



LAPRA Medical Plans

Renewal Considerations

Presented by

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Anthem Blue Cross (Prudent Buyer) PPO Plan

- PPO = Preferred Provider Organization
- The Anthem Prudent Buyer PPO Network is the largest in the nation
- LAPRA's PPO Plan includes provider access in every state
- Complete freedom of choice in selecting your providers (both in and out-of-network)
- Providers are independent facilities, physicians and medical groups within the community and are paid on a "fee-for-service" basis

Anthem Blue Cross (CaliforniaCare) HMO Plan

- HMO = Health Maintenance Organization
- The Anthem HMO is a "group model"
- More narrow list of contracted (in-network) providers

Anthem Blue Cross (CaliforniaCare) HMO Plan Cont'd

- Services must be provided by contracted providers (only approved emergency services are covered outside the network)
- Referrals by a Primary Care Physician (PCP) are required to see a specialist
- Providers are independent facilities, physicians and medical groups within the community and are paid on a “capitated” and “shared risk” basis

Kaiser HMO Plan

- The Kaiser HMO is a “staff model”
- Providers are salaried employees of the HMO
- More narrow list of contracted (in-network) providers
- Services must be provided by Kaiser employees at Kaiser facilities (only approved emergency services are covered outside of Kaiser)
- Referrals are required to see a specialist

What factors go into the **PPO** renewal?

- Paid Claims
- Claims Turnaround Time
- Medical Inflation (also referred to as “trend”) for both medical and pharmacy
- Emerging specialty medications
- Plan Design Changes
- Enrollment (including shifts in coverage tiers)
- Federal Fees (PPACA)
- Premium Tax
- Retention (fixed fees for claims administration, customer service, SPDs, claims recovery, legal, etc.)
- Workers Compensation Claims

What factors go into the **HMO** renewal?

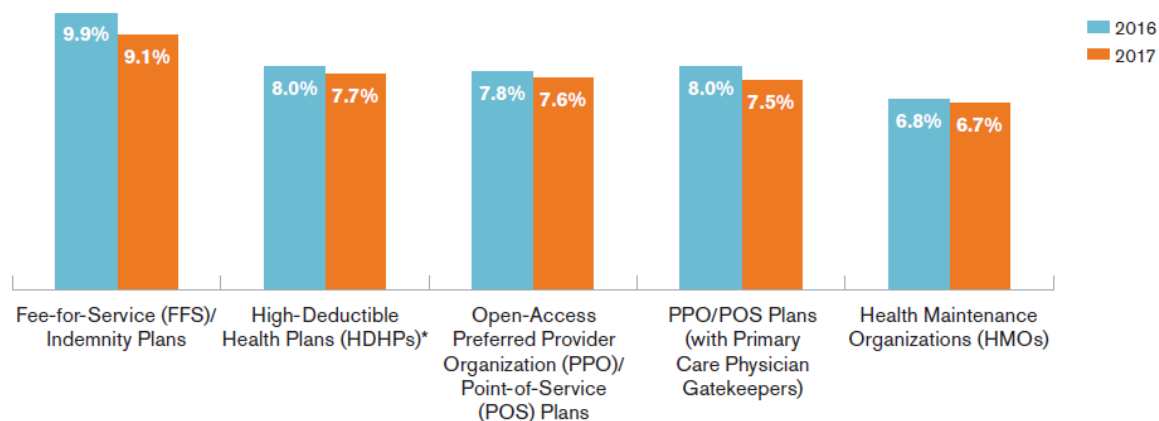
- Paid Claims
- **Capitation Expense**
- Claims Turnaround Time
- Medical Inflation (also referred to as “trend”) for both medical and pharmacy
- Emerging Specialty Medications
- Plan Design Changes
- Enrollment (including shifts in coverage tiers)
- Federal Fees (PPACA) – last year of TRP fees
- Premium Taxes
- Retention (fixed fees for claims administration, customer service, SPDs, claims recovery, legal, etc.)
- Workers Compensation Claims

Medical Inflation

The rising cost of health care services (source: 2017 Segal Trend Survey)

