



**Business Health Care Group
2019 Annual Meeting: Game On
at the Fiserv Forum
January 23, 2019**

Presentations by:

- Jeffrey Kluever, Executive Director, Business Health Care Group
- Dave Osterndorf, Partner & Chief Actuary, Health Exchange Resources
- David Smith, Assistant Vice President, Customer Analysis & Solutions, UnitedHealthcare

UnitedHealthcare Premium® Designation/Tier I Advisory Panel:

- Todd Smasal, Director, Total Rewards, Northwestern Mutual
- Janet Lucas-Taylor, Vice President, Health & Benefits, AON
- Chris Brown, Vice President, Network Analytics, UnitedHealthcare

Navitus Health Solutions Advisory Panel:

- Lisa Mrozinski, Total Rewards, Baird
- Chris Robbins, Principal & CEO, Arxcel Consulting
- Dave Osterndorf, Partner & Chief Actuary, Health Exchange Resources

Executive Summary

With employers (both members and non-members), providers, brokers/consultants, sponsoring organizations and strategic partners in attendance, the Business Health Care Group (BHCG) conducted its annual meeting at the new Fiserv Forum on January 23, 2019. The meeting, entitled *Game On*, was kicked off by a presentation from Jeff Kluever (BHCG's Executive Director) who reported on membership growth, diversification of new employer solutions, and the organization's successes. Dave Osterndorf (BHCG's chief strategic consultant and actuary) then detailed the strategic direction of BHCG.

David Smith from UnitedHealthcare (UHC) shared data results from the three-year ongoing partnership with BHCG and employer members' utilization of the Premium designation and Tier I programs. He was followed by two advisory panel discussions (UnitedHealthcare's

Premium designation/Tier I programs and the BHCG/Navitus Health Solutions transformative pharmacy benefit management solution) featuring employers, consultants and program experts.

The *Leading Change, Creating Value Award* was presented by BHCG's Executive Steering Committee Member Lisa Mrozinski of Baird to the **Sixteenth Street Community Health Centers** for its commitment to provide high quality health care, health education and social services for residents of multi-cultural neighborhoods, as well as its dedication to the complete health of the individual and overall health of the community.

[BHCG Fast Facts](#)

[2019 Annual Meeting Photo Gallery](#)

BHCG Year in Review: Continuing Results and Emerging Employer Solutions

Jeff Kluever, Executive Director, BHCG

UnitedHealthcare partnership

BHCG and UnitedHealthcare recently extended their three-year partnership through 2021. The value proposition of the partnership remains the same with benefits such as **preferred pricing, administrative oversight, exclusive access to programs and a BHCG-dedicated customer service team.**

UHC reports BHCG has the **highest number of employers in the nation utilizing the Tier I premium provider program.** Analysis shows tiering will drive higher utilization of high value providers that translates into savings. **Every one percent increase in Premium provider utilization has been shown to be worth \$610,000 in reduced costs** for BHCG employers, in aggregate. Chris Brown, UHC vice president, network analytics, sees BHCG as the leading voice of its users of the program and is committed to continuous program improvements and developing additional resources.

Historical results

After a decrease in cost trend for BHCG employers in the first two years of the UHC partnership, 2018 saw a seven percent increase – driven primarily by an increase in **catastrophic cases.** The increase is also attributed to significant growth in membership that brought in new members with higher costs.

An emerging issue – fiduciary responsibility

Greater participant cost sharing in consumer driven plan designs has increased the focus on employer decisions – especially in the case of pharmacy benefit managers. **BHCG will be devoting significant time and energy in helping employers meet their fiduciary responsibilities,** such as the recent collaboration with Navitus Health Solutions.

BHCG/Navitus PBM Solution

Unlike traditional PBMs, the game changing Navitus model offers a **fully transparent and 100 percent pass-through PBM solution with the lowest net cost in the industry**. The BHCG/Navitus model is available to BHCG members and on a stand-alone basis for employers across the nation. It features **preferred pricing, performance guarantees and data sharing**, among other benefits.

Consumer engagement support

BHCG continues to develop tools for employers to educate health care consumers and support better health care decisions. Working collaboratively, BHCG and UHC are addressing the medically homeless (those without an established relationship with a primary care physician) issue for member employers' participants. There is a **significant opportunity to work with health systems to reduce the medically homeless population**.

In 2019 BHCG will add to its portfolio of multi-media marketing and communication campaigns (i.e. Premium designation/Tier I) for member employers utilizing UMR and provide an opportunity for member employers to participate in a **medically homeless campaign**. The campaigns can be accessed free of charge by BHCG member employers. In addition, employers are encouraged to take advantage of the **workplace opioid awareness/prevention communication toolkits now available on the BHCG website**.

