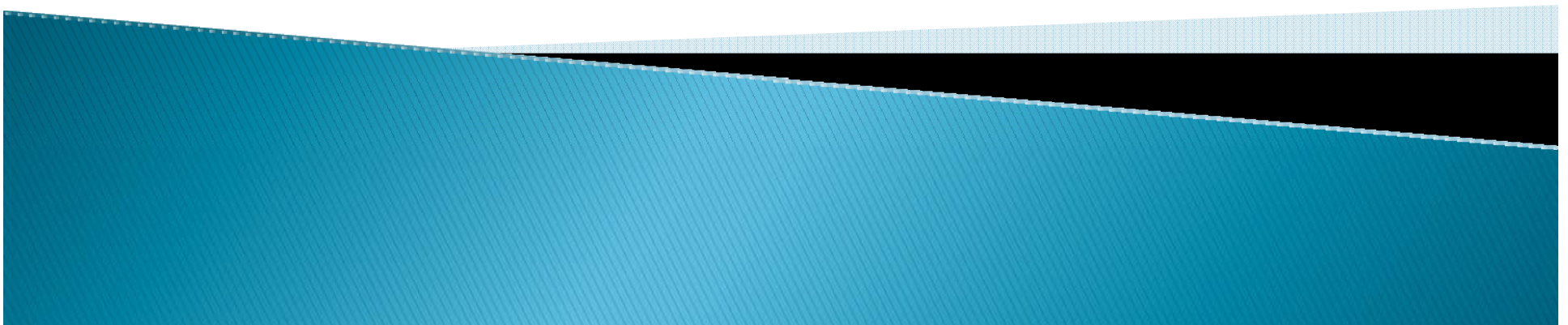


NHACCE

New Hampshire Association of
Chamber of Commerce
Executives

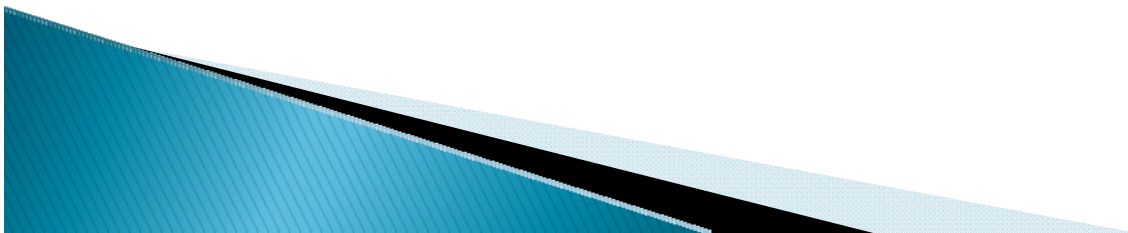
HealthFirst

Benefits Presentation



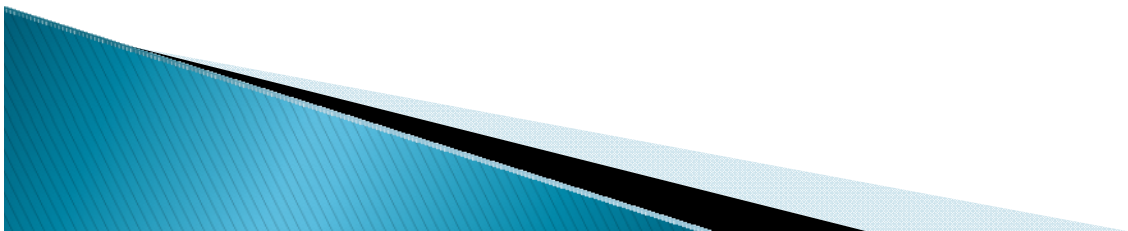
The Problem

- ▶ Health insurance premiums are rising considerably faster than the rate of inflation.
- ▶ The approach to date has been to reduce benefits and increase employee contributions.
- ▶ These strategies have proven ineffective, having done little to affect trend.



