

FY 2019 Health Benefits Update

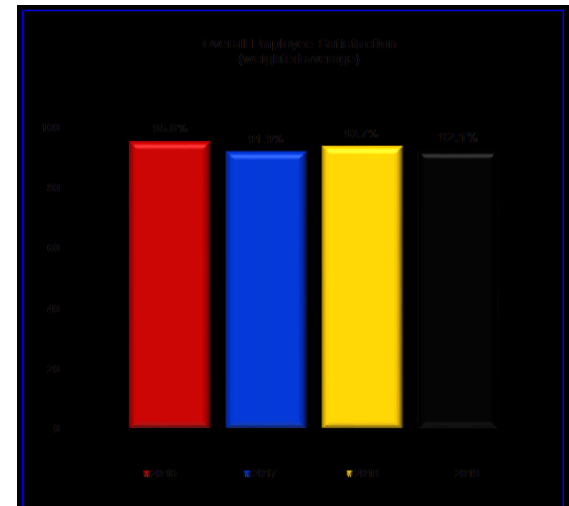
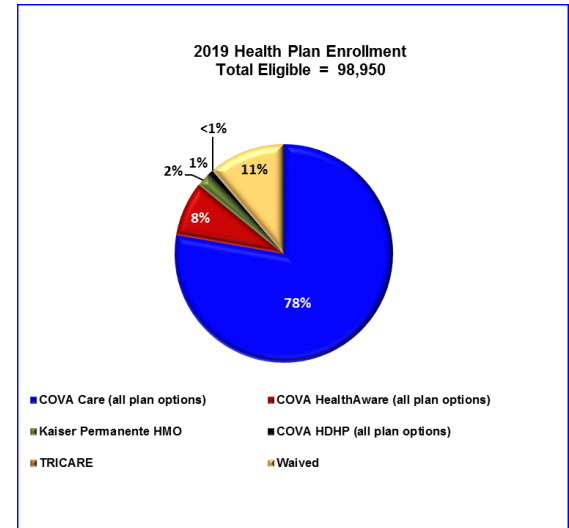
STATE HEALTH BENEFITS PROGRAM
December 2019



Enrollment and Satisfaction

FY 2019 Vs. FY 2018

- Enrollment ↓ 0.7%
- Plans
 - COVA Care ↓ 2%
 - COVA HealthAware ↑ 13.8%
- Eligibility ↓ 0.3%
- Waived Coverage ↑ 3.1%
- Employee Satisfaction
 - remains over 90% benchmark



Premiums & Claims Expense

Claims Expense

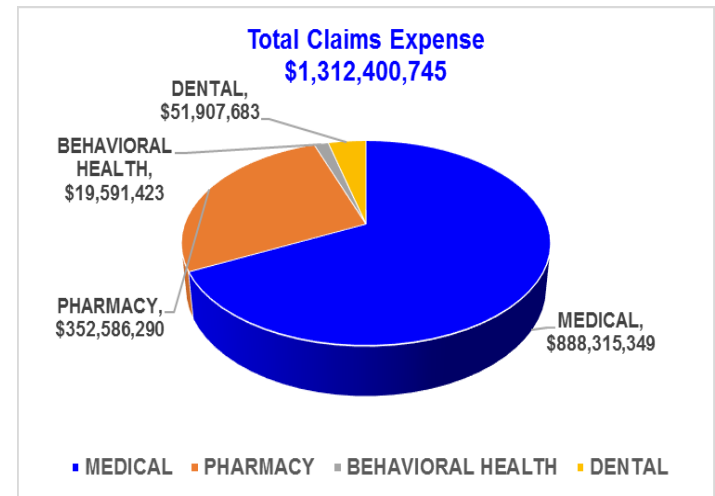
- Medical and Pharmacy
 - 95% of total
- Behavioral Health cost ↑ 8.8%

