

Increasing Benefits While Reducing Costs

A Counterintuitive Approach

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About Lake Schools

Information Pre-RFP

4,900
Enrolled
Employees

**Four
Onsite
Clinics**

**Self
Funded
with
Florida
Blue and
ESI**

**Insurance
Committee
with Members
from
Administration
and Two
Unions**

\$50M+
Healthcare
Budget

Need for a Different Solution

Actions Taken Thus Far

- ✓ Plan Design Changes
- ✓ Implementation of Onsite Clinics
- ✓ Pharmacy RFP
- ✓ Surgical Center of Excellence

What We Wanted

- Full transparency in data
- Clear alignment that LCS is the client – NOT the hospital system
- Lower total cost of care – thinking beyond discounts
- Win/Win scenarios – Employees save money when LCS saves money

What Was the Data Telling Us

- Inpatient and Outpatient utilization per 1,000 members increased less than 5%
- Cost per service increased 10%+
- Bottom Line – We are paying more for healthcare. Employees are using more healthcare, and we are paying more per service!

Chosen Path

- **Engage in an independent medical Third-Party Administrator (TPA) RFP**
 - Independent is defined as not being owned by an insurance company licensed to do business in Florida
- **TPA's could respond with both a slice offering (plan offered alongside the big-name carrier) or as a full take over**
 - Preferred option from LCS was a “slice” offering
- **RFP encompassed the following:**
 - Claims repricing
 - Network access and disruption in the event LCS chooses to direct contract or provide a high-performance network
 - Questionnaire including:
 - Direct contract administration capabilities
 - Turnkey network options (if elected)
 - Referenced based price approach
 - Care management approach
 - Customer service support for employees

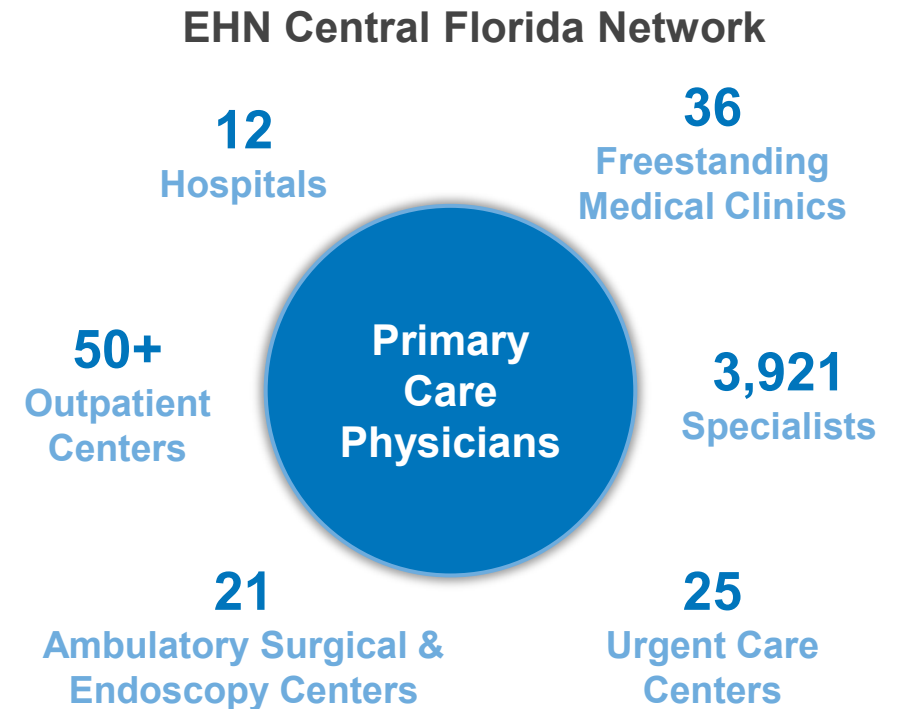
Where We Landed

- **Two Claims Administrators – Florida Blue (incumbent) and HPI (new TPA)**
- **Independent TPA (HPI) handles and coordinates the following:**
 - Administers claims
 - Network (LCS chose Employers Health Network - network anchored on Orlando Health and UF Health)
 - Physician Wrap Network – This provides an additional layer of access for those providers not in the anchor health systems' clinically integrated network
 - Reference Based Price Vendor – Vendor submits reimbursement as a percent of Medicare for employees that go outside of the anchor health system and or wrap network. Vendor also provides appeal support to LCS and the member should the provider not accept the payment.
 - Concierge Level Support – Given this is a new, non name brand approach, customer service was key. Members have a dedicated concierge team who can assist with finding providers, making appointments on a member's behalf, etc.

