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

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### Snapshot of Benefits Program

#### CY 2008 Enrollment

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

*Note: as of 12/31/2008, includes all bargaining units*
## Snapshot of Benefits Program

### CY 2008 Plan Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Costs *</td>
<td>$228,808,438</td>
</tr>
<tr>
<td>Medical Claims</td>
<td>$157,960,714</td>
</tr>
<tr>
<td>Prescription Drug Claims</td>
<td>$60,490,793</td>
</tr>
<tr>
<td>Administrative Costs**</td>
<td>$10,024,857</td>
</tr>
<tr>
<td>Administrative as a Percentage of Total Costs</td>
<td>4.38%</td>
</tr>
<tr>
<td>PMPM Costs</td>
<td>$473.85</td>
</tr>
</tbody>
</table>

*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’

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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
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.

Source: Maine Health Information Center June 2008 Report
State Maine Benchmark = State of Maine
NH Benchmark = Other NH public sector employers
• 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

- Preventive Colorectal Screening (Age 50 - 59):
  - Eligible: 7,995
  - Received: 596 (7.5%)

- Preventive Well Woman Mammogram (Age 40 - 59):
  - Eligible: 7,632
  - Received: 2,107 (27.6%)

* Source: Anthem 2008 Utilization Data
What is the State Doing?

Employee Wellness Program with coordinators throughout State government, a full-time Anthem nurse, monthly newsletter and frequent bulletins

Comprehensive procurements with claims re-pricing, care management criteria and discount guarantees

Aggressive vendor management with detailed price and service guarantees and $3 million annually at risk
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?