

2015 MEMBER GROUP MEETING

FOR MEMBERS OF ADVANTAGE HEALTH PLANS TRUST

PRESENTED BY:

Jay Kempton, Administrator

BOARD OF TRUSTEES:

Chairman Roi Nelson
Trustee Guy Sims
Trustee Jeff Nunn
Trustee Lynn Kinder

Trustee AB Bayouth
Trustee Kirk Pittman
Trustee Robert Jennings
Advisor Trustee Paul Freeman

AGENDA

- 1) Introductions
- 2) Free Market Accomplishments For Your Plan
- 3) Avoiding Operational Employee Benefit Traps
- 4) Plan Design Discussion
- 6) Questions & Discussion

BOARD OF TRUSTEES

Chairman Roi Nelson

First National Bank
McAlester, OK



Trustee Jeff Nunn

Citizen's Bank
Claude, TX



Trustee Guy Sims

Shamrock Bank
Coalgate, OK



AB Bayouth

Exchange Bank
Skiatook, OK



Trustee Kirk Pittman

Seiling State Bank
Seiling, OK



Advisory Trustee
Paul Freeman

Anchor D Bank
Texhoma, OK



Trustee Robert
Jennings

The People's
National Bank
Checotah, OK



Trustee Lynn Kinder

Payne County Bank
Perkins, OK



OUR GOALS

- » Educate buyers and sellers of healthcare goods and services to embrace the free market and transparency
- » Reduce claims costs, while increasing freedom of choice
- » Incentivize employees and their dependents to make value-based healthcare buying decisions

IT IS WORKING!

ADVANTAGE PREMIER PROVIDERS

High quality, low cost providers are being added regularly; check our website for most up to date list!

Oklahoma

- Ardmore Regional Surgery Center
- Breast Imaging of Oklahoma
- Cancer Specialists of Oklahoma
- Comprehensive Diagnostic Imaging
- Diagnostic Radiology, PLLC
- Envision Imaging of Tulsa
- Gastroenterology Specialists, Inc.
- HealthCheck Screening
- McBride Orthopedic Hospital
- Norman Endoscopy Center
- Oklahoma Heart Hospital
- Oklahoma Surgical Hospital
- Oklahoma Kidney Stone Center
- Optim Oncology
- Robert Reynolds, MD, PC
- Servant Medical Imaging
- SleepSTAT, LLC
- Southwest Eye Surgery Center
- Surgery Center of Oklahoma
- Triad Eye Institute, PLLC
- Tulsa Endoscopy Center
- Weightwise Bariatric Program

ADVANTAGE PREMIER PROVIDERS

High quality, low cost providers are being added regularly; check our website for most up to date list!

Texas

- CHRISTUS Santa Rosa
- HawkEye Open MRI
- MDI of Abilene
- North Texas Endoscopy Centers
- Pine Creek Medical Center
- South Austin Surgery Center

