



PHP

PHYSICIANS HEALTH PLAN

THE INSURANCE YOUR HEALTH DESERVES

Financial Executives International

January 16, 2018

In The Beginning

- Fort Wayne Medical Society
- Avoid the ‘Gatekeeper’ model
- Dr. Jack Gumbert, PHP’s first chairman
- UHC’s predecessor ran the plan
- Summer 1983

Why Not-for-Profit w/ Physician Governance

- 1,008+ member physicians
- Board is elected by member physicians
- Consumer directors elected by physician board members
- Financial risk is taken by member physicians, in return for:
 - Governance
 - Medical policies and procedures
- Consumer directors control member physicians' remuneration
- \$26.6 million of physician fees have been retained since PHP's inception through 2016

***“PHP will be the local,
community-based leader in
providing cost-effective and
innovative healthcare
solutions.”***

Not Your Parents' PHP

	<u>2015</u>	<u>2018</u>
Members Served	34,000	64,000
Employees	100	160
New Disciplines (Past 3 Years)	N/A	6

- Data Analytics
- Provider Contracting & Network Development
- Business Intelligence
- Risk Adjustment
- Medical Informatics & Intervention
- Population Health

PHP's Market Share (Full Risk)

- Allen County = 29%
- Northeast Indiana (non-Allen) = 16%
- North Central Indiana = 4%
- Other Northern Indiana = 1%

Mission of the Foundation

The PHP Foundation is dedicated to building healthier communities by addressing the health and wellness needs of low-income, high risk individuals in the neighborhoods we serve.

Big Three:

- Matthew 25 Health & Dental Clinic (\$1,260,000)
- Neighborhood Health Clinics (\$1,175,000)
- Super Shot (\$800,000)

Nearly 75% of total disbursements since inception

PHP Foundation Grantees

Additional recipients:

- Cancer Services of Northeast Indiana
- Cancer Services of Grant County
- Huntington County Free Health Clinic
- Jay County Medical
- Community Transportation Network
- Focus on Health
- Francine's Friends
- GiGi's Playhouse
- HearCare Connection
- Heart City Health Center
- Panos Free Clinic
- Pat Dyer Patients Assistance Fund
- Pathway Family Center
- Positive Resource Connection
- St. Martin's Health Care
- Turnstone
- YMCA of Greater Fort Wayne



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Lies, Damn Lies, and Statistics

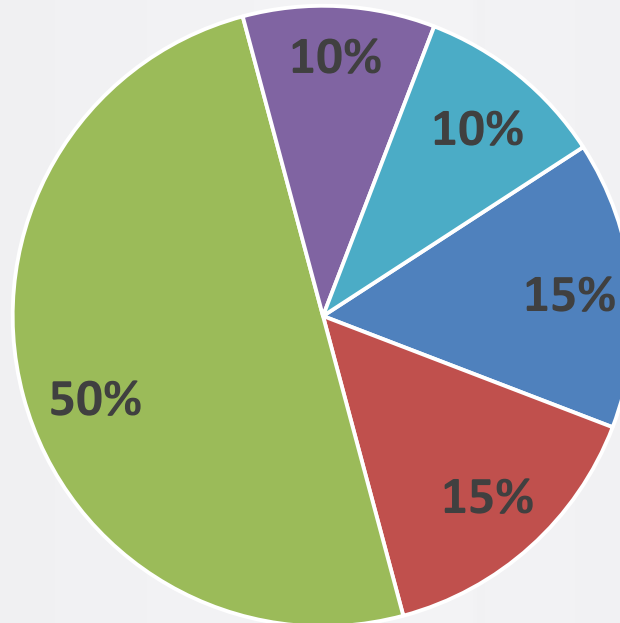
Whatever it is, it isn't insurance!

What is Insurance?

- Life Insurance
- Disability Insurance
- Car Insurance
- Homeowner's Insurance

It is a financial mechanism that provides funds in case an event happens in return for payment of a premium.

Who is Insured by Whom



■ Medicare ■ Medicaid & Gov't ■ Employers ■ Individual Coverage ■ Uninsured

Who Pays the Premium vs. Receives the Benefits?

- Uninsured
- Medicare
- Medicaid
- Employer

Note: Is this insurance or subsidized healthcare?