Premium: COVA Care

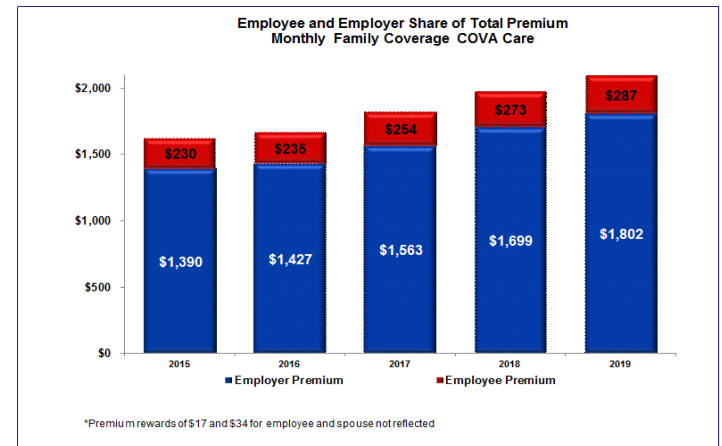
- Monthly Family Coverage
 - Employer paid 86%, employee paid 14%
 - Premiums up 5.9% over 2018

Premium Rewards:

- Earned by about 30% of participants and/or spouses who completed a health assessment
- Individual pays \$17 less and with spouse \$34 less when meeting requirement



Sources: Anthem, Aetna, Delta Dental



Operations Expense

- Total expense ↑ 7.9%
- Claims expense ↑ 8.7%
- Administration expense ↓ 5.0%
- Claims: 93% of expense
- Administration: 4.8% of expense
- Other expense (ACA fee, Cardinal accounting, third party appeals): 2.2%

PROGRAM TOTAL	FISCAL YEAR 2015	FISCAL YEAR 2016	FISCAL YEAR 2017	FISCAL YEAR 2018	FISCAL YEAR 2019
Annual Income (Premiums, Interest, Other)	\$1,206,651,640	\$1,216,450,352	\$1,318,935,036	\$1,415,215,515	\$1,493,959,124
Annual Expenses (Claims, Contract Administration, Other)	\$1,147,096,057*	\$1,260,333,640*	\$1,278,043,872*	\$1,283,732,312*	\$1,385,074,060*
Income Less Expenses	\$59,555,583	(\$43,883,288)	\$40,891,164	\$131,483,203	\$108,885,064
	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted

Source: Department of Human Resource Management

Cost Per Employee

Average Cost Per Employee:

