
Employer Challenges: State of New Hampshire Employee and Retiree Health Benefit Program

Monica A. Cioffi, Esq.

Administrator of Risk and Benefits

Snapshot of Benefits Program

CY 2008 Enrollment

Benefit Plan	Employees	Spouses and Dependents	Total
HMO Active Employee	10,747	15,879	26,626
POS Active Employee	1,342	1,772	3,114
Retiree Under 65	2,369	1,105	3,474
Supplemental Over 65	7,025	0	7,025
Totals	21,483	18,756	40,239

Note: as of 12/31/2008, includes all bargaining units

Snapshot of Benefits Program

CY 2008 Plan Costs

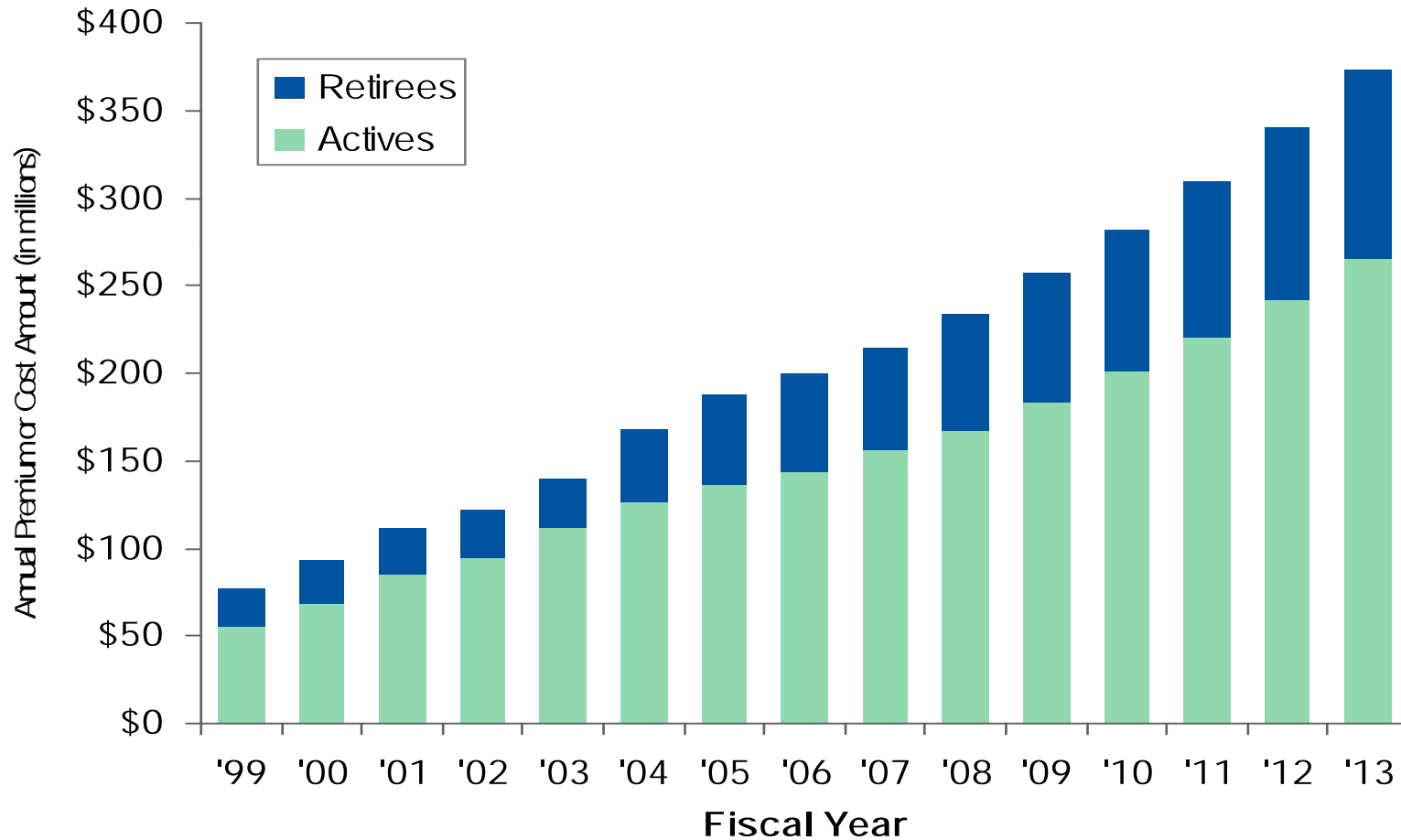
All Costs *	\$ 228,808,438
Medical Claims	\$ 157,960,714
Prescription Drug Claims	\$ 60,490,793
Administrative Costs**	\$ 10,024,857
Administrative as a Percentage of Total Costs	4.38%
PMPM Costs	\$ 473.85