Illinois

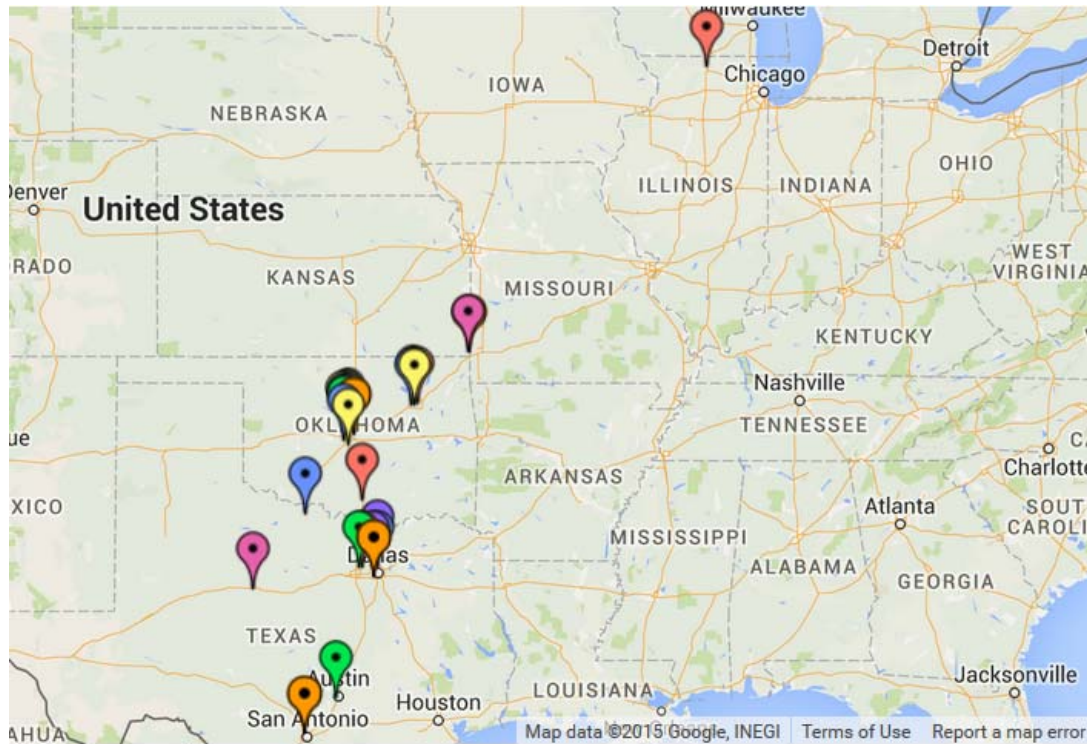
- Forest City Diagnostic Imaging

Kansas

- Premier Surgical Institute Stateline Surgery Center

South Carolina

- Synergy Spine and Surgery Center



Providers may be willing to price match & compete!

Check out the Consumer Driven Pricing Agreement handout!

ACCOMPLISHMENTS – ADVANTAGE PREMIER PROVIDERS 2011-CURRENT

APP Utilization	1,374 Procedures	
APP Aggregate Savings	\$5,843,443	
Average Savings per Procedure	\$4,253	
Highest Amount Saved	\$92,787.24 in one procedure!	

All of this, with NO out-of-pocket cost to participants!

**Data as of July 31, 2015

WE CAN DO MORE! TOTAL MISSED **\$5,888,372.81**

Total Possible Savings: \$5,888,372.81

Dates Included: 01/01/12 through 08/15/15

Possible Savings by Year

Year	Dates Included	Possible Savings
2012	03/01/12 to 12/31/12	\$1,203,224.01
2013	01/01/13 to 12/31/13	\$1,800,715.48
2014	01/01/14 to 12/31/14	\$1,913,195.94
2015	01/01/15 to 08/15/15	\$971,237.38



Date: [Click here to enter text.](#)

PROVIDER: [Click here to enter text.](#) **PARTICIPANT:** [Click here to enter text.](#)

Dear [Click here to enter text.](#)

Your patient is a participant in an employee benefit plan that is self-funded. Self-funding, or self-insuring, means that the employer takes on the risk of their employees' claims expenses. A self-funded plan is 100% funded by the employer, the employee, or a combination of both. Every dollar saved directly benefits your community employer and/or the employee. Consumer value is very important to the success of the employee benefit plan and to the success of their business.

This participant has an **enhanced benefit** available to them under their self-funded benefit Plan when they utilize a provider who offers transparent, bundled, up-front pricing. These providers, called Kempton Premier Providers™, have agreed to let our self-funded clients utilize their bundled cash prices because these claims are paid quickly, from an invoice, and at 100%. The patient has \$0 out-of-pocket costs.

Some of our Kempton Premier Providers™ offer the procedure your patient has scheduled with you. The bundled cash prices listed below include consultation, surgeon, facility, anesthesia, and follow up.

The Kempton Premier Providers™ who offer this procedure are:
[Click here to enter text.](#) [Click here to enter text.](#)

SAMPLE

We would like to offer you the opportunity to **price match** the other offers made by competing medical providers in exchange for extremely quick payment and the elimination of all patient responsibility for the bundled procedure.

If you choose to not match the price of one of the above listed providers and your patient decides to have their procedure performed at your facility, their regular plan benefits will apply, i.e. deductible, coinsurance, surgery copay if applicable.