What's ahead? Strategic planning

BHCG is partnering with consumer health care advocacy organization **Quantum Health**. Member employers will have access to **medical and care management and dedicated advocacy and customer services at BHCG preferred rates**.

With the success of the UnitedHealth Premium and Tier I programs, BHCG is committed to furthering the pursuit of identifying the best providers and helping to improve health care value in eastern Wisconsin. **BHCG will undertake a major physician data initiative to study the quality and cost effectiveness of area physicians** in coordination with local health systems.

Strengthening our voice

BHCG added a number of prominent employers (e.g. Associated Banc-Corp, Goodwill Industries, Kohler Co., Reinhart Boerner Van Deuren and Sendik's Food Markets, etc.) in the last two years, resulting in a **28 percent increase in membership numbers**. The growth also includes the addition of five pharmacy member employers taking advantage of the new BHCG/Navitus PBM solution. To further support the community, BHCG is also offering **free membership to all Federally Qualified Health Centers** in eastern Wisconsin.

[BHCG Year in Review: Continuing Results and Emerging Solutions slides](#)

Strategic Plan

Dave Osterndorf, Partner & Chief Actuary, Health Exchange Resources

BHCG's formation was driven by a severe health care cost problem, but even more challenging issues have arisen since. BHCG's voice is much bigger than any individual employer's and the

organization is dedicated to **finding opportunities where collective action can be of substantial value to move the marketplace.**

BHCG's **strategic plan is focused on analytics and informed guidance** (improving people's decision-making) as a way to make the biggest impact on health care value. BHCG's updated position statement reflects its strategic planning focus.

Analytics

BHCG's data initiative will identify knowledge sets that will allow BHCG to **enter into a dialogue with health systems about the quality and cost of health care services.** Thus far, BHCG has had very productive conversations with a number of health systems about this strategy.

Informed guidance

With data identifying high value providers, the next priority is to **help individuals make good choices, so they consume only necessary, high value services.** It's important to emphasize that health is an asset you must maintain. Guidance can come from a number of different places, including third party solutions. BHCG made the decision to partner with Quantum, in part, based on the strength of recommendations from its clients about a wide variety of successes in getting situations resolved.

[Strategic Plan slides](#)

Measuring Our Success – By the Numbers

David Smith, Assistant Vice President, Customer Analysis & Solutions, UnitedHealthcare

BHCG historical results

Since its inception, BHCG's per member per month (PMPM) cost trend has been much lower than the market's. Even when using the most conservative net trend, **BHCG's savings over the last three years when compared to trend is \$234 million** on a PMPM basis.

Premium care provider utilization

BHCG employers with a **tiered (incented) plan design had higher UHC Premium care provider utilization** than employers with no incentive plan design (43.6 percent vs. 36.2 percent). Again, every one percent increase is worth \$610,000 of reduced costs for BHCG employers, in aggregate.

Analysis has shown **members with a high utilization rate of Premium care physicians (75 percent or more of all eligible charges) cost 14 percent less** than those with low utilization on a PMPM basis.

Consumer activation

UHC's Consumer Activation Index measures a number of weighted factors that indicate member engagement in their own health care and health care decisions. Analysis has shown **more highly activated membership correlates with lower risk adjusted PMPM costs.**

The **consumer activation level of BHCG members has risen over the last two years and is better than most** other groups in UHC's book of business. There is real opportunity to reduce costs through consumer activation.

[Measuring Our Success – By the Numbers slides](#)

UnitedHealthcare Premium® Designation/Tier I Advisory Panel Discussion

Todd Smasal, Director, Total Rewards, Northwestern Mutual; Janet Lucas-Taylor, Vice President, Health & Benefits, AON; Chris Brown, Vice President, Network Analytics, UnitedHealthcare Networks

Chris Brown (UnitedHealthcare)

Selecting health care on the basis of quality is a relatively new concept. Employers challenged UHC to bring transparency to health care and it launched the Premium designation program in 2005 in order to inform medical choices as a result. Milwaukee was one of the program's first markets. **UHC works collaboratively with BHCG and recognizes BHCG as a customer voice to continue to develop and enhance the program.**

UHC's vision for the program is to create the most enduring connection between consumers and providers. Today **the program includes over 400,000 physicians in 47 specialties.** Physicians utilize the information as well and many employers provide incentives for employees for Premium care provider utilization. Employers with the **best results focus their messaging to members on quality and not cost** and communicate throughout the year.

The Milwaukee market has some of the highest rates of Premium care provider utilization across the country. **BHCG's favorable trends are due to higher Premium care provider utilization** – Premium care providers are eight to 10 percent more efficient with lower complication rates and better outcomes.