- ❖ 2017 medical trend rates for actives and non-Medicare retirees are expected to be **7.8%** for PPO Plans and **6.7%** for HMO Plans

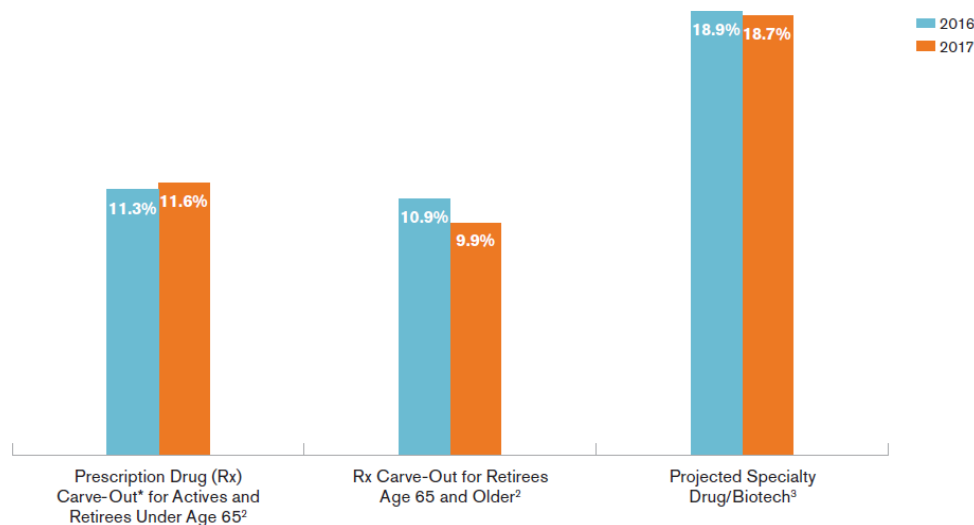
Projected Medical Cost Trends for Actives and Retirees Under Age 65: 2016 and 2017



Rx Inflation

- ❖ 2017 Rx trend rates (non-specialty medications) for actives and non-Medicare retirees is expected to be **11.6%**
- ❖ 2017 Rx trend rates (**specialty medications**) for actives and non-Medicare retirees is expected to be **18.7%**
- ❖ While typically less than 1% of all medications are specialty drugs, those drugs account for 35% of projected Rx drug cost trends for 2017 (up from 25% in 2015)

Projected Prescription Drug Trends: 2016 and 2017¹





Medical Plan Cost Drivers –Work Comp Claims

Workers Comp Claims

- Anthem Blue Cross uses Express Scripts as its Pharmacy Benefit Manager (PBM) for both its PPO and HMO plans
- Anthem has already announced that, beginning 01/01/2019, it will no longer use ESI as its PBM
- Members get frustrated working through the WC system and often opt to fill their prescriptions using the health plans' pharmacy programs
- The League has been working with the City to improve the Workers Comp process and wait times for all Members
- More on Workers Comp to come

Refresher: 2016 PPO Plan Design Changes

2016 ANTHEM PPO PLAN DESIGN CHANGES

BENEFIT	BLUE CROSS PPO - CURRENT		BLUE CROSS PPO - 7/1/16			
	PPO Network	Non PPO Network	PPO Network		Non PPO Network	
Annual Deductible (waived for families if one family Member has Medicare Parts A/B/D)	\$250 per person \$500 per family		\$300 per person \$600 per family		\$500 per person \$1,000 per family	
Annual Out of Pocket Maximum Medical	\$1,500 per person \$4,500 per family	\$1,500 per person \$4,500 per family	\$2,000 per person \$6,000 per family		\$3,000 per person \$9,000 per family	
Annual Out of Pocket Maximum Pharmacy	combined with medical		\$4,850 per person \$7,700 per family			
Utilization Management	Failure to pre-authorize results in a \$250 penalty		Failure to pre-authorize results in a \$350 penalty			
Emergency Room	90% after a \$75 copay/visit (waived if admitted)		90% after a \$150 copay/visit (waived if admitted)			
Prescription Drugs	Retail Pharmacy	Mail Order	Retail Pharmacy		Mail Order	
			non-maintenance drugs	maintenance drugs		
·Supply	up to 30-day supply (90-day for maintenance drugs)	up to 90-day supply	up to 30-day supply	31-90 day supply	up to 30-day supply	31-90 day supply
·Generic	\$15 copay	\$15 copay	\$15 copay	\$30 copay	\$15 copay	\$30 copay
·Brand	\$25 copay	\$25 copay	\$25 copay	\$50 copay	\$25 copay	\$50 copay
·Injectibles (except Insulin)	20% (max copay: \$100)	20% (max copay: \$100)	20% (max copay: \$150)	20% (max copay: \$300)	20% (max copay: \$150)	20% (max copay: \$300)