**Claims, administration and other expenses paid in CY2008*

*** Includes enrollment, medical and prescription administration, and consulting*

- From FY1999 through FY2008, annual health costs have gone from \$77M to \$234M
- This an average increase of 13% a year, or a total of 203% for the 10-year period

HEALTH INSURANCE PREMIUMS AND CLAIMS AND ADMINISTRATION COSTS, EMPLOYEES AND RETIREES (1999-2013)



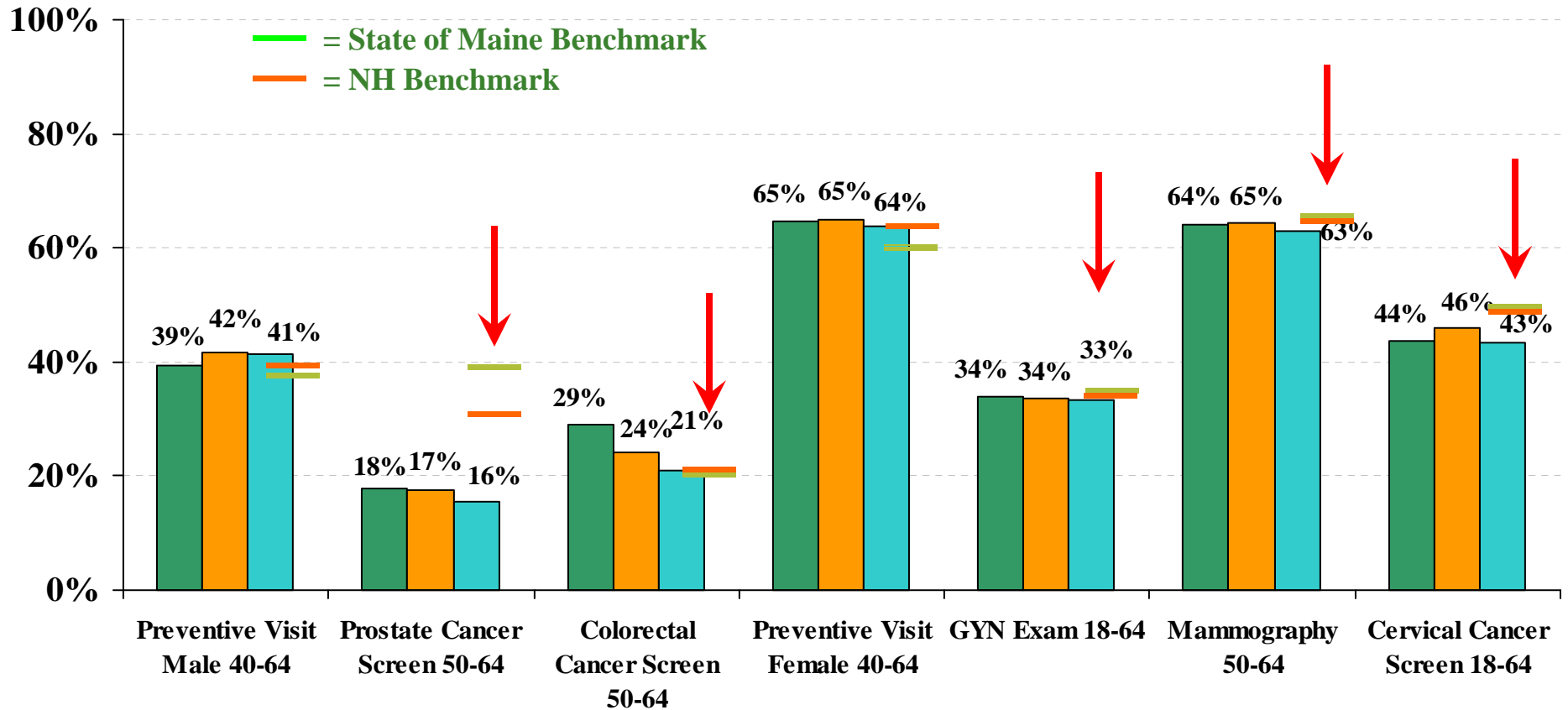
Note* Health costs include Medical, Rx and Dental

Source: December 2008 Risk Management Unit - 'Implementing a Wellness Based Plan Design'⁴⁵