Consequences

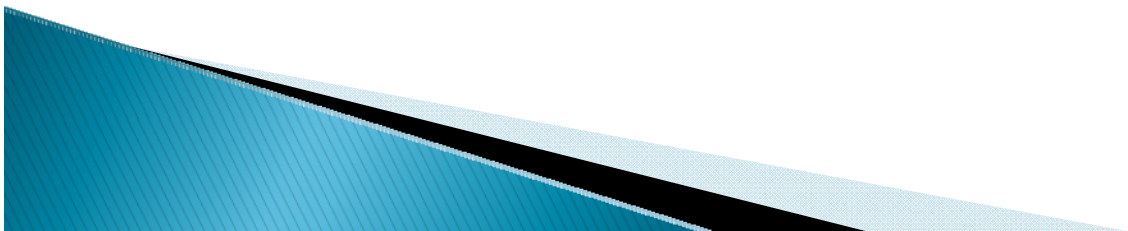
- ▶ As plans become more expensive often those who do not use the benefit (typically the young and healthy) opt out of the group insurance plan.
- ▶ This has a negative effect on both the individual employer group and the overall small group insurance market.



HealthFirst

A New Approach

- ▶ Increasing plan deductibles and employee contributions is kicking the can down the road.
- ▶ HealthFirst provides a new and different approach.
- ▶ With a focus on wellness and the cost effective use of healthcare services, HealthFirst directly targets the underlying drivers of healthcare cost.



HealthFirst

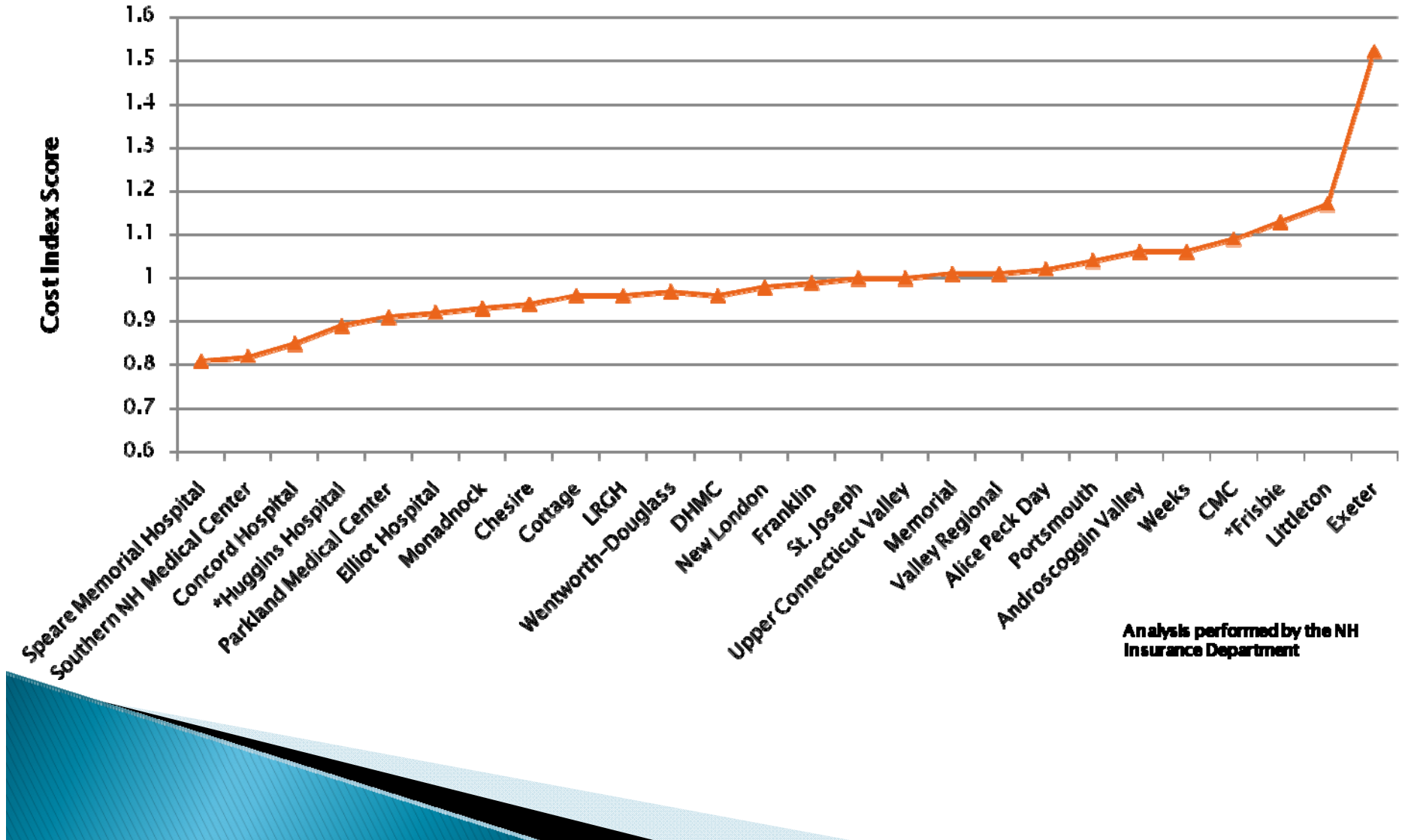
Design Features That Address Cost Drivers

