



August 4, 2016

AUGUST 2016 BOARD MEETING

OKHEEI

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# Agenda

**Value Add Services Overview**

**Funding Rate Summary**

**BCBSOK Administration Fee Summary**

**Confidentiality Statement and Disclosure**

# Value Added Services

	BCBSOK	Zero Card	Compass
<b>Transparency</b>	<ul style="list-style-type: none"> <li>Integrated transparency portal ranks providers on quality and cost in an intuitive green, yellow, red format.</li> <li>All bundles are \$0 out of pocket to members.</li> <li>Bundles include physician, anesthesia, facility, and may include pre or post care.</li> <li>Prices posted online.</li> </ul>	<ul style="list-style-type: none"> <li>Not a fully transparent program as fees are added to bundles when clients are invoiced.</li> <li>Provides bundled prices on website.</li> </ul>	<ul style="list-style-type: none"> <li>Ranks provider cost by colors (red/orange/green).</li> <li>Rank providers by quality (Excellent, Good, Average, etc.).</li> <li>Requires one of their "Health Pros" to give the member pricing.</li> </ul>
<b>Advocacy</b>	<ul style="list-style-type: none"> <li>Benefit Value Advisor (BVA) is proactive advocacy model which leads to greater engagement, better member experience and reduced medical spend.</li> <li>Advisors provide high touch experience, providing decision support and education on available benefit options.</li> <li>Advisors can schedule surgeries and follow up to ensure a positive experience.</li> </ul>	<ul style="list-style-type: none"> <li>Provide a website, mobile application, and phone number for members to access the program.</li> <li>Representatives available to walk members through process.</li> </ul>	<ul style="list-style-type: none"> <li>"Health Pros" assist members with problem bill resolution, physician scheduling, cost and quality information, as well as prescription benefits management.</li> <li>Compass Pathways- Help identify other alternatives over immediate surgery.</li> <li>Does not monitor claims; is an "add-on" to a group's medical plan.</li> <li>Offers a problem bill resolution to review bills and EOBs on the consumer's behalf.</li> </ul>
<b>Utilization Management</b>	<ul style="list-style-type: none"> <li>Utilization Management platform are integrated with our advocacy and bundled programs.</li> <li>High levels of engagement success based on early insights in to Pre-Certified episodes of care enable proactive outreach.</li> </ul>	<ul style="list-style-type: none"> <li>Does not perform Utilization Management.</li> <li>Passive model; no access to pre-cert.</li> <li>Lowers member engagement and program utilization.</li> </ul>	<ul style="list-style-type: none"> <li>Does not perform Utilization Management.</li> </ul>
<b>Bundled Provider Access</b>	<ul style="list-style-type: none"> <li>Access to national footprint of bundled providers</li> <li>Team dedicated to increasing service access in your markets.</li> </ul>	<ul style="list-style-type: none"> <li>Access to Oklahoma providers only.</li> <li>No staff dedicated to program access build.</li> </ul>	<ul style="list-style-type: none"> <li>No bundled payment access.</li> <li>No staff dedicated to program access build.</li> </ul>
<b>Claims Administration</b>	<ul style="list-style-type: none"> <li>Administers claims, including bundled services.</li> <li>Integrated processes prevent duplicate claim payments.</li> <li>High claim accuracy rate</li> </ul>	<ul style="list-style-type: none"> <li>Does not administer claims.</li> </ul>	<ul style="list-style-type: none"> <li>Does not administer claims.</li> </ul>
<b>Analytics</b>	<ul style="list-style-type: none"> <li>Predictive modeling can assist with gaps in care</li> <li>Monthly plan financial reports that includes plan year to date large claims summary</li> </ul>	<ul style="list-style-type: none"> <li>Without integrated UM and Claims Administration, no insight in to true cost of savings and "missed opportunities."</li> </ul>	<ul style="list-style-type: none"> <li>Without integrated UM and Claims Administration, no insight in to true cost of savings and "missed opportunities."</li> </ul>
<b>Carrier/TPA</b>	<ul style="list-style-type: none"> <li>BCBSOK is the TPA</li> </ul>	<ul style="list-style-type: none"> <li>Any TPA</li> </ul>	<ul style="list-style-type: none"> <li>Any TPA</li> </ul>
<b>Pricing/ ROI</b>	<ul style="list-style-type: none"> <li>Benefit Value Advisor - \$2.50 PEPM</li> <li>Member Rewards - \$.95 PEPM (when bundled w/BVA)</li> <li>Member Rewards - \$ 2.00 PEPM</li> </ul>	<ul style="list-style-type: none"> <li>25% of the transaction fee</li> <li>Example Service Description: Cervical Spinal Fusion                      PPO Billed Amount \$215,583      Zero Card Price \$25,000                      PPO Allowable Amount \$137,193      Employer fee (25%) \$6,250  <b>Total w/o Zero Card \$137,193      Total w/ Zero Card \$31,250</b>  <b>Potential Savings \$105,943</b></li> </ul>	<ul style="list-style-type: none"> <li>\$4.00 PEPM / 4 to 1 ROI</li> <li>Compass has offered a \$1.00:\$1.00 ROI guarantee for the first duration of the contract term</li> <li><b>*Example if OKHEEI's year 1 verified savings is \$200,000 and OKHEEI's spend for Compass is \$247,536 then Compass would credit OKHEEI \$47,536 for year 2 services</b></li> <li><b>*Client must fulfill duties illustrated in proposal</b></li> </ul>

