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Business Health Care Group reports strong results
Member costs now 11% below southeast Wisconsin average; seven-year average annual trend only 1.6%

MILWAUKEE – July 26, 2013 – Two recent reports confirm the Business Health Care Group (BHCG) continues to outperform the southeast Wisconsin market in slowing the growth in health care cost increases for its members. New data shows that commercial health care costs for all BHCG members, in aggregate, are now 11 percent below the southeast Wisconsin average. A second study shows self-funded member employers have seen a 1.6 percent average annual increase in their costs over the past seven years.

An analysis conducted by the actuarial firm Milliman, confirms that the BHCG continues to outperform commercial cost benchmarks for the southeast Wisconsin market, the Midwest and the nation as a whole. BHCG members' costs, based on 2011 claims and administrative fee data, were 11 percent below the costs for the southeast Wisconsin region, four percent below the Midwest average and six percent below the national average. The table below shows the BHCG cost results, as reported by Milliman, to benchmarks from a study commissioned by the Greater Milwaukee Business Foundation on Health (GMBFH). This table shows improvement against all benchmarks in 2011 compared to 2010.

BHCG Comparison to GMBFH Study Benchmarks

Cost Comparisons	Variation from GMBFH Benchmarks	
	2010	2011
BHCG vs. Southeast Wisconsin	-10%	-11%
BHCG vs. Midwest	-2%	-4%
BHCG vs. Nationwide	-3%	-6%

Source: Study of 2011 Southeast Wisconsin Community Healthcare Premium Costs, Greater Milwaukee Business Foundation on Health (GMBFH), December, 2012 and proprietary BHCG data, as provided by Humana.

Based on commercial premium equivalents (medical, drug and administrative costs).

Differences from benchmarks may be due to demographic mix, benefit design, utilization and mix of services and unit prices, among others.

A second report, developed by Humana and verified by Milliman, based on 2012 claims data shows the self-funded member employers have experienced a 1.6 percent average annual increase in per member per month (PMPM) medical costs (prior to benefit application), over the seven years the BHCG has offered the Humana Preferred Network (HPN) to its member employers. In addition, Humana tracks a subset of self-funded employers that supplied baseline data in 2005 and have offered the HPN every year since its inception. This subset of employers, in aggregate, have seen no increase in their PMPM costs over the seven years. During this same time period, costs have increased between seven and 10 percent annually in the southeast Wisconsin market. Comparing the cost trend experienced by BHCG self-funded employers with the trend for southeast Wisconsin as a whole yields an estimated savings of \$773 million over seven year period for BHCG self-funded employers.

“Thanks to the collaborative effort and involvement of our member employers, provider partners and our administrative partner, Humana, the BHCG has made remarkable progress slowing the increases in health care costs over the past seven years,” said Dianne Kiehl, BHCG executive director. “While these studies show that we are on the right track, we know much work remains to be done to keep moving the needle in the right direction. The BHCG looks forward to continuing to drive meaningful change in our market.”

The data for the second report was pulled from all of the BHCG’s self-funded employers’ 2012 activity, which represents a total of approximately 61 percent of the plan members now participating

in the HPN. The year 2012 was the seventh full year for the HPN health plan offering, created by Humana to support the BHCG's goal of bringing southeast Wisconsin health care costs in line with the Midwest average.

“Our participation as a BHCG employer member has contributed to considerable cost savings for our organization and our employees in southeast Wisconsin,” said John A. Mellowes, chairman and CEO of Charter Manufacturing. “The BHCG strategy has helped to improve health care value for our region, making for a more competitive business climate in this market.”

Fully insured BHCG member employers are benefiting from the HPN and its more than a 10 percent premium advantage compared to Humana's broader, regional PPO network. Additional evidence of the fully insured marketplace's interest in BHCG participation is found in substantial membership gains. From January 2012 to January 2013, fully insured membership grew 3.4 percent.

“These results clearly demonstrate that we are delivering on our stated goal of working in collaboration with employers, health care providers and employees to maintain our cost status of being at or below the Midwest average and to achieve ongoing medical cost trend rate at or below the rate of general inflation,” concluded Kiehl.

About the Business Health Care Group:

The Business Health Care Group, formed in 2003, is a membership organization of over 1,200 employers in the 11-county region of southeast Wisconsin. The BHCG and its members share the common goals of moving the health care market through innovative action and partnering for effective change. Visit www.businesshealthcaregroup.org to learn more.

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