

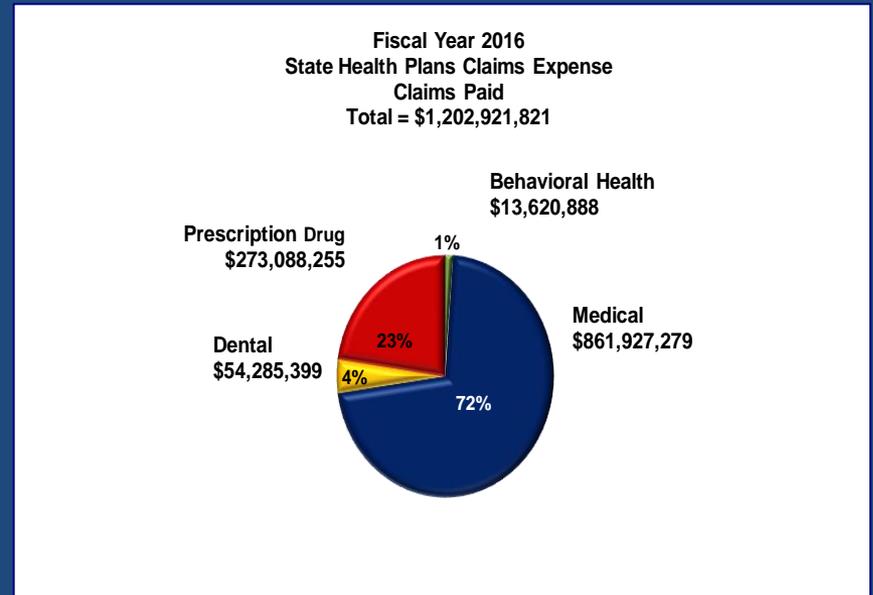
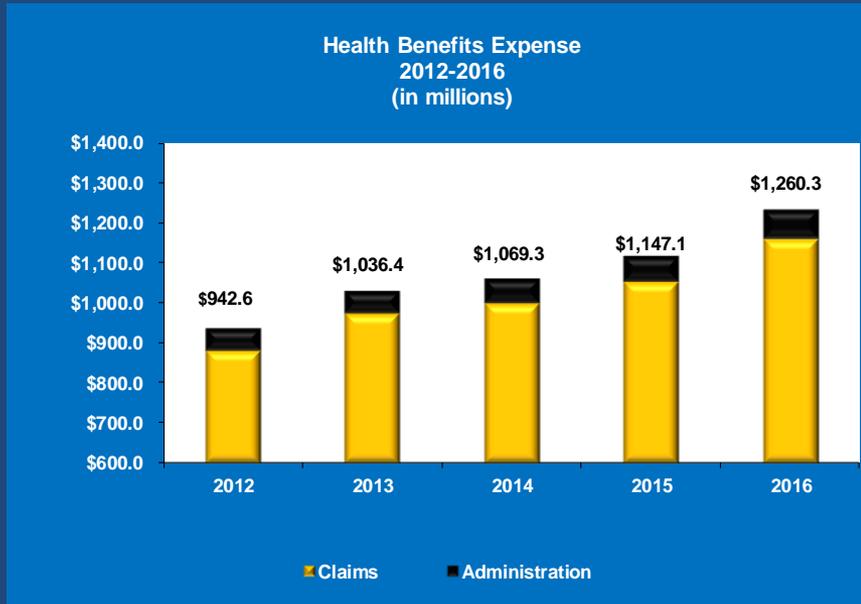
# ACTIVE EMPLOYEES & EARLY RETIREES HEALTH BENEFITS UPDATE