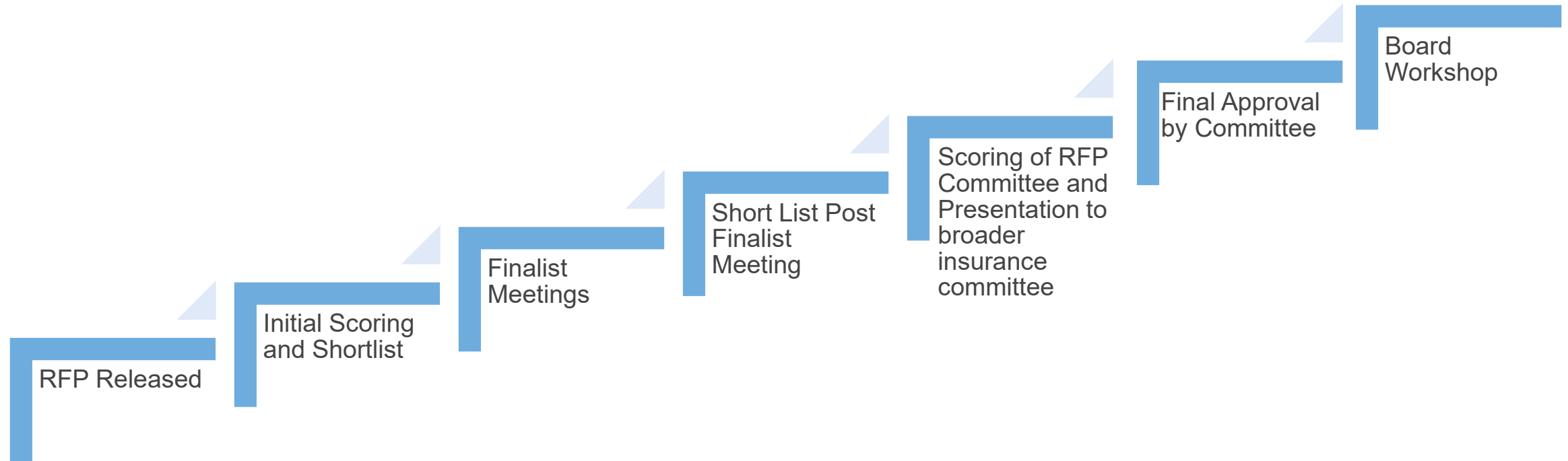
Network

Hospital Landscape and Chosen Network

- **Hospital Landscape** – Lake county has two main systems, Orlando Health and Advent Health. This is followed by UF Health in the northern side of the county.
- **Utilization** – Split relatively evenly between Orlando Health and Advent Health both in hospitals directly in Lake County as well as in Orlando Health and Advent Health’s downtown Orlando facilities.
- **EHN Network** – EHN leverages Orlando Health’s clinically integrated network as well as the UF Health System.
 - Clinically integrated network is comprised of OH owned and community partner physicians. These are the highest quality providers in the region and are those OH uses in OH’s Medicare population (where they take risk).



Path to Contract



“We have to be **bold**. We have to do **something different**.”

- *Committee member quote from RFP Evaluation meeting*

Plan Design Line Up

- TPA option was heavily incentivized through plan design. Plan is 100% copay driven. No deductible and no coinsurance.
- Payroll deductions on other plans are driven by the CBA