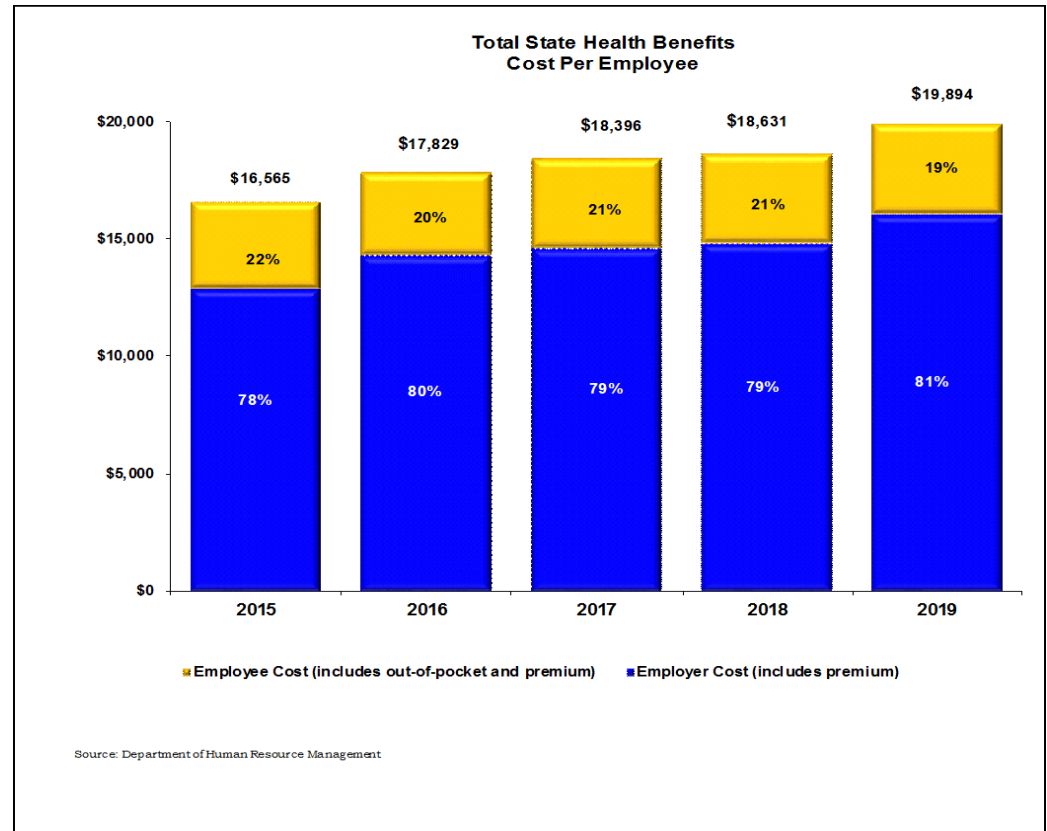
- FY 2018: \$14,787
- FY 2019: \$16,024

Average Cost Per Employee (Employee Portion):

- FY 2018: \$3,844
- FY 2019: \$3,870

Total Average Cost Per Employee:

- ↑ 6.7% over 2018



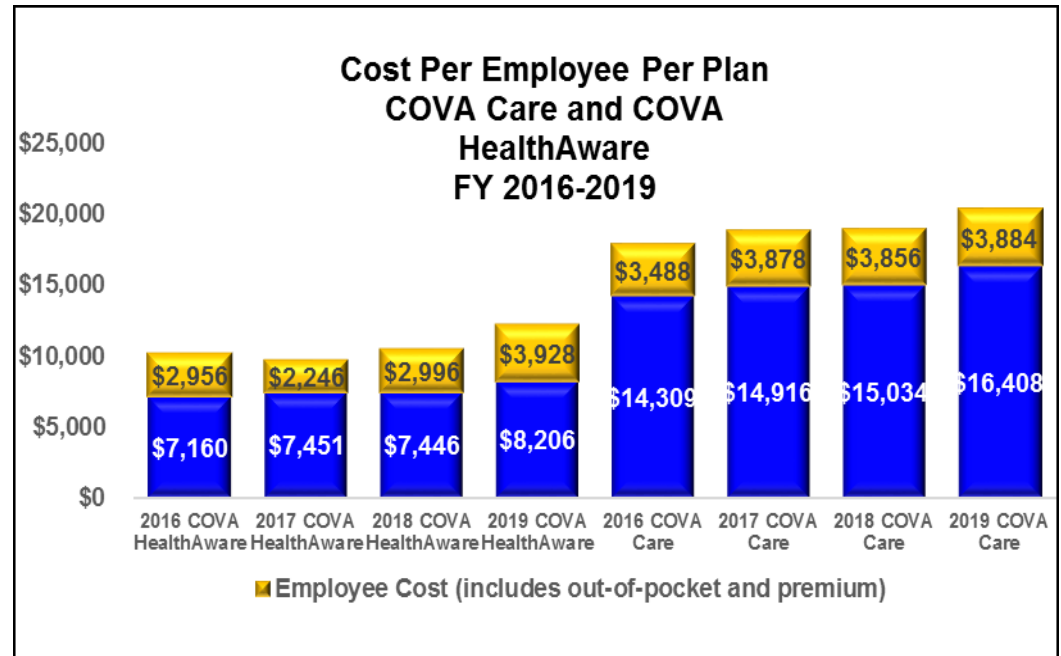
Cost Per Employee Per Plan

COVA Care Employer Cost:

- FY 2019: \$16,408
- 81% cost share
- Up 9.1% from 2018

COVA HealthAware Employer Cost:

- FY 2019: \$8,206
- 68% cost share
- Up 10.2% from 2018



Source: Department of Human Resource Management

FY 2019 Cost Drivers

Age of Population

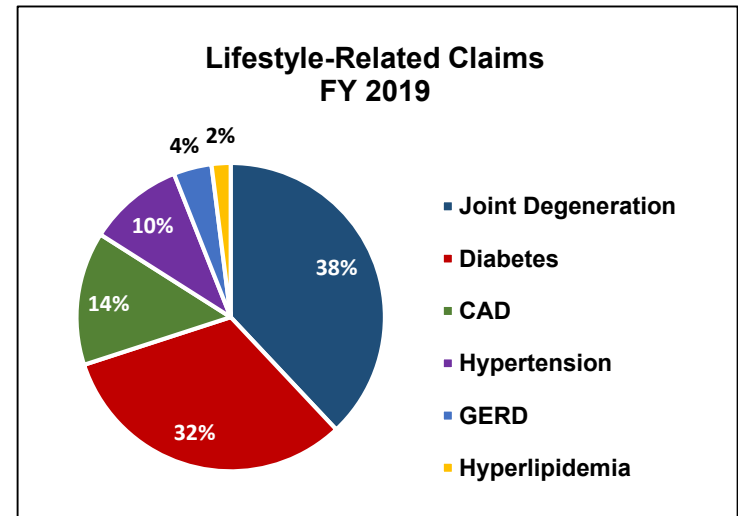
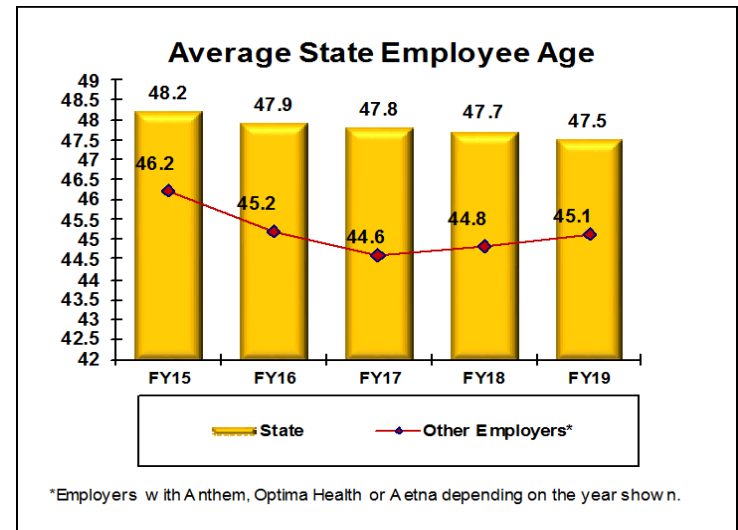
- Average employee age: 47.5
- 35% of members are 50+ and drive 57% of expense

Lifestyle

- 6 conditions that correlate clinically primarily with lifestyle
- Total Cost \$114 PMPM
- Top 2: Joint Degeneration and Diabetes

Specialty Prescription Drugs:

- Almost 24,000 filled
- Cost \$146.8 million
- Anthem: 41% of drug cost
- Aetna: 49% of drug cost