VIRGINIA GOVERNMENTAL EMPLOYEES ASSOCIATION  
SEPTEMBER 17, 2016



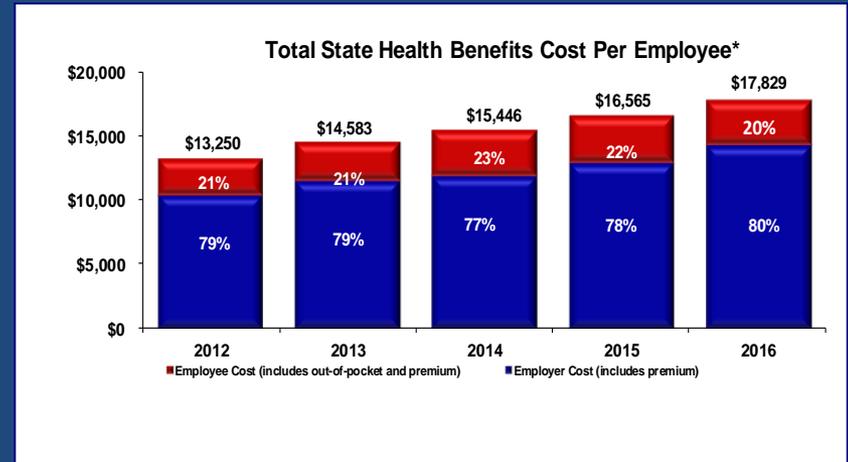
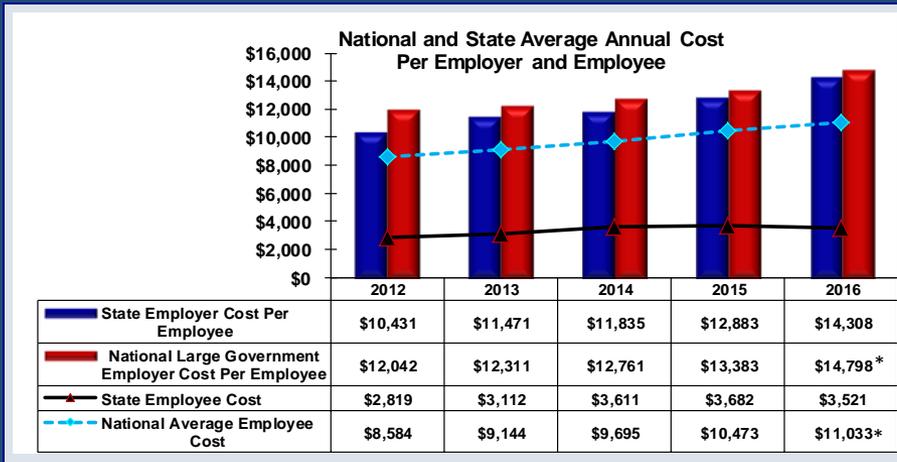
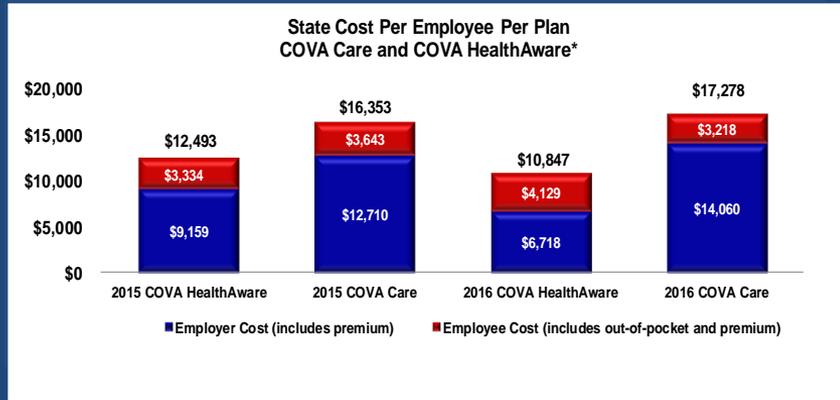
# FY 2016 HEALTH BENEFITS PLAN COST TRENDS

- Total program expense increased 9.8% in FY 16
- \$1.2 billion total claims paid in FY 16
- 6.7 million total claims processed



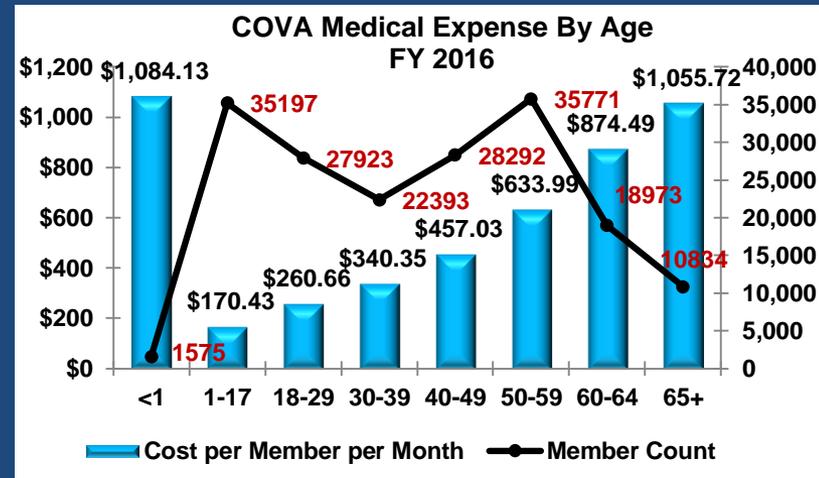
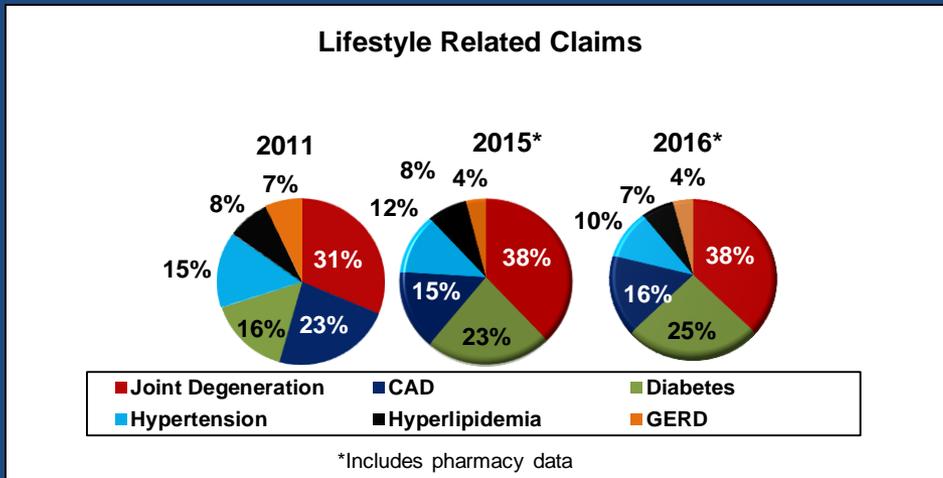
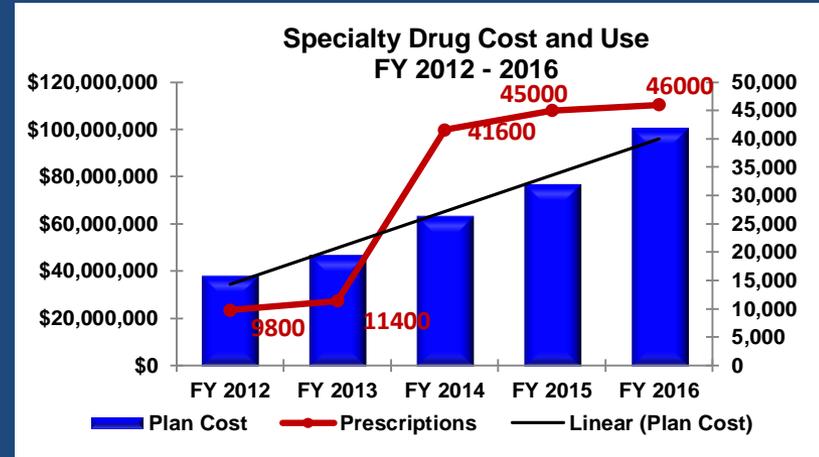
# FY 2015 HEALTH BENEFITS TOTAL COST PER EMPLOYEE

