

Streamlining Task Force

State Employee Health
Plan

September 15, 2011

Who is covered?

Employees and retirees of the following:

Executive, judicial and legislative branches

Maine Community College System

Maine Maritime Academy

Maine Turnpike Authority

Maine Public Employees Retirement System

Maine Military Authority

Smaller entities, boards and commissions

Enrollment

<u>Organization</u>	<u>Subscribers</u>	<u>Dependents</u>	<u>Total</u>
Executive	11,197	11,022	22,219
Judicial	445	419	864
Legislature	321	262	583
MCCS	781	674	1,455
Me. Maritime Academy	189	227	416
Me. Turnpike Authority	371	396	767
Me. PERS	97	105	202
Boards, commissions, etc.	129	92	221
Total Actives	13,530	13,197	26,727
Non-Medicare Retirees	4,156	431	4,587
Total POS	17,686	13,628	31,314
Medicare Retirees	5,856	1,291	7,147
Grand Total	23,542	14,919	38,461

State Employee Health Commission

- 24-member labor/management organization serving as plan trustees
- Each party has one vote – encourages consensus
- Diverse membership: forest ranger, highway crew supervisor, corrections officer, classroom instructors, retirees
- SEHC has become an award-winning, sophisticated purchasing group

Value-Based Purchasing Strategy

- SEHC convinced that there are gaps in care – poor quality drives avoidable utilization and costs
- Unwarranted variation in quality, utilization and cost
- Volume based payment produces the wrong incentives
- In 2005 SEHC adopted value-based strategy to:
 - Encourage consumers to make informed decisions about their care
 - Provide incentives for members to seek higher value care
 - Reward providers who demonstrate superior value

First Steps

- 2005 SEHC introduces telephonic diabetes education & support (TDES) pilot
- 2006 SEHC introduces tiered hospital benefit – incentive to seek care from “preferred” hospitals
- 2007 introduced tiered primary care benefit
- Incentives have become more meaningful each year

What Has Been the Impact?

Annual Health Care Cost increases 2005-2011

<u>Year</u>	<u>National*</u>	State <u>Employee Plan</u>
2005	8.5%	3.4%
2006	8.0%	2.0%
2007	6.0%	4.0%
2008	6.0%	4.4%
2009	7.0%	6.0%
2010	6.0%	6.0%
2011	7.0%	0.0%

*Source of national data Towers Watson and National Business Group on Health.

Opportunity Knocks

- Maine hospitals strive to be recognized as “preferred”
- Experience of MaineGeneral Medical Center
- The prospect of losing preferred status prompted MGH to present a bold proposal for a partnership to transform delivery and payment systems

SEHC/MGH Partnership

- Multi-year initiative
- Assure high-quality, appropriate care
- Reduce waste and inefficiency
- Reduce health care spend trend
- Improve the care experience of patients
- Collaborate on aligning benefit design with delivery system changes
- Risk sharing arrangement

Help to Kick-Start Accountable Care Organization (ACO) Dialogue

- Engaged in pilots with Pen Bay, SMMC, and preliminary discussions with EMHS
- Other large group plans are working with provider partners to advance delivery and payment system reform
- Direct purchaser to provider communications to bend the cost curve

Challenge of Flat Funding (1)

- FY2012 required a \$13.4 million reduction in projected plan expenses
 - Increased member out-of-pocket accounts for \$10 million
 - Audit of dependents and change in dependent premium produced over \$3 million
 - Introduced comparative hospital cost as part of benefit design 8/1/11

Challenge of Flat Funding (2)

- Group demographics – decline in actives, increase in retirees
- Confronting \$8-12 million reduction for FY2013
 - Possible change in Rx purchasing
 - New partner effective 1/1/12
 - Looking to health systems/hospitals to collaborate on reducing plan expenses