Remember, our employers are choosing to waive **ALL** out-of-pocket expenses for the patient and pay you quickly and at 100% if the patient chooses to utilize a provider with bundled cash pricing. They do this because of the VALUE being provided, which includes cost and quality.

If you have any questions or would like to discuss further, please feel free to call or email me at 1-800-521-1711 or ghanson@kemptongroup.com

Sincerely,

Gaylene Hanson
 EVP of Operations
 The Kempton Group



Consumer Driven Pricing Agreement

Participant Name & Address
[Click here to enter text.](#)

Participant ID & Date of Birth:
[Click here to enter text.](#)

Provider Name & Address:
[Click here to enter text.](#)

Per this agreement, the procedure listed below for the patient named above will match or must approximate the quoted, bundled price for the same procedure(s) of a Kempton Premier Provider™ as listed in the cover letter. The procedure codes listed below were provided by the patient. The bundled charge for the listed procedures will be paid at 100%, with no out-of-pocket cost to the participant.

The provider will agree to the bundled cash payment outlined above as total payment for services with no balance billing to the patient. The Plan will pay 100% of the mutually agreed upon, bundled cash price with no employee responsibility.

Procedure Description	CPT Code	Date of Service	Your Bundled Cash Offer
Click here to enter text.	Click here to enter text.	Click here to enter a date.	
Click here to enter text.	Click here to enter text.	Click here to enter a date.	
TOTAL			

*** Please email the invoice for services to Gaylene Hanson at ghanson@kemptongroup.com
 If you have any questions, please contact our Kempton Premier Provider Advocacy Team at (866) 898-7219.

Clinic Name

Plan Administrator

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

SAMPLE

FREE MARKET MEDICAL ASSOCIATION

- » Focuses on the pillars of the free market to affect necessary change.
- » Finding a road to recovery through freedom of choice by the consumer/buyer and the physician/seller:
 - Willing buyer
 - Willing seller
 - Market clearing price
 - Facilitator (optional)
- » 2015 Annual Conference
 - Nearly 200 attendees from all over the U.S.
 - Physicians, surgery centers, self-funded employers, and facilitators in attendance
- » 2016 Annual Conference