Employer Challenges: Preventive Care

- Utilization reflects many employees and retirees are treating their benefit as “sickness insurance”, and not availing themselves of preventive services
 - The State’s historical underutilization of preventive exams and screenings is associated with above-average disease incidence and health care costs
 - In CY 2007, 29% of medical claims dollars attributed to high cost claims
 - 320 enrollees incurred \$58.7 million in medical claims
 - The following chart compares several examples of the State’s preventive care experience, from 2005-2007, to other NH public sector employers
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Percent of Active Employees Accessing Preventative Services (CY 2005 -2007) **



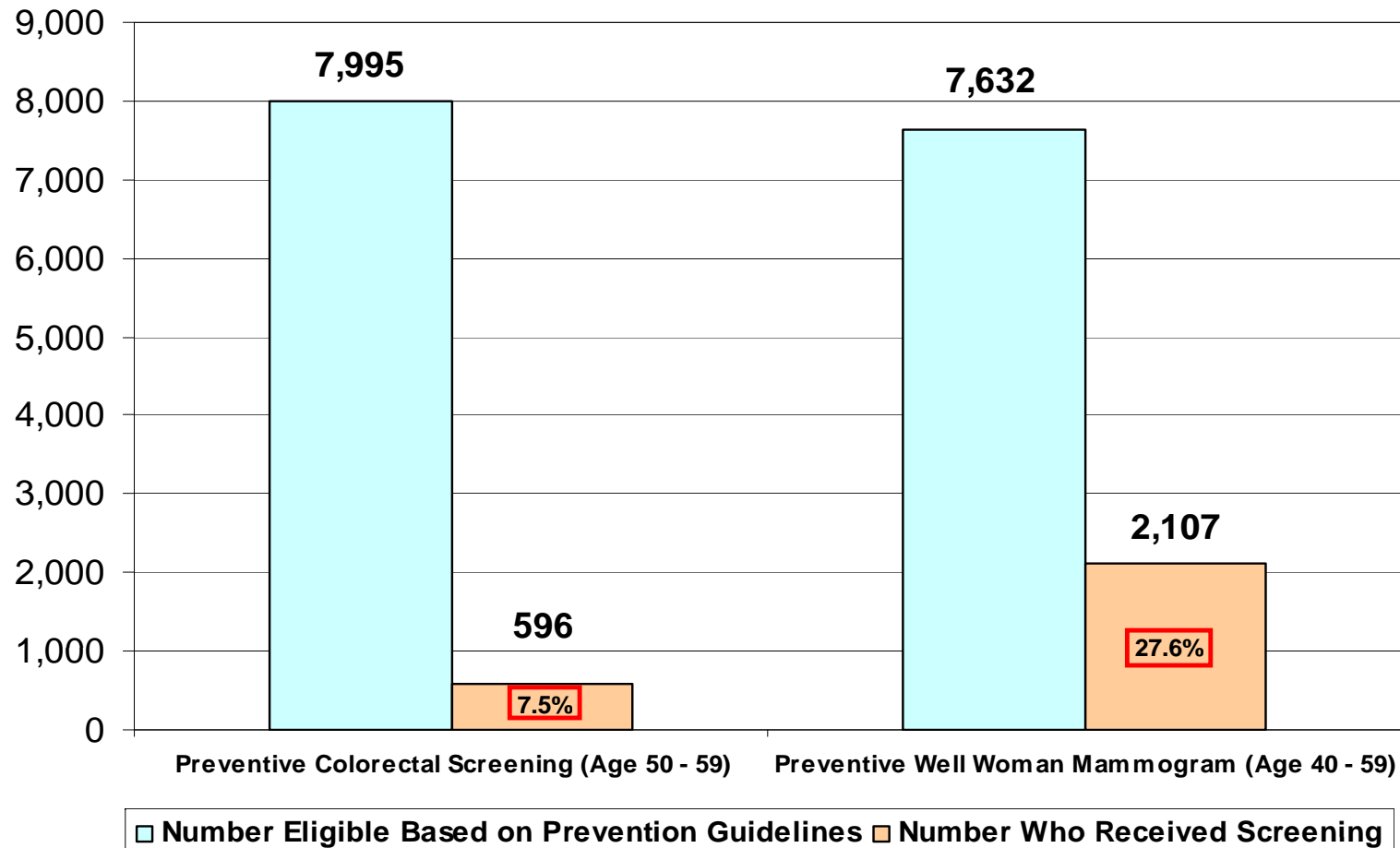
** Measures are calculated for a one-year time period. Results may not correspond to HEDIS-related measures that cover multi-year time periods.

