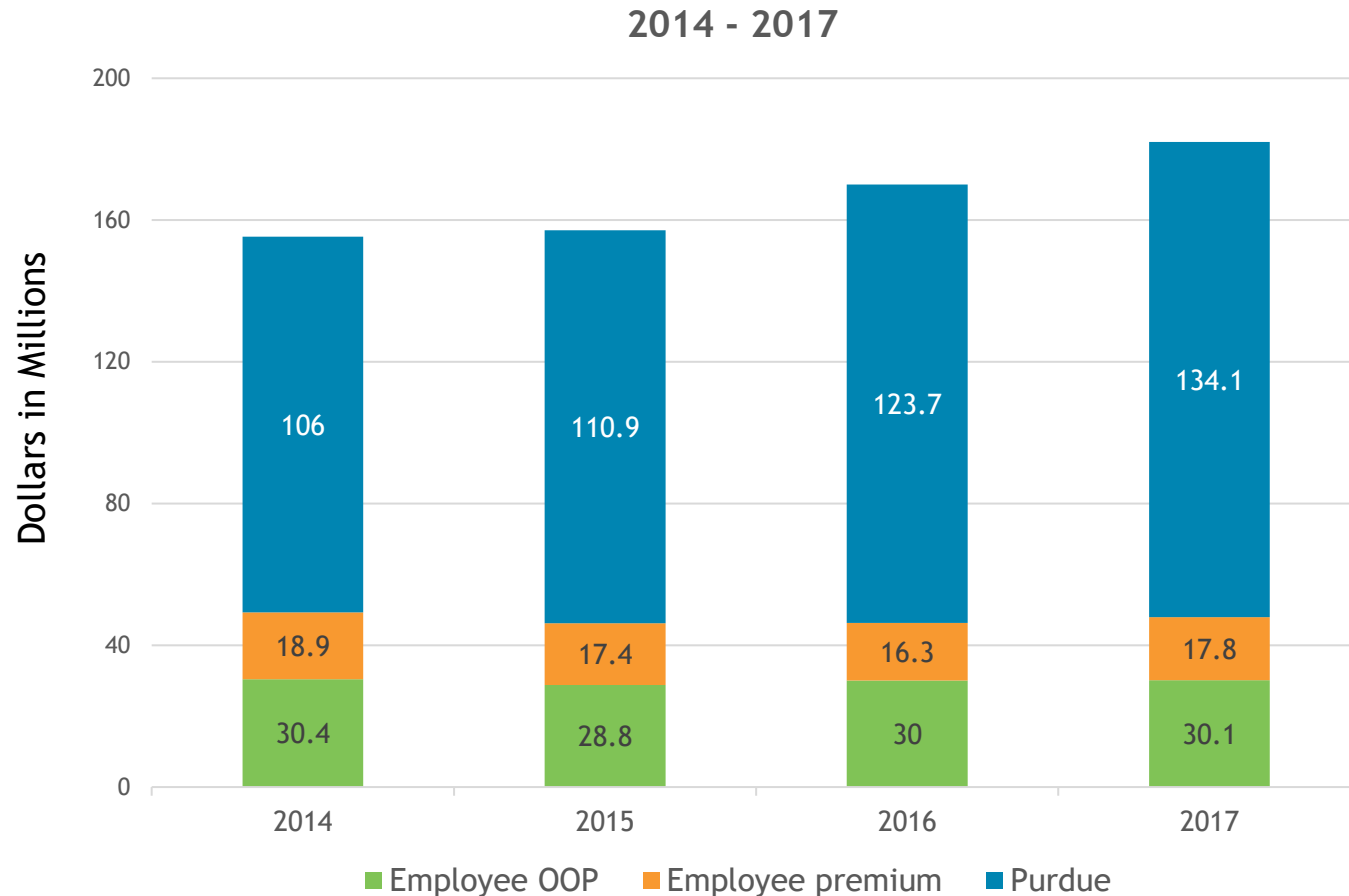


- One of the nation's leading research institutions with a reputation for excellent and affordable education
- Three campuses / Four locations - differing needs and resources
- 12,718 active eligible employees
- 25,051 total members (employees, spouses, dependents)
- 84% in HDHP; 16% PPO