Refresher: 2016 HMO Plan Design Changes

2016 ANTHEM HMO PLAN DESIGN CHANGES

	BLUE CROSS HMO - CURRENT		BLUE CROSS HMO - 7/1/16			
BENEFIT	HMO Network		HMO Network			
Annual Out of Pocket Max	\$500 per person \$1,500 per family		\$1,000 per person \$3,000 per family			
Emergency Room	\$75 copay/visit (waived if admitted)		\$150 copay/visit (waived if admitted)			
Office Visit*	\$10 copay per visit		\$15 copay per visit			
Prescription Drugs	Retail Pharmacy	Mail Order	Retail Pharmacy		Mail Order	
			non-maintenance drugs	maintenance drugs		
Supply	up to 30-day supply (90-day for maintenance drugs)	up to 90-day supply	up to 30-day supply	31-90 day supply	up to 30-day supply	31-90 day supply
Generic	\$10 copay	\$10 copay	\$15 copay	\$30 copay	\$15 copay	\$30 copay
Brand	\$15 copay	\$10 copay	\$25 copay	\$50 copay	\$25 copay	\$50 copay
Injectibles (except Insulin)	20% (max copay: \$100)	20% (max copay: \$100)	20% (max copay: \$150)	20% (max copay: \$300)	20% (max copay: \$150)	20% (max copay: \$300)

* applies to office visits (including mental health and chemical dependency), speech therapy, occupational therapy, initial maternity care visit, chiropractic care and urgent care



Refresher: 2016 KAISER Plan Design Changes

LAPRA: 2016 KAISER HMO PLAN DESIGN CHANGES

	KAISER HMO - CURRENT		KAISER HMO - 7/1/16			
BENEFIT	HMO Network		HMO Network			
Emergency Room	\$50 copay/visit (waived if admitted)		Active: \$150 copay/visit (waived if admitted) / Retired: \$75 copay/visit (waived if admitted)			
Office Visit*	\$10 copay per visit		\$15 copay per visit			
Prescription Drugs	Retail Pharmacy (up to 100 day supply)	Mail Order (up to 100 day supply)	Retail Pharmacy (up to 30-day supply)	Retail Pharmacy (31-100 day supply)	Mail Order Pharmacy (up to 30 day supply)	Mail Order Pharmacy (31-100 day supply)
· Generic	\$10 copay	\$10 copay	\$15 copay	\$30 copay	\$15 copay	\$30 copay
· Brand	\$15 copay	\$15 copay	\$30 copay	\$60 copay	\$30 copay	\$60 copay
· Injectibles (except Insulin)	n/a	n/a	n/a	n/a	n/a	n/a

* applies to office visits (including mental health and chemical dependency), speech therapy, occupational therapy, chiropractic care and urgent care



What are our areas of focus for 2017-2018 and beyond?

- 7/1/17 Renewal will see no changes to the current contributions (\$) for active Members
- Prescription Drugs! In addition to the changes that were implemented last Fall (generic drugs for therapeutic equivalents), the LAPRA Board will continue to review the appropriate placement of drugs on the Anthem formulary and will make adjustments as needed
- Any changes will result in personalized communications to Members, coming directly from Anthem Blue Cross
- Managing Member care in a meaningful way by having Anthem monitor drug adherence, etc.
- Promoting tele-medicine as a way to manage costs for routine care

Questions