Avoiding Operational Employee Benefit Traps



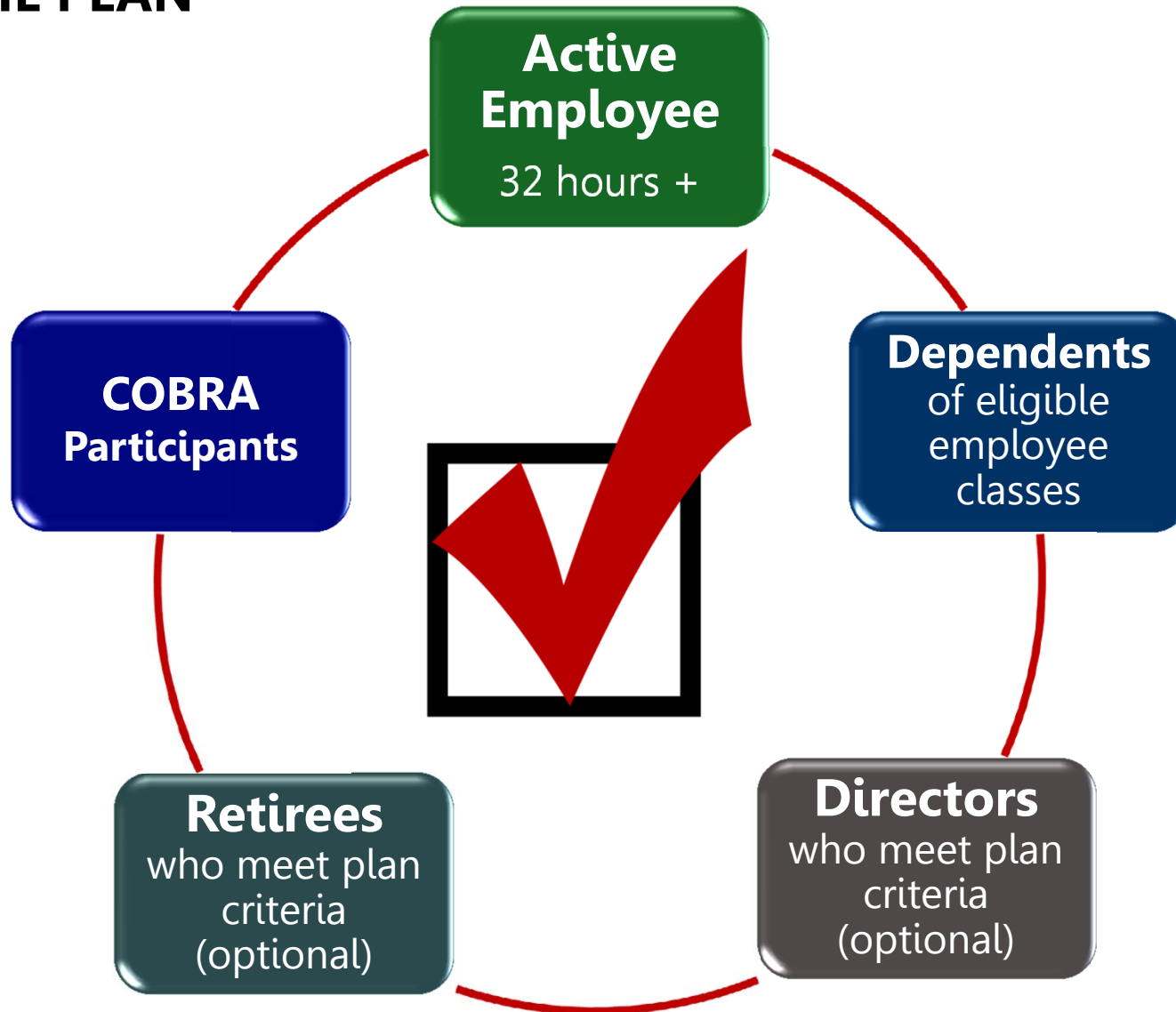
OPERATIONAL COMPLIANCE IS IMPORTANT

Banks are responsible for providing information on eligibility.

Coverage is based on the WRITTEN TERMS of the plan.

PERMISSIBLE COVERAGE CATEGORIES

UNDER THE PLAN



OPERATIONAL COMPLIANCE IS IMPORTANT

Plan Terms for Eligibility:

» Five classes of eligible persons:

- Active employees working 32 hours or more
- Retirees who meet plan criteria, if employer selected retiree coverage
- Directors who meet plan criteria, if employer selected director coverage
- COBRA Participants – those who elect to continue coverage and provide timely payments
- Dependents of the above

If a person does not fit into one of these classes, he/she is not eligible for benefits under the plan.

OPERATIONAL COMPLIANCE IS IMPORTANT

Plan Terms for Duration of Coverage:

- » Eligible employees' coverage starts after waiting period selected by each bank for its employees

- » Eligible employees' coverage *ends* when they no longer meet 32 hour requirement
 - Termination of employment
 - Reduction in hours

