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IACIR Meeting on Managing Employee Health Care Costs

Hendricks County

Our Experience with
Health Savings Accounts
and
On-Site Medical Clinics

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Key Factors

- Hendricks County is similar to many governmental entities- lower pay with more liberal benefit package
- Hendricks County's medical plan is self-funded
- "Ownership" or closely tied with Hendricks Regional Hospital (HRH)

Why an On-Site Clinic?

- Reduce Plan Costs
 - Pay staffing costs as utilized
 - Lower Brand Rx usage
 - Wholesale pricing on supplies, labs, and generic Rx's
- Provides a different model for accessing healthcare
 - Encourages patient to physician interaction
 - Introduces "consumerism" to physician
 - Services are provided free of charge to patients
 - Little or no waiting time for appointment
 - 20 minutes or more for eye to eye visit with Physician
 - Web-based scheduling
- A Win-Win for the county and it's employees

Implementation of Clinic

- Considered several Clinic Types
 - Provider based (HRH, IU Health (Workplace Health Services), Community Health Network (Infinity)
 - Privately Managed (Novia, WeCare, Activate, OurHealth, etc., etc., etc.)
 - Proforma of savings potential provided
 - Considered:
 - Management fees
 - Staffing models – Physician renting vs. employed
 - Hours of operation
 - Provider based (referral issue) versus Privately Owned (availability of staff)
 - General knowledge of experience and reputation in market
- Chose HRH due to favorable reputation, our relationship and the resulting cost avoidances...and they have performed very well.

Results of Clinic

- Very well received by employees, especially as cost shifting in Plan has occurred
- Costs:
 - Chronic medical visits have increased over the two years
 - Primary Care Provider (PCP), Specialist, ER and Urgent Care use has decreased in Plan
 - 20% reduction in brand use (retail & mail order)
 - \$21.53 - avg. cost of generic
 - \$159.01 - avg. cost of brand
 - Net cost to provide clinic approximately \$45,000 per year (cost minus savings)
 - Including clinic costs, our Plan has trended to save \$900,000 avg. for each of our last two years
- Use of clinic by employees who have not accessed healthcare for years
- Heightened management of chronic conditions

Health Savings Accounts

NOTE: on-site clinics present a possible conflict with HSA's by providing 100% coverage prior to satisfaction of the deductible.

- High Deductible Health Plan (HDHP) combined with a TAX FREE (HSA) bank account

HDHP
Medical Plan

Hendricks County's Deductible:
Single - \$2,500
Family - \$5,000
Plan pays 100% after deductible

Tax-Free HSA
Bank Account

Maximum Annual Contribution: (for 2013)
Single - \$3,250 (\$750)
Family - \$6,450 (\$1,500)

\$1000 catch up contribution allowed for employees over age 55

Employee owns \$ in HSA Account

\$ in account carry over from year to year

Why an HSA?

- **Employer Perspective:**
 - \$30 Billion General Fund...\$6 Billion from Benefits
 - The HDHP plan design promotes consumerism
 - Especially the elimination of the Rx Copay
- **Employee Perspective:**
 - Tax FREE status of bank account
 - Encourages saving for future medical expenses
 - Employees 'learn to like' HSA plans
 - Consumerism isn't a new concept to employees, just unusual in the health care setting
 - HDHP/HSA plan provides a **true annual Maximum Out of Pocket limit**

How to Insure Successful Implementation of HSA Plan

- EDUCATE!!!!!!
 - Months ahead of the actual enrollment (& following effective date)
 - Educate the spouses
 - Show de-identified sample claims under both options
 - Make certain the facilitator intimately understands the concept
- Design
 - Offer as an Option, along with the (previous) traditional plan
 - Develop **sufficient** spread of employee premiums between options
 - Introduce the concept with a modest deductible (beginner plan)
 - Consider employer HSA contributions
 - additional, bonus contributions in rollout year?
 - deposit in lump sum at beginning of year?
 - Offer Consumerism assistance
 - Canadian pharmacy option
 - Communication to employees of savings opportunities (alerts)
 - Web-based access to provider comparisons (price, frequency & outcomes information)
- Banking
 - Local Banking is a viable option
 - Does the bank offer on-going assistance to employees? Call center for Q&A's; On-line Access; Single card for HSA, FSA, FSA Limited Purpose, HRA options?
 - Access to Mutual Funds?
 - Account Fees?

Into the future with HSA's

- Deductibles will increase
 - Unless PPACA applies maximum deductible to all plans
 - Employee's will be encouraged to view HSA's as a savings vehicle
- Out of pocket maximums will increase
 - especially if PPACA's limit on Deductibles applies to all plans)
- Employers will eliminate traditional plans
- Consumerism assistance will increase
 - Medical Tourism
- Banking
 - Employees will want sufficient sophistication
 - Employees will want access to higher earnings as funds grow

