



THE
PHIA
GROUP

EMPOWERING PLANS



Incorporating the Free Market into your Employee Benefits

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Today's Speaker

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Agenda

- Problem, Purpose, Process
- The Phia Group's Own Plan
- The Best Reference-Based Pricing
- Specialty Drug Price Trends
- Cost-Containment Strategies
- The Future Is Now
- High Drug Price Options
- Staying Relevant
- Tools Needed

Problem, Purpose, Process

The Problem – **Health Care Costs Too Much** and The Price is Increasing; Employers are Forced to Offset Costs Through Higher Co-Pays and Deductibles

Our Purpose – To **Make Health Benefits Affordable** for Employers and Employees

Why? – Because **Hard Working Americans Deserve Access** to High Quality, Affordable Healthcare

How Do We Achieve this Purpose? – By **Empowering Plans**

What Does it Mean to “Empower Plans”? – **Create, Manage, Customize and **Take Control of Your Plan** Through Cost-Containment, Maximizing Benefits While Minimizing Costs**

How Do We Empower Plans? – Start by **Promoting and Educating About Self-Funding, **Implement** Cost Containment Services, and **Deliver Custom Solutions****

The Phia Group's Own Plan

- **Phia Monthly Contribution**
 - Single - \$168.76
 - Family - \$472.55
 - No Deductibles & \$0 Co-Pay for Generics and Urgent Care
- **Massachusetts Avg. Monthly Premium (Sources: Kaiser Family Foundation & NCSL)**
 - Single - \$269.83
 - Family - \$696.58
 - Premiums *Dropped* Since 2017 as *Deductibles Exploded!*
 - State Avg. \$1,500 (Single) to \$3,000 (Family) [300% Growth Over Two Years!]
 - Avg. Co-Pay is \$30 for Generics and Urgent Care [Up From \$5 in 2017]
- **Our Employees Care About Cost of Care – Consumers of Healthcare!**
 - Phia Actual 2018 Cost Per Employee - \$4,635.13 (Down from \$5,858.11 in 2017)
 - Cost Per Non-Phia Employee in Region - \$11,858.00

RBP requires good organization

- **Claims repricing:** must be accurate, accountable, and have the ability to use more than just a percentage of Medicare (ex. pediatric claims, spinal fusion – Medicare prices at \$0)
- **“Ground level” patient advocacy:** patients need someone to hold their hands, and balance-billing and collections can be minimized if someone is proactive in discussing claims with providers

RBP requires good organization

- **Plan defense:** good language will do the heavy lifting, but someone has to help enforce it. Fiduciary duties can also become relevant to make sure the plan has done what it was supposed to do.
- **Patient defense:** there are a lot of competing definitions of the term “patient defense,” so before you ally with an RBP partner, ask the tough questions and make sure you’re satisfied with the answers.

Cases challenging repricers and their processes:

California, Colorado, Florida, Nebraska, Oregon, Texas, Utah

Various cases involving:

- Breach of contract (between patient and provider)
- Contractual interference
- Breach of fiduciary duty
- Unlawful trade practices
- Fraud
- Misrepresentation

Specialty Drug Price Trends

SPECIALTY DRUGS CARRY A HIGH PRICE TAG

From 2012 to 2020, spending on specialty drugs is expected to increase by 361%.



Source: PwC's Health Research Institute: *Behind the Numbers 2015* and analysis of CVS Caremark data.

Specialty Drug Price Trends

- Specialty drugs expected to account for 50% of total U.S. drug spend by 2020 - only 1-2% of Americans use them.
- 61% of employers report that managing specialty drug costs is their #1 priority when it comes to benefits.
- In the next 15 years, cost to employers of providing healthcare benefits is expected to exceed wages.

\$52,486
AVERAGE TREATMENT

vs.

\$48,665
MEDIAN WAGE

The average annual cost of treatment with a single specialty drug was \$52,486 in 2015.ⁱ

Median wage in 2016 was \$48,665,ⁱⁱ and median household income in 2016 was \$57,617.ⁱⁱⁱ

Cost-Containment Strategies

- Excluding Specialty Drugs from the Plan Design?
- Discrimination Concerns - Treatment vs. Disease
- Laws on Importing Drugs - FDA's Enforcement Discretion Policy
- Manufacturing & Safety Standards
- Provider Liability Laws - Victims of Medical Malpractice
- Carve-outs for specialty or other high-cost drugs - Generic only?
- Vendor programs to reduce costs - Manufacturer assistance
- Education and Incentives to Employees – Knowledge is Key
- Pharmacogenomics - gene effect on drug responses

Turn Patients Into Consumers




- Text Notifications - Administrative Issues – No Cell Phone Data?
- Drug Usage and Expense
- Prior Authorization Monitoring
- Surgery Necessity and Options
- Balance Billing Cases – Better Reporting & Communication