█ 2005 █ 2006 █ 2007

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- In CY 2008, 1,093 employee members were treated for some form of cancer, at an average cost of \$10,301 per member
 - Data reveal an underutilization of cancer-detection services
 - Even controlling for multi-year services, Anthem's Clinical Data Analytics Team was alarmed by the State's low rates
 - The following chart illustrates two key prevention metrics

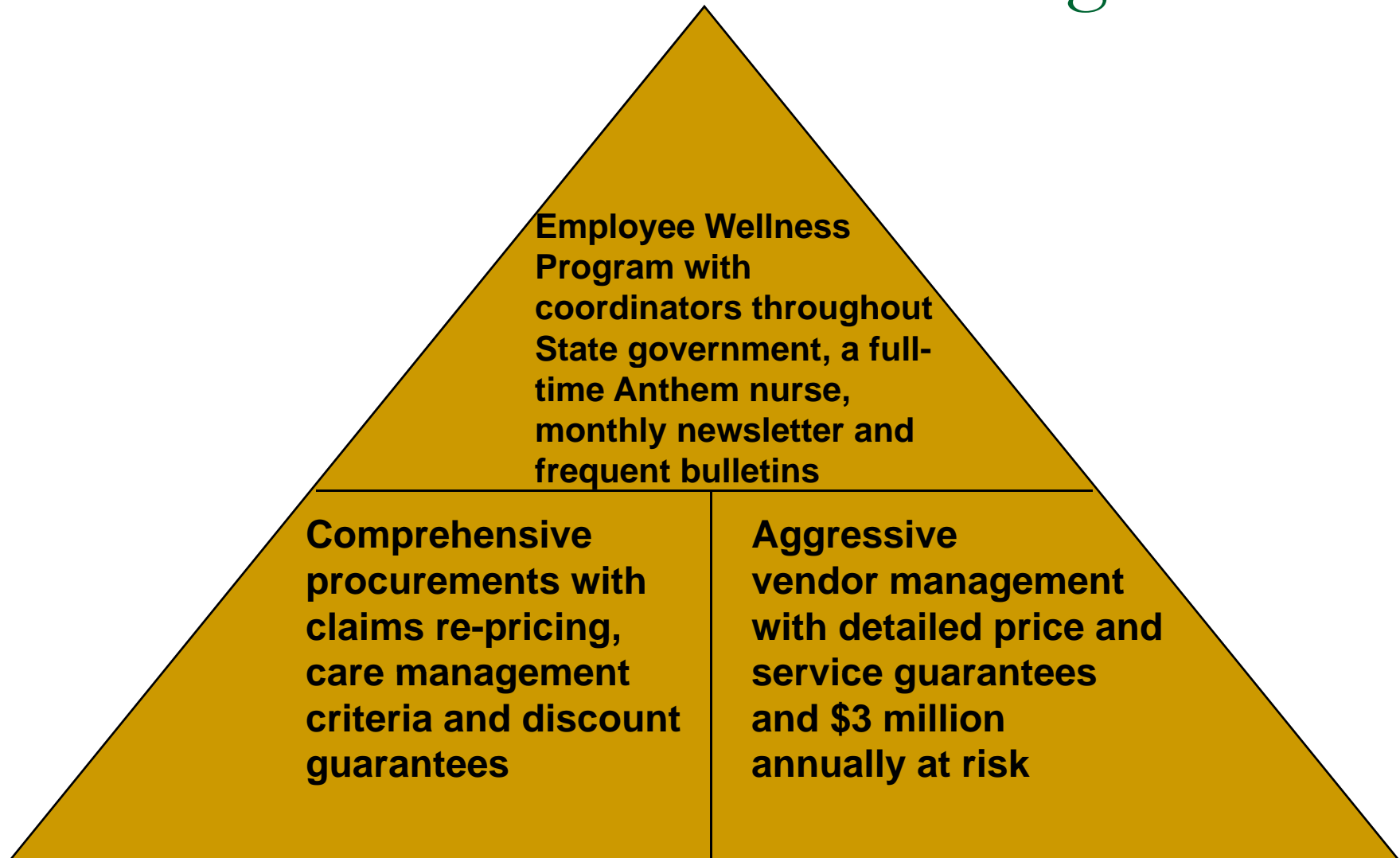
Note: Breast cancer is the second leading cause of cancer-related death among women in the United States. The most important benefit of screening every 1 to 2 years in women 40 to 59 years of age is a potential decrease in breast cancer mortality. Colon and rectal cancers are the third leading cause of cancer deaths. Colon screenings are effective in saving lives. It is important to have a colonoscopy every 10 years after age 50.