- ▶ HealthFirst features a standard wellness plan that incentivizes wellness program participation.
 - Incentives are in the form of cash rewards and deductible reductions
 - The goal is to improve the overall health of the population and reduce future rate increases
- ▶ The HealthFirst benefit plan design includes:
 - Enhanced preventive care benefits
 - Site of service differentials to encourage the cost effective use of healthcare services



Hospital Cost Index

2006 Combines Inpatient and Outpatient Cost Index by NH Hospitals



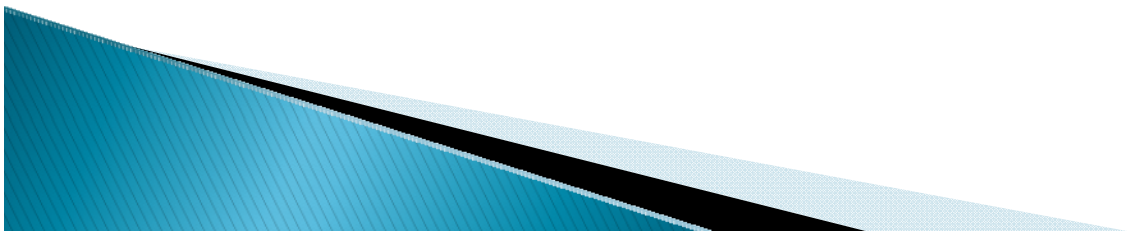
Analysis performed by the NH Insurance Department

HealthFirst

Benefit Plan Design

What's the same?

- ▶ Includes many standard, familiar features:
 - Office visit and Emergency Room copayments
 - Deductibles for hospitalizations, outpatient surgery, MRI, CT and PET scans, ambulance services and DME
 - Three tier prescription drug copayments for generic, brand and brand non-formulary drugs
 - Mail order pharmacy benefit for maintenance medications



HealthFirst Benefit Plan Design

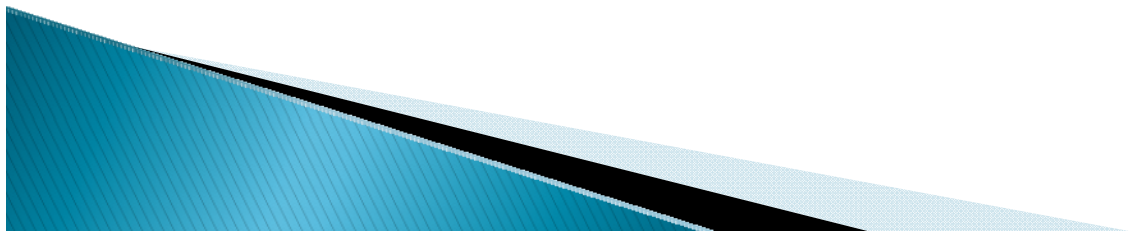
What's different?

- ▶ Site of service differentials:
 - Primary Care / Specialist copayments @ \$20/\$50
 - Diagnostic lab
 - Covered in full @ MD office or independent lab
 - Subject to deductible if hospital-based outpatient facility
 - ER / Urgent Care copayment differential
 - ER @ \$200 and Urgent Care @ \$100
 - Tiered hospital network deductible
 - Tier 1 Hospitals @ \$2,500/\$5,000
 - Tier 2 Hospitals @ \$4,000/\$8,000