## 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

# Healthcare Expenditures



## 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

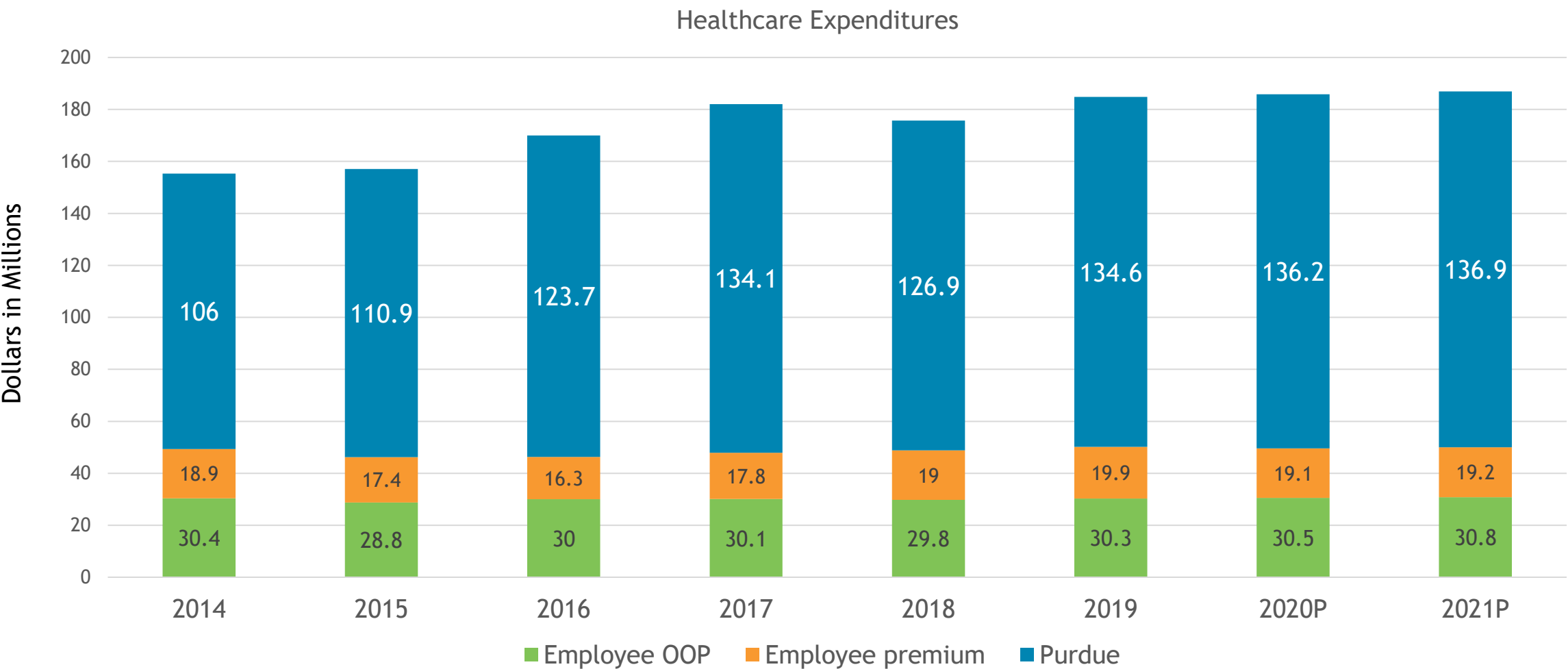


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# Healthcare Expenditures – Flat Trend



# History of Benefit Changes

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## 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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- 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