My Mom – The Cautionary Tale

Branded Drug Optimization

				TOTAL SAVINGS
ACZONE GEL 1 employee	\$775/fill 2 fills = \$1,551	v	DAPSONE \$64/fill 2 fills = \$128	\$1,423
DICLEGIS 1 employee	\$819/fill 3 fills = \$2,458	v	DOXYLAMINE - OTC \$8/fill 3 fills = \$24	+
			B6 - OTC \$9/fill 3 fills = \$27	\$2,407
ADVAIR 3 employees	\$392/fill 5 fills = \$1,962	v	FLUTICASONE / SALMETEROL \$91/fill 5 fills = \$455	\$1,507

Branded Drug Optimization

					TOTAL SAVINGS
SYMBICORT 1 employee	\$328/fill 12 fills = \$3,938		FLUTICASONE / SALMETEROL*	\$91/fill 12 fills = \$1,092	\$2,846
AMITIZA 1 employee	\$371/fill 2 fills = \$741		LACTULOSE	\$21/fill 2 fills = \$42	\$699
BENSAL HP OINT 1 employee	\$897/fill 1 fills = \$897		SALICYLIC ACID OTC	\$7/fill 1 fills = \$7	\$890

Specialty Drug Management



Generic Substitutions

			TOTAL SAVINGS			
CLINDAMY/BEN GEL 2 employees	\$225/fill 8 fills = \$1,798	v	CLINDAMYCIN \$38/fill 8 fills = \$304	+	BENZOYL PEROXIDE \$25/fill 8 fills = \$200	\$1,294
ELETRIPTAN 2 employees	\$133/fill 12 fills = \$1,592	v	SUMATRIPTAN		\$11/fill 12 fills = \$133.	\$1,458
ESTRADIOL PATCH 3 employees	\$69/fill 13 fills = \$894	v	ESTRADIOL PILL		\$6/fill 13 fills = \$78	\$816

Administrators

- Offer More Options for Existing Plans
- Develop and Administer New Plan Types
- Compete with Large Carriers by Changing the Game

Seek Out as Many Flavors as Possible

- Employers Have Been Educating Themselves, and are More Involved
- Brokers and Employers Want to Have Options Available to Them, Even if They Don't all Make Sense for Their Plans

Plan Designs & Services Needed to Remain Relevant in 2019

1. Advanced Data Management & Reporting / Analytics
2. Integrated Clinical Review & Support (IROs, Nurse Line, Etc.)
3. Stop Loss Management & Procurement
4. Employee Benefit Plan Captives
5. High Dollar Carve outs & Negotiation – Pre/Post Treatment
6. Rx (Pharmaceutical) & Specialty Rx Plans

Plan Designs & Services Needed to Remain Relevant in 2019

7. Customized PPOs, Regional PPOs, and Narrow Network Plans
 - Tiered PPO Solutions
 - Network Optimization & Provider "Removal Options"
 - Direct Provider Contracting & Direct Primary Care
 - The Phia Group's Experience with DPC
8. RBP Plans - OON vs. PPO Replacement
9. Community Based Healthcare & Geographically Based Association Health Plans

Plan Designs & Services Needed to Remain Relevant in 2019

10. Consumer Driven Solution Plans

- High Deductible Health Plans (HDHPs)
- Flexible Spending Accounts (FSAs)
- Health Reimbursement Accounts (HRAs)
- Health Savings Accounts (HSAs)

11. Patient Steerage & Incentive Programs

- Outpatient Services & Hospital Alternatives – No Co-Pay
- Generic Prescription Drugs & Supplies – No Co-Pays
- Patient Audits – ID Errors/Alternatives & Receive 20%
- Diapers & Wipes
- HR Consultations - \$100

Implementation Ahead

- Plan Provisions & Applicable Contracts that Avoid Conflicts
- Document Review & Drafting Services On Demand, Year-Round
- Convenient, Web-Based Plan Drafting Software
- “Gap” Reviews
 - Hard Gap – SPD Excludes Felonies / Stop-Loss Excludes Illegal Acts
 - Soft Gap – Stop-Loss Mirrors SPD “Language” but Differ in Interpretation
 - Gaps Between:
 - Plan Document, Employee Handbook, Stop-Loss Policy, Administrative Service Agreement, Network Agreement, PBM Contract

Be a Hero & Teach!

- Compliance
 - So... Many... Laws! (ACA, COBRA, ERISA, FMLA, HIPAA, MHPAE, MSPA)
 - Licensing Needs – Old & New
 - IRS Regulations
- Consulting
 - Plan Drafting
 - Vendor Implementation
 - Claim Processing & Appeals
 - Third Party Contract Review
 - Dispute Resolution
- Stay Ahead – Monitor Laws & Learn from Others' Mistakes

A Penny Saved...

- Opportunities to Recoup Funds & Avoid Unnecessary Spending
- Implement Innovative Cost Containment Strategies
- Subrogation & Overpayment Recovery -Case ID & Investigation
- Claim Negotiation - The Value of Sign-Off
- Wrap Network Replacement & Out-of-Network Pricing Methods

Defenses Win Championships

- Defend the Plan at All Costs – Fiduciary Duties Must be Respected, Shift Risk to those Best Suited to Deal with it, and Advocate for Plan
 - Plan Pricing Methodology Defense Services
 - Balance Bill Resolution & Defense
 - Patient Advocacy
 - Dispute Resolution & Negotiation
 - Third Party Fiduciaries & Protection

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Thank You!

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