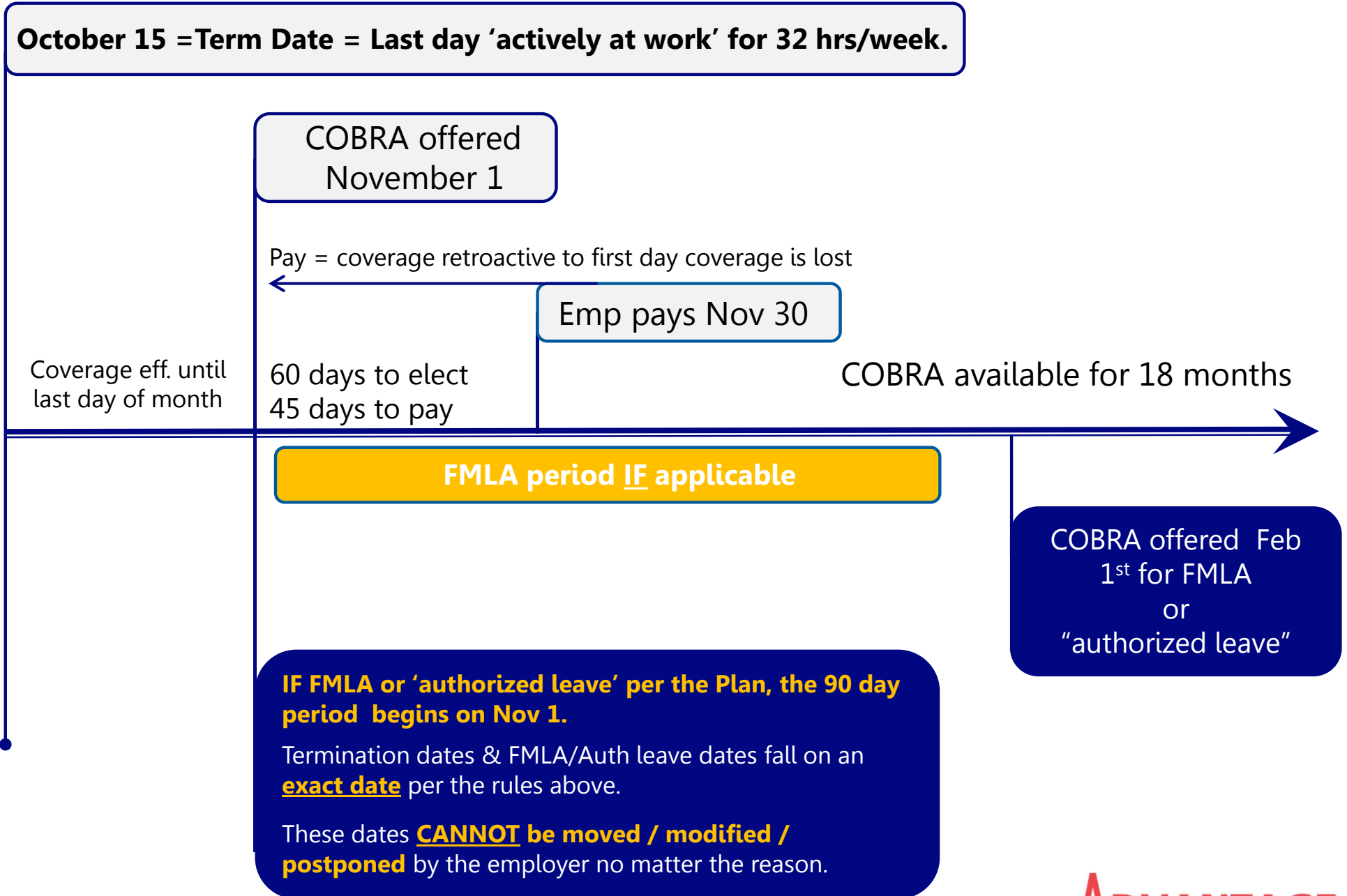
OPERATIONAL COMPLIANCE IS IMPORTANT

Plan Terms for Duration of Coverage:

- » Written Plan exceptions for extension of coverage for employee not working 32 hours:
 - FMLA – if an employee is on an approved FMLA leave, the plan provides up to an additional 90 days – leave must be documented
 - If a participant elected COBRA coverage
 - Extended 18 to 36 months depending on circumstances,
 - If election is timely made, and
 - If payments are timely made.

There is no written exception that allows for more than 90 days total extended coverage.

OPERATIONAL COMPLIANCE IS IMPORTANT



OPERATIONAL COMPLIANCE IS IMPORTANT

Stop Loss carriers are reviewing claims closer and unwilling to make exceptions.

- » They ask eligibility questions.
- » Their payments are not automatic.
- » WHY: ACA expanded the risk to stop loss carriers
 - No lifetime or annual limits
 - No pre-existing conditions
 - Limitation on the out of pocket maximums
- » Deviations from written terms exposes AHP and the employer to liability for health expenses incurred by ineligible persons.

**This is not unique to AHP –
The result is the same in a fully insured plan.**

NEW HIRES

Plan operation requires banks to provide timely information about employees.

- » Eligible employees must be given an opportunity to enroll on a timely basis.
- » Important that they be enrolled at first entry date unless they choose to not enroll; otherwise they won't be eligible until open enrollment period.
- » Failure to provide timely notice:
 - Result in potential claim for non-coverage
 - AHP coverage is not retroactive
 - Employer is exposed

NEW HIRES

Waiting Periods must be honored to allow coverage to begin.