Government Impact on Commercial Insurance

(Nursing Home Example)

	<u>Private</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Total</u>
# of Beds	20	20	20	60
Per-Day Cost	<u>\$10</u>	<u>\$10</u>	<u>\$10</u>	<u>\$10</u>
Total Cost	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$600</u>
# of Beds	20	20	20	60
Per-Day Rate	<u>\$18</u>	<u>\$7</u>	<u>\$5</u>	<u>\$10</u>
Total Cost	<u>\$360</u>	<u>\$140</u>	<u>\$100</u>	<u>\$600</u>

Why do we have all these really nice private-pay nursing homes and assisted-care facilities?

Single Payer – Or, I am with the government, and I’m here to help.

“Single payer means single intermediary.”

- Time for a Medicare/Medicaid story out of Florida.
- Are student loans an indication of what happens with single payer?

Health Care is Very Expensive for Very Few

<u>Population Utilization</u>	<u>Overall</u> ⁽¹⁾	<u>PHP</u> ⁽²⁾
Top 1%	20%	36.5%
Top 5%	50%	68.5%
Top 20%	N/A	92.0%
Bottom 50%	2%	1%
⁽¹⁾ Overall Population, AHIP Conference, February 2016		
⁽²⁾ Actual group PHP data for 2014 and 2015, as of August 2016		

Note: 85% of the population does not reach their deductible each year (HDHP or not)

Where Does The Money Go?

<u>Cost Component</u>	<u>PHP Medical Cost %</u> ⁽¹⁾
Outpatient Facility	28%
Inpatient Facility	23%
Total Facilities	51%
Rx *	20%
Physician Services	14%
Subtotal	85%
Insurance Companies	15%
TOTAL	100%
* Retail (14%) and Medical (6%)	
⁽¹⁾ Actual group costs for 2014 and 2015 paid through August 2016	

What Impacts Medical Trend

- Unit cost inflation
 - Increase in new types of units (R&D)
 - Aging population
 - Economic conditions
 - Supply increase
 - Leverage ⁽¹⁾
- = Medical Trend

- **8% to 12% is NOT atypical**

(1) Leverage Example:

	<u>Year 1</u>	<u>Year 2</u>	<u>% Change</u>
Procedure Cost	\$3,000	\$3,150	5%
Deductible	<u>\$2,500</u>	<u>\$2,500</u>	<u>0%</u>
Insurer's Cost	<u>\$500</u>	<u>\$650</u>	<u>30%</u>



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Affordable Care Act

The Good, The Bad, & The Ugly

The Good, The Bad, & The Ugly of ACA

- Individual insurance and the exchanges
- Small-Group Plans

Individual Insurance and the Exchanges

- On vs. off exchange
 - One big difference – the subscribers
 - Advance Premium Tax Credit (80+%)
 - Cost Share Reductions (50+%)
- 3 to 1 vs. 5 to 1 differential
 - A subsidy to be paid by the young and healthy
- The mandate that wasn't
- Special enrollment periods

The Good, The Bad, & The Ugly of ACA

ACA Individual Market (High-Cost Cases)

<u>Range</u>	<u>Pre-ACA</u>	<u>ACA</u>	<u>Multiple</u>
\$10 – 50,000	1.5%	6.5%	4.3
\$50 – 100,000	.2%	1.0%	5.0
\$100,000 - \$300,000	.1%	.2%	2.0
> \$300,000	<u>0%</u>	<u>.1%</u>	<u>N/A</u>
TOTAL	<u>1.97%</u>	<u>8.59%</u>	<u>4.4</u>

Small-Group Plans

- If you like your health plan, you can keep your health plan (grandmothered & grandfathered plans)
 - 60+% of PHP small-group plans
 - 70+% of Anthem small-group plans
- Medical cost differential under ACA (2016)
 - ACA small group: \$482 PMPM
 - Transitional small group: \$356 PMPM

Typical annual cost differential for a 25-employee company = \$68,000
- Is a large- or small-group mandate necessary?