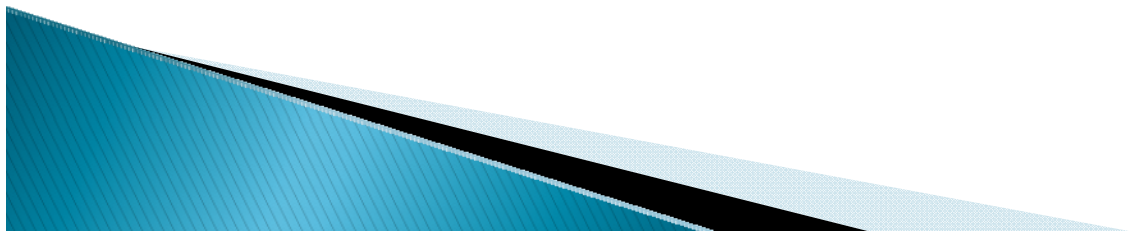
2009 HealthFirst Tier 1 Hospital Network

Alice Peck Day Memorial	Wentworth-Douglass	Southern NH Med Center
Androscoggin Valley	Valley Regional	Spear Memorial
Cheshire Medical Center	The Memorial Hospital	Upper CT Valley
Elliot Hospital	Concord Hospital	Lakes Region General
Cottage Hospital	New London Hospital	Weeks Memorial
Huggins Hospital	Parkland Regional	Monadnock Community Hospital



2009 HealthFirst Tier 2 Hospital Network

Catholic Medical Center	Dartmouth Hitchcock Medical Center
Exeter Hospital	Frisbee Memorial Hospital
Littleton Regional	Franklin Regional
Portsmouth Regional	St. Joseph Memorial Hospital



HealthFirst

Benefit Plan Design

Benefit Enhancements:

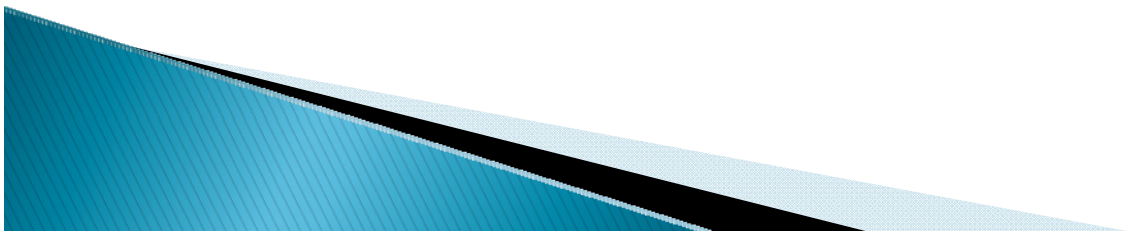
- ▶ Reduced 2x family deductible maximum
- ▶ Expanded preventive care benefits
 - Immunizations, routine annual exams and associated lab work, family planning, pre-natal and well child care, women's health (including mammograms), lead screenings, hearing exams and PSA testing are all *covered in full* - no copayment applies



HealthFirst Benefit Plan Design

Benefit Enhancements (continued):

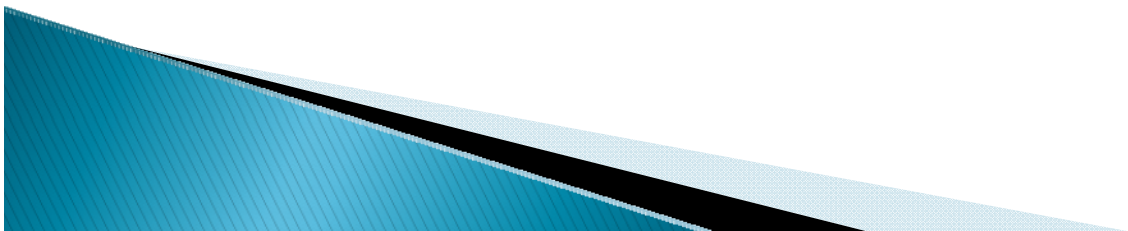
- ▶ Colonoscopies @ \$250 copayment.
- ▶ Coverage for telemedicine services.
- ▶ Annual care plan for those with chronic conditions is *covered in full*.
- ▶ Preventive Rx benefit:
 - At least one hypertensive and one brand diabetic medication is covered at the generic rate



HealthFirst

Standardized Wellness Plan and Incentives

- ▶ The cornerstone of the HealthFirst product is its wellness program.
- ▶ As much as 70% of medical claims cost is associated with lifestyle related conditions.
- ▶ Improvement of the overall health of the population is an integral component of the strategy to minimize premium increases for HealthFirst participants.