- » Cannot waive it for specific employees
 - If the employee is enrolled and coverage is provided too soon, AHP is exposed to large claims that stop loss carrier will not honor. The bank is exposed to claims for enrollment of an ineligible employee.
- » Creates potential discrimination issues for employer.
 - Employee may be required to include benefits paid in taxable income.
- » Alternative – pay the employee for the cost of the COBRA premiums on other plan until waiting period is satisfied.
 - Negotiable.
 - Taxable – so bank may wish to gross up amounts.

TERMINATIONS

Termination of coverage and rights to extend coverage under COBRA

- » AHP provides a 90 day period for employees on FMLA, authorized leave or disability
 - when it is used up, COBRA is available
 - Only one 90 day period allowed
- » Coverage for ineligible terminated employees exposes AHP to claims stop loss carrier won't cover
- » Coverage for ineligible terminated employees exposes the bank for claims that cannot be paid by the plan.
- » Alternative, keep the employee covered but under COBRA provisions.

COBRA

**Compliance with COBRA is mandatory.
Penalties are stiff for failure to comply.**

- » Employee has right to elect COBRA coverage within 60 days of being notified
- » Late COBRA enrollments are not recognized by the stop loss carrier
- » Payment of COBRA costs can be negotiated
 - Employer can pay for it for a negotiated length of time
 - Employer can pay employee after-tax to pay for it
- » COBRA is an adverse selection tool
 - Employees who elect COBRA generally need the health coverage because of existing or ongoing treatments

SICK LEAVE - FMLA

Employers with 50+ employees must offer FMLA coverage

- » Review your FMLA policy
- » Document when employee is on FMLA
 - Track start/end days; track intermittent time taken
- » Notify AHP of FMLA start date and when they return to work
 - The plan will apply the 90 days of continued eligibility
 - AHP will mail timely COBRA notices when the extended coverage ends
- » Notify AHP if the employee does not return to work
 - That ends the FMLA leave and COBRA notice is required

EMPLOYER RESPONSIBILITY

The Bank is responsible for providing accurate information.

- » The bank is responsible for determining when eligibility starts and ends.
- » The bank is responsible for ensuring employees are notified on a timely basis.
- » AHP does not have direct access to this information; but will have to obtain it from the bank and provide it to stop loss carrier if requested.

It is becoming even more important that everyone work within the terms of the plan. When in doubt, call AHP.

Plan Design Discussion



COST CONTAINMENT – PLAN DESIGN

Out-of-Network Benefits

» *Current*

- Held to reasonable & customary (dubious value)
- High dollar negotiated via PHX (\$\$)
 - PHX is paid via a % of savings
- Co-insurance 20-30% less than in-network
 - 70/30, 60/40, 50/50
- Paid to provider

COST CONTAINMENT – PLAN DESIGN

Out-of-Network Benefits

» *Proposed*

- Held to Medicare, PLUS+
- No outside negotiations necessary
- Co-insurance percentage is held to the same as in-network benefits
- No out-of-pocket limitations
- No assignment of benefits
 - Paid to PARTICIPANT/Option to pay provider
 - Participant can negotiate with provider for payment and keep anything they save