# MedEncentives Program

The MedEncentive Program is a web-based system designed to improve health and healthcare in a manner that lowers healthcare costs by incorporating the following behavioral sciences:

1. Health Literacy - Studies have shown that one of the strongest determinants of life expectancy, wellbeing and healthcare utilization (costs) is health literacy. Other studies have shown that people are more prone to be adherent when they are empowered with the “how” and “why” (the knowledge-adherence response).
2. Doctor-Patient Relationship – Studies have found that patient adherence is positively influenced by physician involvement (the Hawthorne Effect), and that provider performance is positively influenced by health literate and discriminating patients (customer and image psychology).
3. Financial Incentives - The study of behavioral economics teaches that financial incentives work best when they are made shortly after a good deed, and on a frequency that conditions a desired behavior (Pavlovian conditioning).

By combining these behavioral sciences with human factors and systems engineering and web-technology, MedEncentive developed a system that has achieved impressive results over our 10 year history. Results include lower emergency room visits, less hospitalizations and lower overall costs producing a positive return on investment.

Pricing \$84 Per Member Per Year (7,680 members) with 2 to 1 ROI

# Funding Rate Summary –

**See Separate Rate Summary**

# BCBSOK Admin Fee Exhibit (Initial vs. New)

Admin Fee	Enrollment	Total Annual Fee
Initial Proposal		
\$32.52 PEPM	x 5,190	= \$2,025,000
Negotiated Proposal		
\$30.29 PEPM	x 5,190	= \$1,886,000
	Difference	(\$139,000) or (7%↓)

# Sun Life Specific Stop Loss Exhibit (Initial vs. New)

Specific Stop Loss Premium	Enrollment	Total Specific Stop Loss Premium
Initial Proposal		
\$26.53 PEPM	x 5,190	= \$1,652,288
Negotiated Proposal		
\$27.33 PEPM	x 5,190	= \$1,702,112
	Difference	(\$49,824) or (3%↑)

Potential Laser Liability Avoided			
Gender	Plan	Diagnosis	Total Paid
Male	Red	Injury & Poisoning	\$660,647
Male	Red	Chronic Renal Failure	\$580,573
Male	Red	Infectious & Parasitic	\$514,806
Male	White	Respiratory System	\$482,341
Male	Red	Mental Illness	\$464,119
Male	Red	Infectious & Parasitic	\$351,834
Female	Red	Neoplasms	\$309,348



# Confidentiality Statement and Disclosure



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## Confidentiality Statement

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As is customary in the insurance industry, we may receive additional payments from insurance companies with whom we hold an agency contract. These payments are made within the rate structures filed with, accepted by and approved by the Texas Insurance Commissioner. These payments are generally not client specific, are not guaranteed, and can be based on several factors including the size, growth, retention, and/or profitability of our overall book of business with the insurance company. These agreements do not impair our objectivity nor deter us from our commitment to provide the best combination of service, price and benefits to our clients. In fact, these agreements are intended to compensate us for the many services we provide which create greater value to you and make doing business with us more efficient for the insurance company when compared to other agent relationships. Should you desire additional information regarding contingency compensation agreements, please contact us.

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*It should be noted that this presentation is considered incomplete without the accompanied oral comments.*