	2022/2023				2023/2024			
	Florida Blue				HPI/EHN Option	Florida Blue		
Benefit	03359	03559	05771	05180/081	Copay Plan	03559	05771	05180/081
Deductible Employee Only / Employee+1 or Family	\$500/\$1,500	\$750/\$2,250	\$1,500/\$4,500	\$1,500/\$3,000	\$0/\$0	\$1,000/\$3,000	\$1,500/\$4,500	\$1,500/\$3,000
Out-of-Pocket Max Employee Only / Employee+1 or Family	\$3,000/\$6,000	\$3,000/\$6,000	\$4,500/\$9,000	\$3,500/\$7,000	\$2,500/\$5,000	\$4,000/\$8,000	\$4,500/\$9,000	\$3,500/\$7,000
Coinsurance	20% after DED	20% after DED	20% after DED	20% after DED	0%	20% after DED	20% after DED	20% after DED
PCP Copay	\$20	\$30	\$30	20% after DED	\$20	\$30	\$30	20% after DED
Specialist Copay	20% after DED	20% after DED	20% after DED	20% after DED	\$40	20% after DED	20% after DED	20% after DED
Urgent Care	\$30	\$40	\$60	20% after DED	\$30	\$40	\$60	20% after DED
ER	\$250	\$250	\$250	20% after DED	\$350	\$350	\$350	20% after DED
Inpatient Hospital	20% after DED	20% after DED	20% after DED	20% after DED	\$1,000	20% after DED	20% after DED	20% after DED
Outpatient Surgery	20% after DED	20% after DED	20% after DED	20% after DED	\$500	20% after DED	20% after DED	20% after DED
Rx	\$10/\$25/\$40	\$10/\$30/\$50	\$10/\$60/\$100	20% after DED	\$10/\$25/\$40	\$10/\$30/\$50	\$10/\$60/\$100	20% after DED
Employee Paycheck Cost (20 paychecks)	\$38.15	\$19.59	\$0	\$0	\$0	\$24.50	\$0	\$0

Employee Communications

LCS is a September 1 renewal which presents a challenge for Open Enrollment

Complete OE before summer in May OR when teachers return in late July-early August. The latter was chosen.

Item	Description	Date
Announcement on new plan	Multiple break out sessions at various locations with TPA partner to review the plan design and cost and how to look up a doctor	Pre- Summer
Home Mailers	Home mailers to employees' homes reminding them of the new plan and when OE would begin. Announcement had information on how to set a meeting with a benefits counselor	Summer
Concierge Line for TPA	While the new plan was not effective until September 1, the concierge line was open by Mid-July to ensure employees could call for any questions on how to look up a provider, transition of care, etc.	Mid-July
Open Enrollment Meetings	Meetings to review all plan options both in a group setting as well as one on one counseling sessions	Late July/early August

Employee Communications

Defining Success

Less than 10%
enrolled



Did anyone pay attention during OE?
The plan is free with no deductible!

More than 50%
enrolled



Did anyone pay attention during OE? Advent isn't in network are people going to have buyers' remorse?

Between 15% and
30% enrolled

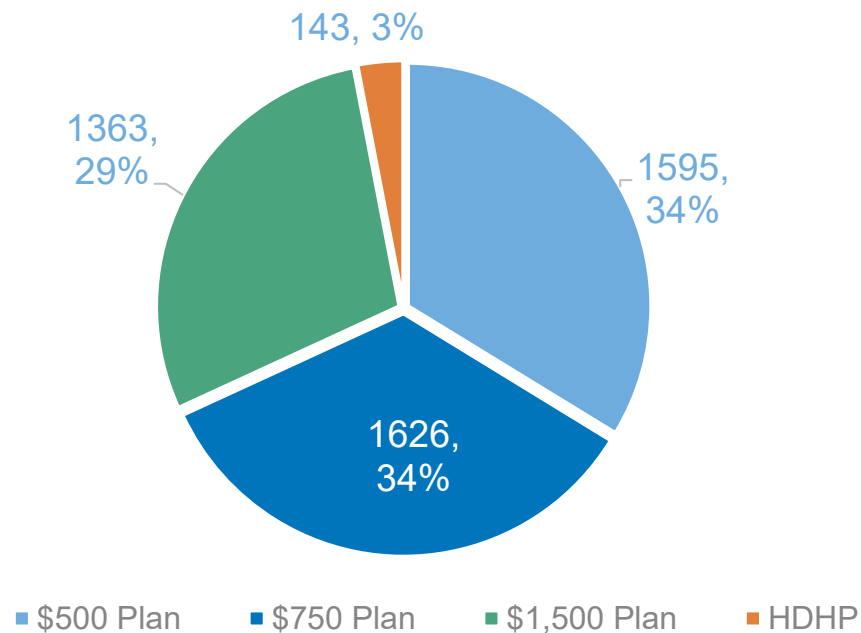


Great! You listened!