COST MANAGEMENT – RX

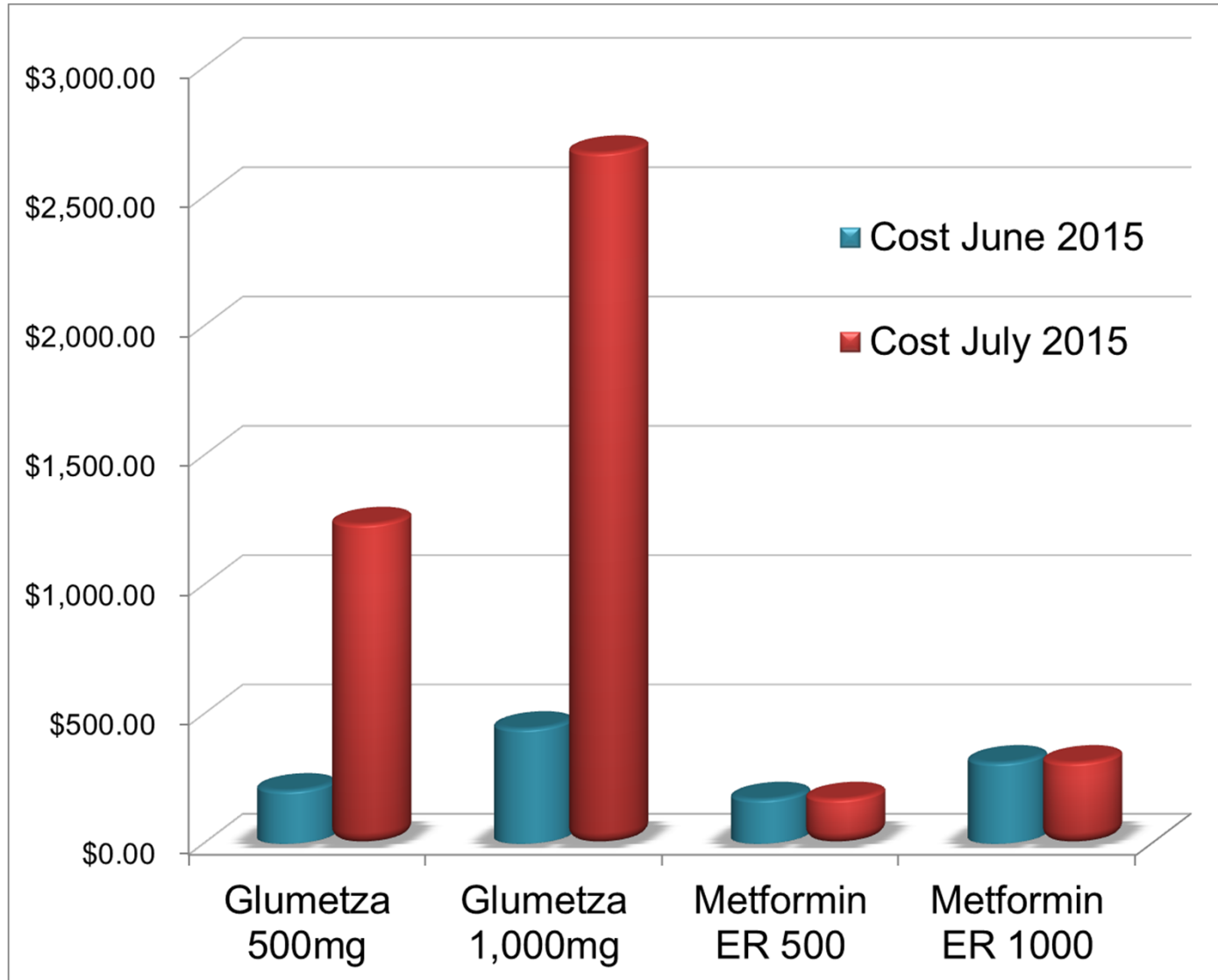
Medications are rising in cost exponentially

- » Common drugs are seeing huge increases
 - From under \$100 per 30 days to more than \$1,000 per 30 days

- » Therapeutic Alternative Drug List
 - Participants pay 50% of these drugs if there is a viable therapeutic alternative

COST MANAGEMENT – OTHER DRUGS

Example - Common Diabetes Medication **Glumetza**



COST MANAGEMENT – PHARMACIES

More active management?

- We all know about bad guy drug companies, but pharmacies can be just as problematic
- Best priced pharmacies for AHP
 - CVS (2 years ago was on the worst offender list!)
 - Homeland
 - Wal-Mart
 - Brookshire
 - Kroger
- » Worst priced pharmacies for AHP
 - **Walgreens (*worst of the worst*)**
 - United (Lubbock & DFW)