HealthFirst

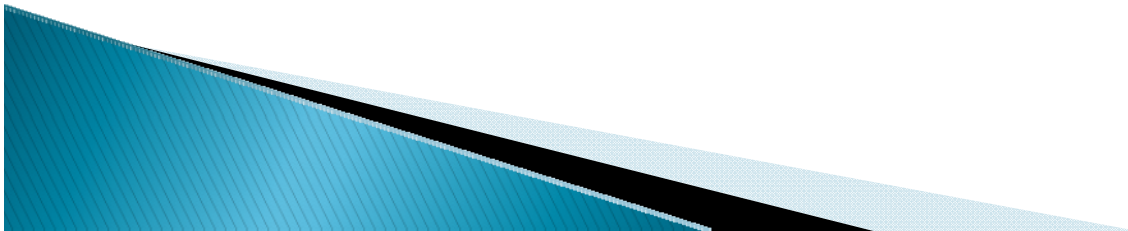
Wellness Program Incentives

- ▶ HealthFirst provides financial incentives for participants to:
 - Obtain health screenings that promote the early detection of health risks
 - Receive evidence-based treatment for chronic conditions
 - Adopt and maintain a healthy lifestyle
- ▶ Incentives are in the form of:
 - Cash rewards
 - Deductible reductions



HealthFirst Wellness Program Incentives

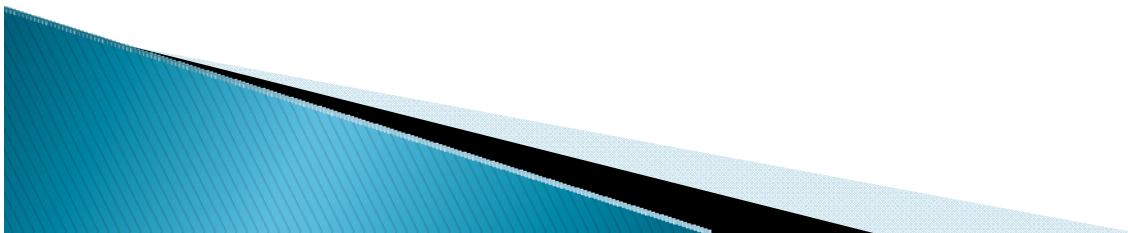
- ▶ Year one:
 - \$200 cash reward
- ▶ Year two:
 - \$1,000 deductible credit



HealthFirst

Standardized Wellness Program Requirements

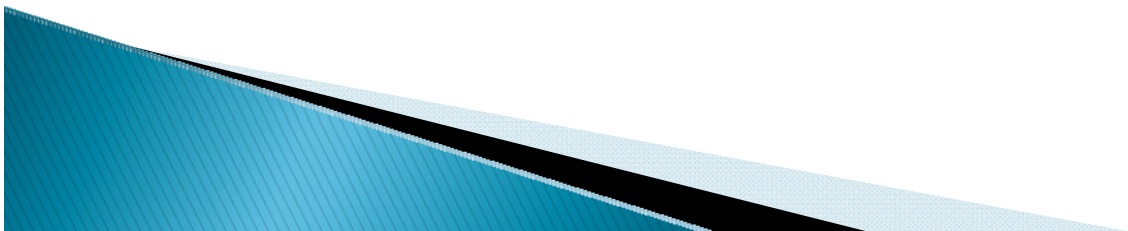
- ▶ Establish and continue a relationship with a Primary Care Physician.
- ▶ Complete a Health Risk Appraisal.
- ▶ Remain smoke free or participate in a smoking cessation program.