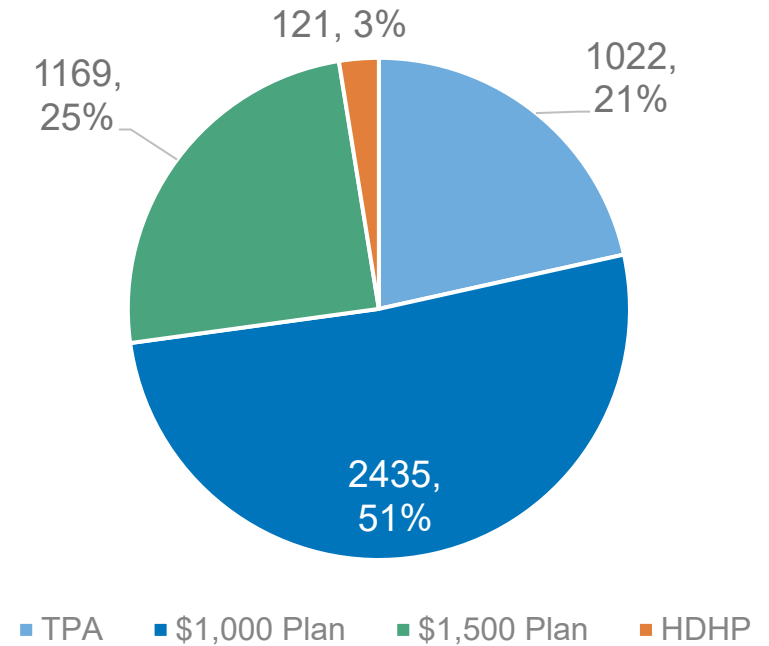
Enrollment Results

Enrollment by Plan

July 2023 Enrollment



September 2023 Enrollment



\$500 Plan was removed, and the TPA plan was implemented with success. As a result, there was heavy plan migration to the \$1,000 Plan and TPA.

Source: 2023 – July enrollment per carrier reporting. 2023 September enrollment per EMB.

*Count of pre and post Open Enrollment Declines from EMB Sept report and includes future enrollments through November

Enrollment Results

Prior Plan to HPI/EHN Enrollment

Prior Plan Enrollment	Employees
\$750 plan	269
\$500 plan (eliminated plan)	251
\$1,500 plan	245
Waived	92
HDHP	17
New Hires	148

Migration relatively even weighted between LCS's plans (other than the HDHP). Average age of enrollment is virtually the same between HPI and the Florida Blue plans.

Headline: Employees universally like free plans with no deductible!

Claims Results

Year	2021/2022 Sept-Aug	2022/2023 Sept-Aug	2023/2024 Sept-Aug
Plan	All Plans	All Plans	All Plans
Medical Claims	\$634.10	\$673.16	\$601.11
Rx Claims	\$145.83	\$177.00	\$213.92
Total PEPM	\$779.93	\$850.16	\$815.03

Year	2023/2024 Sept-Aug	2022/2023 Sept-Aug	2023/2024 Sept-Aug	2023/2024 Sept-Aug
Plan	\$1,000 Plan	\$1,500 Plan	HDHP	HPI
Medical Claims	\$900.08	\$458.40	\$546.59	\$248.37
Rx Claims (net of Rebates) PEPM	\$274.6	\$86.64	\$269.23	\$138.03
Total PEPM	\$1,174.68	\$545.04	\$815.82	\$386.40