COST MANAGEMENT – PHARMACIES

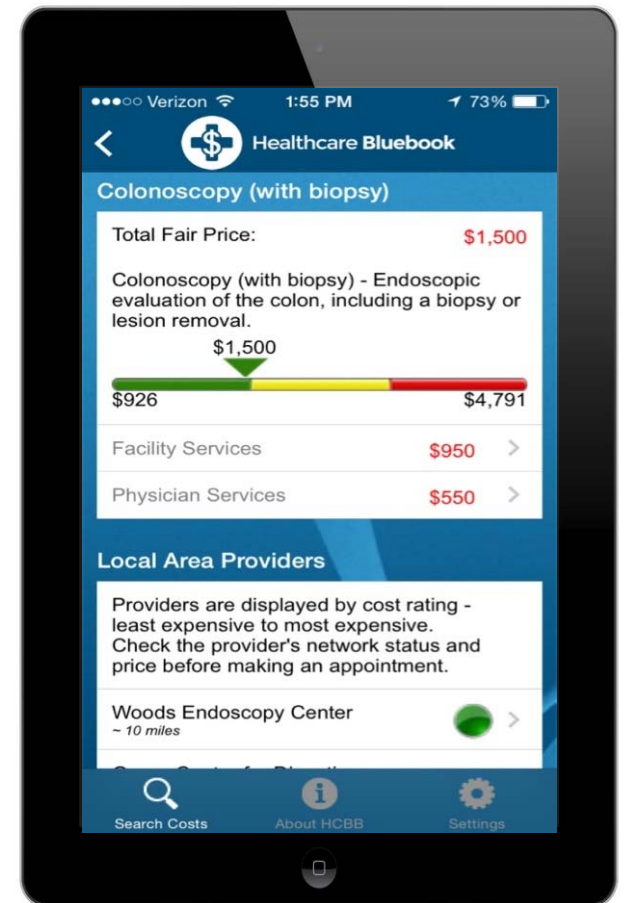
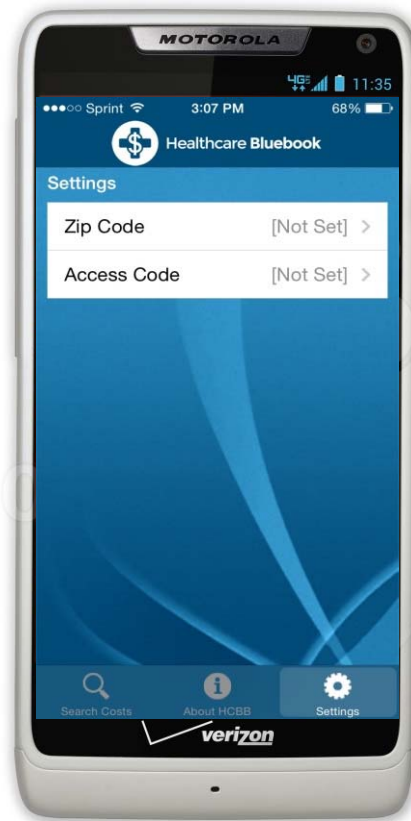
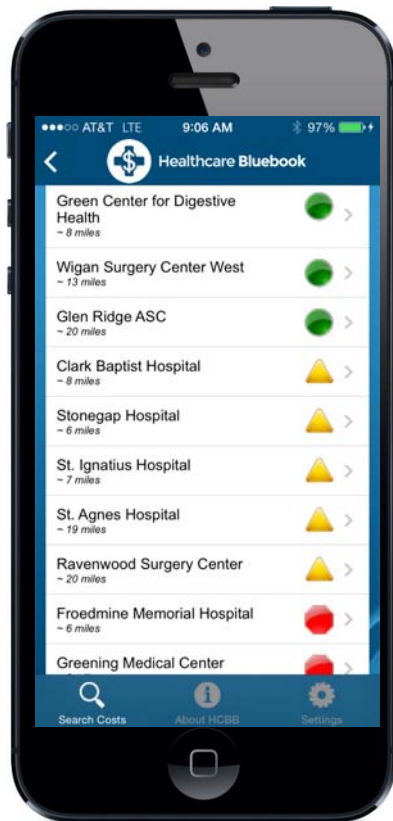
Strategies

» What can we do?

- Actively manage the network?
- Educate employees to pay attention to the total cost of medications.
 - Review the EOB or ask the pharmacy what the total charge was
 - Use Script Care's online tool to find out if a drug can be purchased elsewhere for less!

COST MANAGEMENT – HEALTHCARE BLUE BOOK

Blue Book Mobile – Simple Wins
Access Code - AHPT



QUESTIONS & COMMENTS

