Healthcare Plan
Procurement and Update
July 15, 2019

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Agenda

• 2020 Healthcare Plan Budget & Proposed Changes

• Dependent Audit

• Upcoming Healthcare Plan Procurement
Healthcare Plan Financial Performance

• USG Healthcare Plan historical plan increases have been favorable to market.
  – Avg. increase over last 4 years is 2.6% compared to 6% - 7% market.

• Even though costs for 2018 plan year came in at budget, year over year increase was higher than historical increase.

• 2019 Plan Year is projected to come in slightly over budget.

• Status Quo projection for 2020 is an increase of $47.2m or 8% overall (Employee + Employer).
Dependent Audit

• Purpose: Ensure lowest and most accurate healthcare cost for employees and the state.

• Audit starts July 22 – letter to selected employees. Communicated close is Sept. 6.

• Reminder e-mails throughout audit period.

• 15 day grace period at the end – official close is Sept. 23.

• Dependents removed and notification letter sent to employees on Oct. 2 with appeals process.
Healthcare Plan Procurement
VALUES AND VISION

• Faithfulness to TRSC Vision and Values.

• Comprehensive approach to improving employee and dependent health and medical outcomes and reduce costs.

• Focused on:
  – Improving medical outcomes and provider quality.
  – Improving health of employee.
  – Utilizing evidence-based services.
  – Assuring optimal plan pricing, operation, and performance.
CONTRACTS/SERVICES INCLUDED IN PROCUREMENT

• Self-Insured Healthcare Plans – currently Anthem (BCBSGa)
  – Approx. 84,400 members (41,000 employees/retirees <65)

• Self-Insured Pharmacy Administrator – currently CVS Caremark
  – Approx. 84,400 members (41,000 employees/retirees <65)

• Fully-Insured Metro Region HMO – currently Kaiser
  • Approx. 9,000 members (4,700 employees/retirees <65)
General Procurement Approach and Timeline

– Spring/Summer 2019 - Information Gathering and Stakeholder Meetings

– Summer 2019 - RFP Development

– November 2019 – Issue RFP(s)

– January 2020 - Submission Deadline; Evaluation Begins

– April 2020 – Selection of Vendor(s)

– Summer 2020 - New Plan Design and Pricing

– August 2020 - Board Approval of 2021 Options/ Premiums

– October/November 2020 – Open Enrollment

– January 1, 2021 - New Plans Become Effective
Challenges and Opportunities

• **Challenges**
  – Lots of choice and lower cost usually work in opposition in healthcare.
  – Limited state-wide providers.
  – System office’s capacity to manage multiple contracts and provider networks.
  – Risk- and change-averse population.
  – Uncertainty in national/state legal and regulatory environments.

• **Opportunities – What does the future hold?**
  – Targeted programs based on demographics or health status.
  – New provider and payor models – happening slowly in Georgia. Regional delivery networks, Accountable Care Organizations (ACOs), and Centers of Excellence
  – Push for higher quality and better outcomes.
Considerations for Discussion

• How many vendor(s) and plan options with statewide coverage?

• Should we offer different plan options and premiums based on location? (i.e. regional vendors)

• What is the right balance between cost, quality and access? (i.e. should we offer narrower networks and limit provider access for medical and/or pharmacy? ‘Centers of Excellence’ for high cost procedures?)

• How aggressively do we want the vendors to ‘manage’ our members?
Questions