FY 2019 Highlights

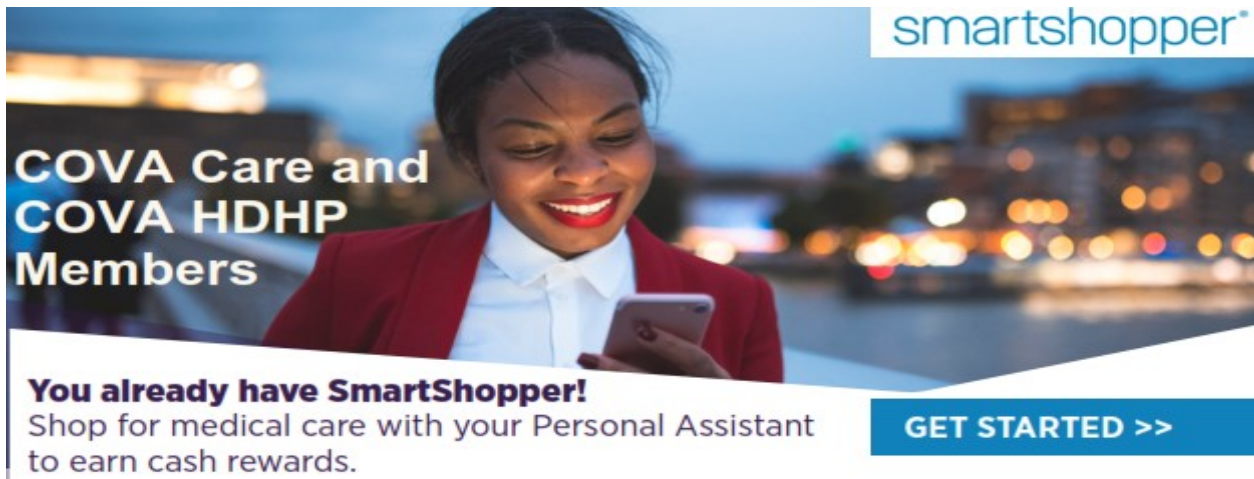
- Procurement for FY 2020

- **RFP for employee health plan contracts beginning 7/1/2019**
 - Procurement awarded in March 2019
- **Statewide employee and LODA administrative services**
 - Medical, behavioral health, vision and hearing
 - Statewide PPO and HDHP – awarded to **Anthem**
- **Statewide employee consumer-driven health plan (CDHP)**
 - Medical, behavioral health, vision and hearing - awarded to **Aetna**
- **Prescription drug services**
 - Awarded to **Anthem** for statewide plans
- **Dental services**
 - Awarded to **Delta Dental** for statewide plans
- **Regional employee administrative services**
 - Awarded to **Kaiser Permanente HMO** (Northern Virginia) and **Optima Health Vantage HMO** (Hampton Roads)
- **Flexible Spending Account (FSA) administration for employees**
 - Awarded to **Aetna**, PayFlex subsidiary

FY 2019 Highlights

- **SmartShopper Introduced**

- Implemented in October 2018
- COVA Care & COVA HDHP:
 - Offers cash incentives to members for selecting better-value health care services and lab tests at certain lower-cost facilities
- 270 + incentives totaling \$29,700+ paid to participants
- Health plan saved approximately \$250,000
- As program expands, expected to produce considerable savings



smartshopper®

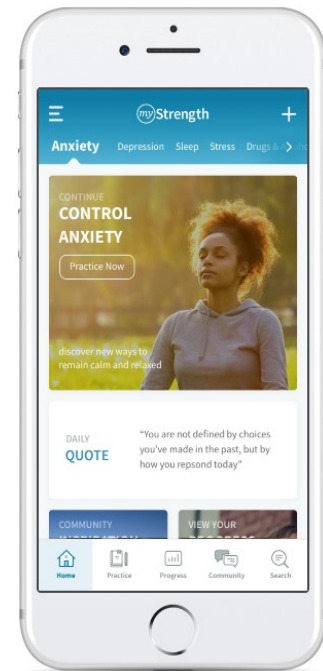
**COVA Care and
COVA HDHP
Members**

You already have SmartShopper!
Shop for medical care with your Personal Assistant
to earn cash rewards.

GET STARTED >>

FY 2019 Highlights

- Addressing the Opioid Crisis
 - **Short Acting Opioid Edit**
 - Supplies of new analgesic drug prescriptions limited
 - **Pharmacy Home**
 - Members displaying consistent pattern of misuse or overuse of pharmacy benefits enrolled into program
 - Once enrolled, locked into filling medications at one network pharmacy near their residence
 - **MyStrength**
 - Confidential 24/7 member mobile resources to support ongoing emotional wellbeing
 - Includes a specific eLearning treatment module on Opioid Recovery and another on Managing Chronic Pain (Physical Therapy)



[More information on these programs](#)