Todd Smasal (Northwestern Mutual)

After eight or nine years of utilizing a high deductible health plan, Northwestern Mutual **made the decision to implement the Tier I program to drive members to high performing providers.** It is now in its third year of tiering. The company has spent considerable time in reframing the value proposition of the Tier I program from a member's perspective through education and communication (e.g. "It's a win-win to use Premium providers").

Over the past five years, Northwestern Mutual's medical trend has been coming in at a one-and-a-half percent compounded growth rate. **Analysis shows year-over-year spend was down almost seven-and-a-half percent in 2018** – even though premium and plan design did not change. In order to receive a better premium and plan design, employees must select a Tier I primary care provider. Eighty percent of members chose a Tier I primary care provider for the 2019 plan year.

Northwestern Mutual expects its **Premium care provider utilization rate for 2018 to be in the ballpark of 60 percent.** The remaining 40 percent of care includes a large percentage

of utilization at on-site health centers. As an organization with \$65 million in annual health care costs, they are looking forward to more opportunities to work with BHCG on additional employer solutions.

Janet Lucas-Taylor (AON)

One of the key themes heard from employers is a desire to impact both health care cost and quality. There are inherent challenges (e.g. sufficient staff and expertise) but also **broader issues like how to engage the provider community and a lack of information** (e.g. which providers are best; how do we know employees are choosing them and how do we get them to choose them?), as well as data volume if you are a single employer.

The Premium designation/Tier I program helps to eliminate a lot of those challenges and barriers. **The program has a sound measurement and quantitative delivery system that undergoes continuous improvement.** BHCG has taken the program even further with employers tiering their benefits and engaging consumers – and it’s paying off, per the data (i.e. lower costs and better health status).

There is a way for all employers to benefit from the program, whether simply just communicating about high value providers or changing benefit plan design through tiering. **Communication materials and campaigns are available to all BHCG member employers** at no cost but it’s important to take the time to consistently communicate to get the best results. A **pilot opportunity is now available for UMR customers** who would like to tier their benefits.

Navitus Health Solutions Advisory Panel Discussion

Lisa Mrozinski, Total Rewards, Baird; Chris Robbins, Principal & CEO, Arxcel Consulting; Dave Osterndorf, Partner & Chief Actuary, Health Exchange Resources

Lisa Mrozinski (Baird)

Translating the importance of quality and cost (value) to pharmacy was a primary consideration for Baird to make the decision to move to the Navitus program. The goal was to **make sure associates were actually getting the most effective medications at the best price.**

The company was using rebate dollars to reduce premiums, but it wondered if that was the right strategy and they **lacked the transparency with their existing PBM to make that determination.**

Baird implemented the Navitus model effective 1/1/19. They found the **implementation process was simple** – Navitus did most of the preparation and legwork and they employed a **change management communication strategy that worked well.** Overall employee feedback has been very positive.

Chris Robbins (Arxcel Consulting)

Traditional PBM models represent a conflict of interest with an employer’s fiduciary responsibility (“when you have a partner who makes money off of your drug spend, you have misaligned objectives”). You want your PBM to be able to make money, but in

the right areas. **When you don't have transparency, you can't know** if the employer is meeting its fiduciary responsibility and acting in its plan participants' best interests.

By going to the Navitus model, employers gain **full access to data to know where their costs are going**. Employers tend to buy on a "spreadsheet basis" (i.e. high discounts and rebates) when they should also be looking at drug mix and the lowest net cost. If you just look at discounts, you don't realize that is the minimum amount of savings in the Navitus model in which you receive all forms of discounts or rebates as an employer. The only revenue Navitus receives is a pharmacy administrative fee.

Dave Osterndorf (Health Exchange Resources)

Navitus employer clients have seen very favorable PMPM medical costs like Praxair's reported \$59 PMPM. To understand what is driving those results, employers need to think about who is really making the money in a traditional PBM model. **Navitus has no incentive to buy drugs at a higher cost in order to obtain higher rebates.** As an employer, you are able to see all of your data, including the actual cost of the drug and how much they are making.

Upcoming BHCG Events

- March 26** Quantum Health Early Adopters Meetings
- April 30** Quantum/BHCG *Delivering Value Series* Event
- May 30** Ascension/BHCG *Delivering Value Series* Event
- June 19** Navitus/BHCG *Delivering Value Series* Event
- July 17** UnitedHealthcare/BHCG *Delivering Value Series* Event
- August 22** BHCG Golf Outing (proceeds to benefit Sixteenth Street Community Health Centers)
- August 28** Health Insurance Options for Part-Time or Low-Income Employees *Delivering Value Series*
- September 25** Fiduciary & Settlor Responsibility
- October** C-Suite Event (date TBD)

Please watch for more information coming soon.