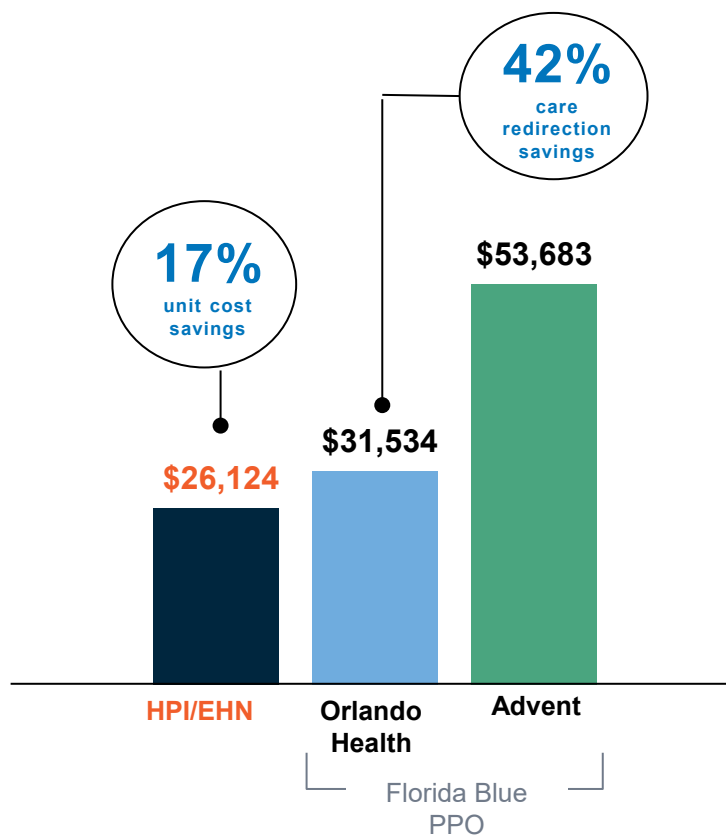
HPI/EHN performing significantly better than other plans despite having a much richer plan design. Given the demographics are the same as other plans AND Rx claims are higher than the \$1,500 plan and HDHP adverse selection is not occurring.

HPI/EHN plan performed \$3.1m better than budget on an incurred basis

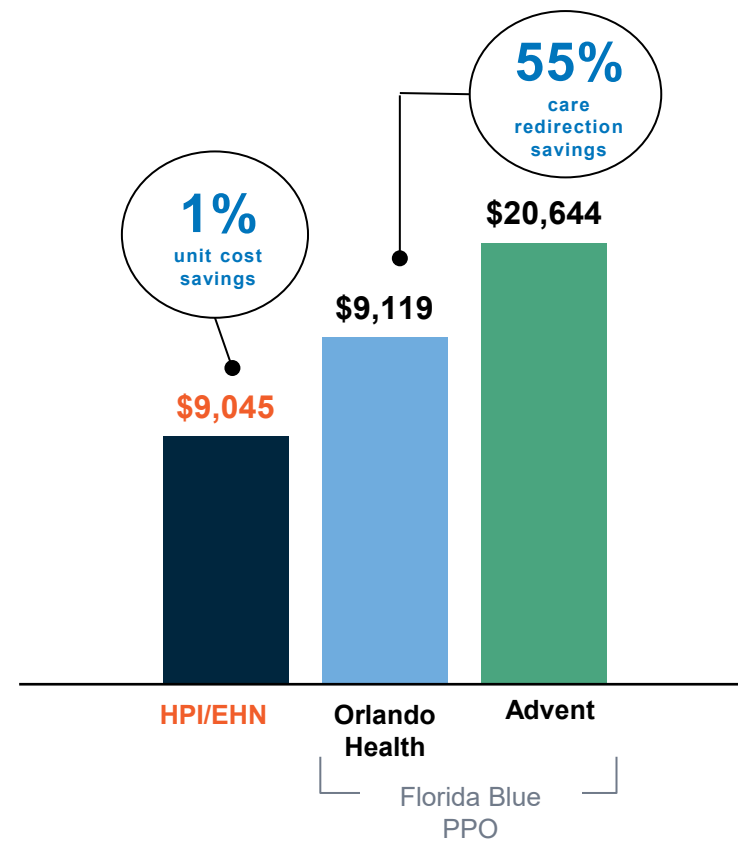
*HPI claims include IBNR

Claims Results

HIP/ KNEE REPAIR SURGERY



CHEST PAIN



Source: Florida Blue rates via Turquoise Health HPI/EHN via LCS contracted rates

Employee Feedback

- **Less than 5 employees requested to disenroll**
- **Overall employee feedback has been quite positive**
- **Net Promotor Score of the concierge unit is 86!**
- **Direct Quotes from OE Meetings:**
 - *“This plan has no deductible? Really? This is great!”*
 - *“Thank you for providing this option, it feels like healthcare is affordable again.”*
- **Negative feedback is primarily related to the provider’s office not understanding they are in-network which is quickly resolved with a call to the concierge team**
 - This is a learning curve with an independent TPA as billing reps at provider offices primarily deal with BUCA plans

Summary

1

Different results require different actions

3

Successful launch requires multiple stakeholder buy-in

2

There will be bumps in the road, but the end results will be worth it

4

You are not bound by the same old solutions

Thank you



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