Active Employee Utilization of Colorectal and Breast Cancer Screening, CY2008

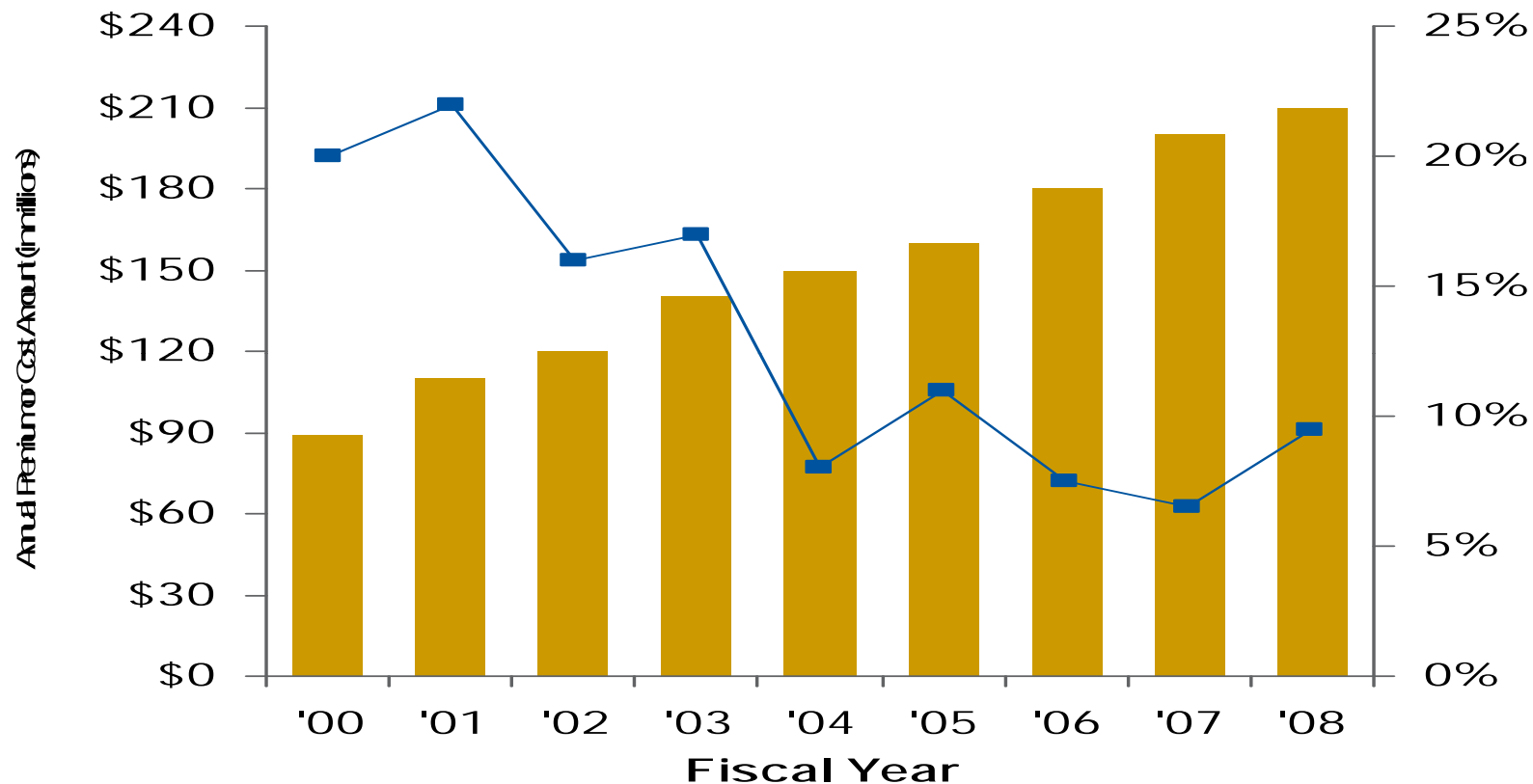


* Source: Anthem 2008 Utilization Data

What is the State Doing?



Some Impact- But Not Enough



- Payment system does not support employers' efforts
- Ever changing provider contracts makes forecasting difficult

2000 – 2003 Represents insurance premiums paid to carriers

2004 – 2008 Represents claims and administrative costs paid to administrators under self-funded program

NOTE: The bars represent the total annual amounts for employee and retiree health coverage, based upon agency expenditures. The bullets represent the percentage increase in amount from the prior year. Does not include Dental.

Thank you

- Questions?