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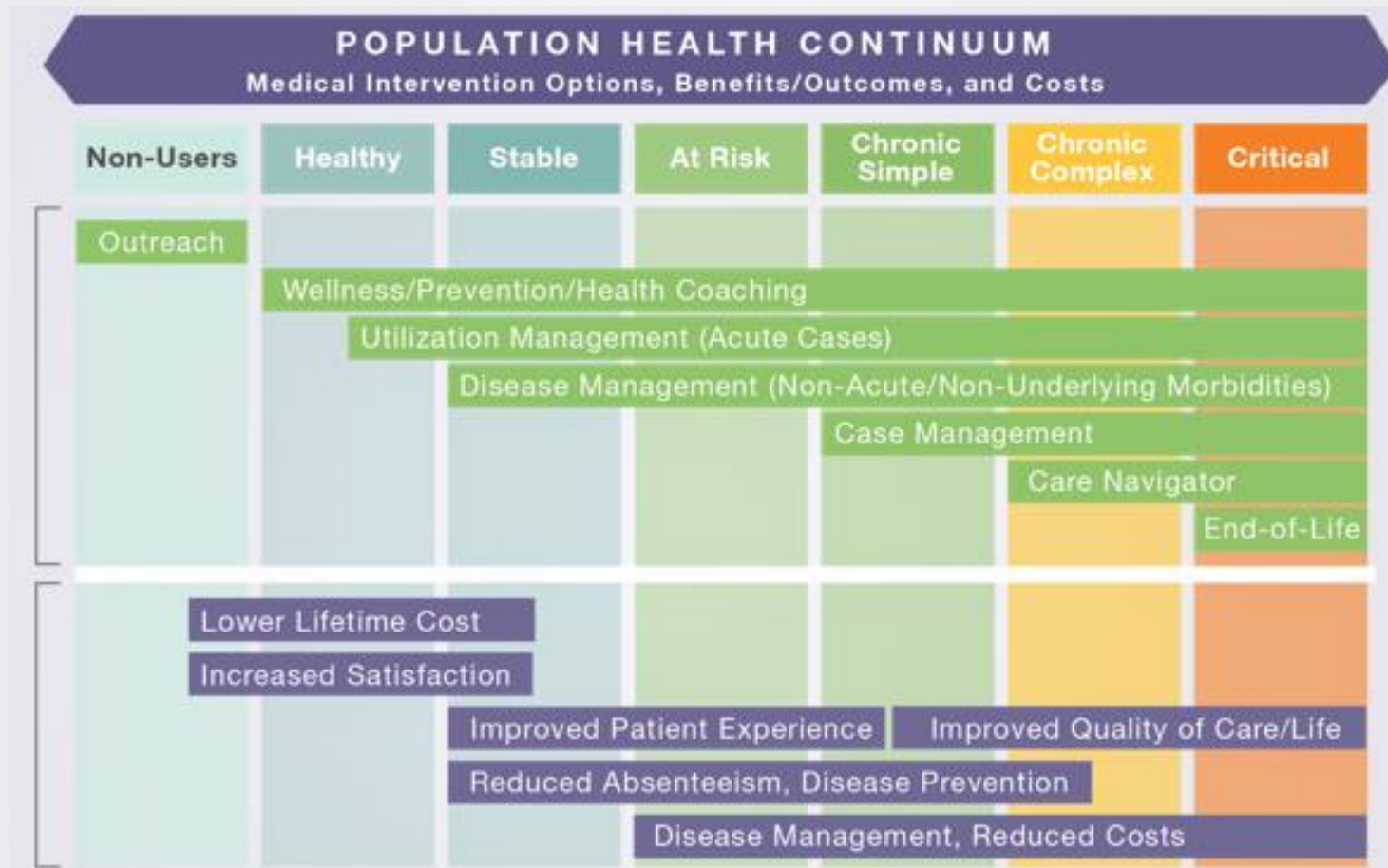
Bending the Cost Curve

How to Bend the Cost Curve

- Population Health
- Pay-vider Solutions
- Individual Engagement / Technology

How to Bend the Cost Curve

Population Health



Pay-Vider Solutions

- Combine the data on the population
- Incentivize all to share in the savings
 - Individual
 - Employer
 - Health care provider
 - Insurers
- **MACRA vs. ACA is only a start**
- Full partnerships vs. risk sharing

Non-Engagement Statistics

- About one-third of a commercial population has not seen a physician in the past 24 months
- Health System Study: Excluding Rx and out-of-area claims, 40% of activity occurs outside an integrated delivery network
- Between 35% - 40% filled no prescriptions in the last year

PHP Win-Win Stories

- **Home Infusion**
- **Vacation Rx (multiple birth)**
- **Chemotherapy Dosage (550 ml vs. 500 ml)**
- **Drop Ship Chemotherapy**

Medical Home / Benefit Structure

- No co-pay or co-insurance for certain maintenance or chronic conditions
- Health coach assignment
- Social worker assignment
- Compliance/non-compliance benefit tiers
- Transparency Resource
- Technology (reminders, links, etc.)

Questions ?



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