HealthFirst

Standardized Wellness Program Requirements

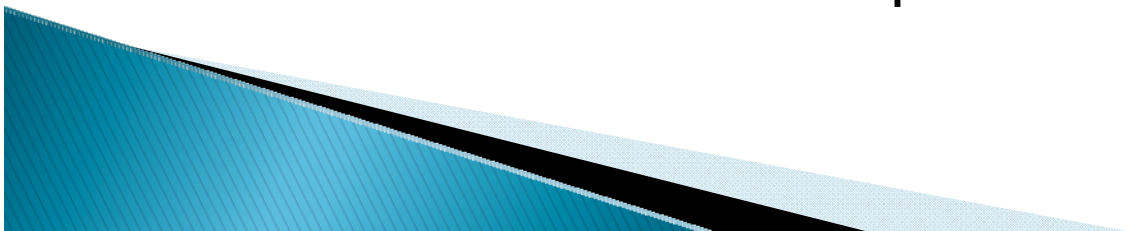
- ▶ Obtain BMI and blood pressure readings. Maintain BMI < 25 & BP < 140/90 or participate in a management program.
- ▶ Have blood glucose and cholesterol checked. Maintain acceptable levels or participate in a management program.
- ▶ Submit verification to insurance carrier within 8 months of enrolling in or renewing on HealthFirst to receive earned credit.



HealthFirst

Wellness Program Incentive Notes

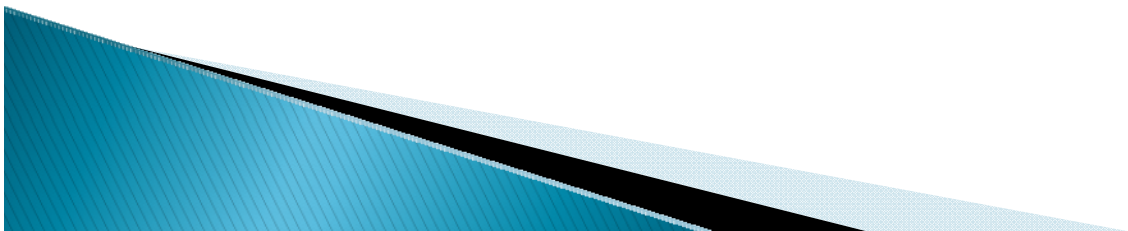
- ▶ Year one \$200 reward granted to an individual subscriber or to both a subscriber and spouse or civil union partner. ***Both*** subscriber and spouse ***must comply*** for either to receive award.
- ▶ Deductible credits are awarded for benefit year following submission of form.
- ▶ For policies covering 2 or more adults, ***both must comply*** to earn the \$1,000 deductible credit for each.
- ▶ The deductible of the children under a family plan shall match that of the parent.



HealthFirst

Rate Development

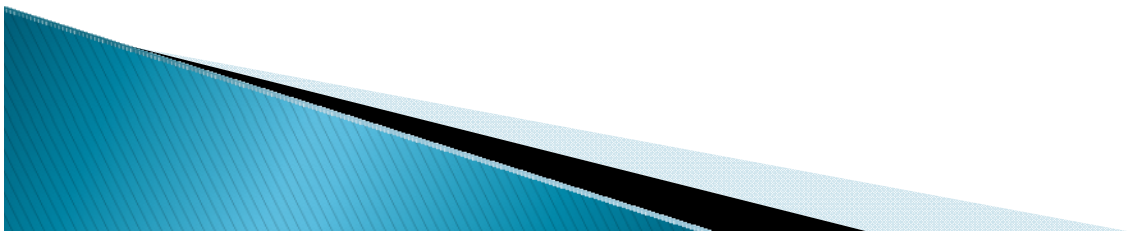
- ▶ NH small group health insurance products are community rated.
- ▶ The factors an insurer uses to develop group-specific rates are:
 - Composite age of the group
 - Industry
 - Size of the group
 - Family contract mix within the group
- ▶ These factors are applied to the product's base rate which is called the Health Coverage Plan Rate.
- ▶ The Health Coverage Plan Rate is an actuarial representation of what a particular benefit design will cost the “average” group.



HealthFirst

Rate Development

- ▶ The Health Coverage Plan Rate for HealthFirst is approximately \$311 per member per month.
- ▶ This represents the base rate for the statutory target to equal 10% of the prior year's median wage.
- ▶ The rating factors of the group are applied to the Health Coverage Plan Rate to determine actual rates.
- ▶ Group-specific rates will be higher or lower than the base rate depending upon the characteristics of the group.
- ▶ Composite age of the group has by far the biggest impact on rate.



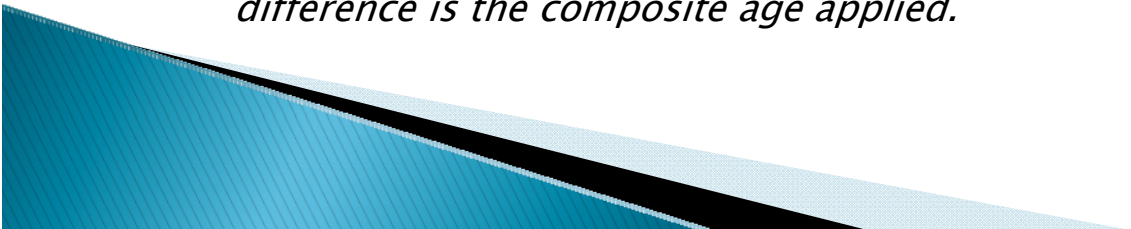
HealthFirst

Sample Rate Comparison

	<u>Deductible</u>	<u>Copayments</u>	<u>Rx</u>
▶ Plan 1	\$1,500/\$4,500	– \$20/\$40 – \$200 ER	– \$10/30/40
▶ Plan 2	\$2,500/\$7,500	– \$25/\$50 – \$250 ER	– \$10/30/40
▶ HealthFirst	\$2,500/\$5,000	– \$20/\$50 – \$200 ER	– \$10/35/50

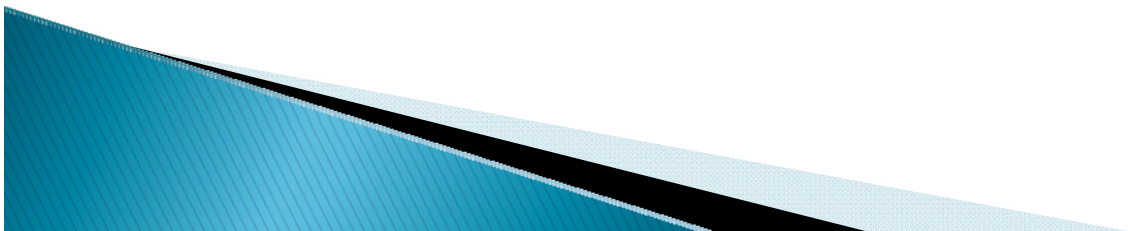
	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>
	Ave Age	Ave Age	Ave Age
	38.8	44.2	49.5
▶ Plan 1 (\$1,500)	\$344.17	\$400.25	\$470.37
▶ Plan 2 (\$2,500)	\$292.35	\$340.00	\$399.55
▶ HealthFirst	\$279.45	\$324.97	\$381.90

Note: All rates are based on the same group of 18 subscribers in a retail industry. The only difference is the composite age applied.



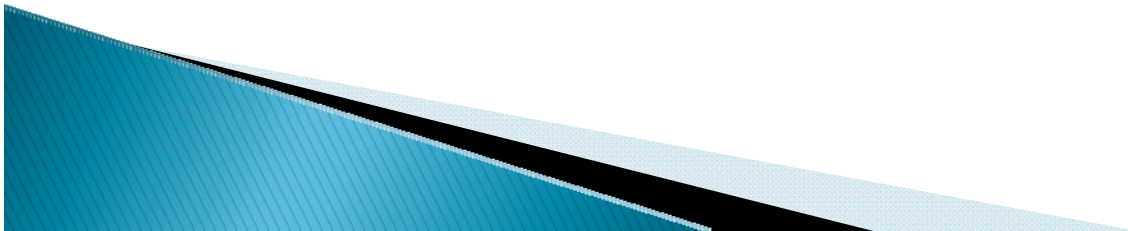
Summary

- ▶ HealthFirst is designed to save money by focusing on promoting health and the cost-effective use of healthcare services.
- ▶ The goal is to reduce the cost of high quality health insurance coverage by addressing the underlying drivers of healthcare costs.



Summary

- ▶ The plan includes full coverage for preventive care and uses differential deductible levels to encourage members to seek care at less expensive hospitals and outpatient settings.
- ▶ It also provides incentives and benefits for subscribers who participate in disease management or wellness programs and for those who monitor their health by receiving annual preventive care.



In Conclusion

The innovative approach to health insurance offered by the HealthFirst product presents a new opportunity for small employers in New Hampshire who are willing to make a commitment to wellness and cost effective use of healthcare services.