- \$17,829 total cost per employee
- 7.6% increase in FY 16 from prior year



# FY 2016 HEALTH BENEFITS COST DRIVERS

- Expensive procedures
- Treatment of chronic conditions
- Prescription drug therapy cost
- Employee lifestyle
- Average employee age



# FY 2016 HEALTH BENEFITS TOP TEN CLAIMS EXPENSE

## TOP TEN CLAIMS EXPENSE

- \$846 million of total plan expense
- 74% of total plan expense
- Obesity related
  - Diabetes
  - Coronary artery disease
  - Hypertension
  - Musculoskeletal disorders
  - Digestive disorders
- High cost specialty drugs required
  - Rheumatoid arthritis
  - Multiple sclerosis

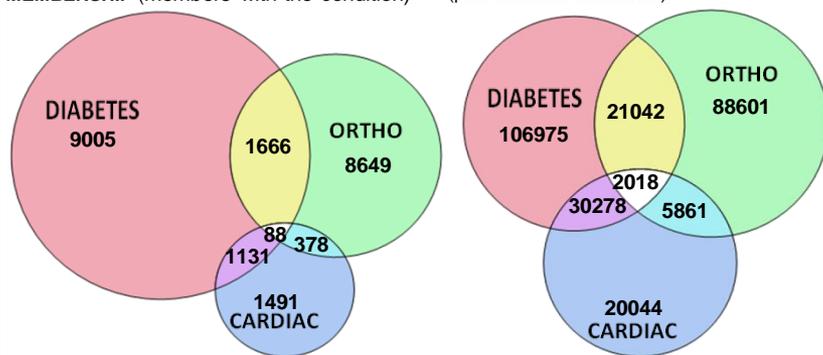
## “Top Ten” Claims Expense

Medical Procedures	Chronic Conditions	Chronic Preventive	Prescription Drugs
<ol style="list-style-type: none"> <li>1. V-Codes—health services not classified as disease or injury, ill-defined symptoms, undetermined causes</li> <li>2. Musculoskeletal</li> <li>3. Oncology</li> <li>4. Cardiovascular</li> <li>5. Gastrointestinal</li> <li>6. Diabetes, Obesity &amp; Lipid Disorders</li> <li>7. Obstetrics</li> <li>8. Neurology</li> <li>9. Behavioral Health</li> <li>10. Pulmonary</li> </ol>	<ol style="list-style-type: none"> <li>1. V-Codes—health services not classified as disease or injury, ill-defined symptoms, undetermined causes</li> <li>2. Oncology</li> <li>3. Musculoskeletal</li> <li>4. Cardiovascular</li> <li>5. Diabetes, Obesity &amp; Lipid Disorders</li> <li>6. Gastrointestinal</li> <li>7. Behavioral Health</li> <li>8. Neurology</li> <li>9. Pulmonary</li> <li>10. Dermatology</li> </ol>	<ol style="list-style-type: none"> <li>1. Osteoarthritis (except low back)</li> <li>2. Coronary Artery Disease</li> <li>3. Low Back Problems</li> <li>4. Breast Cancer</li> <li>5. Chronic kidney disease</li> <li>6. Peripheral vascular disorders</li> <li>7. Diabetes</li> <li>8. Gallbladder disease</li> <li>9. Hypertension</li> <li>10. Renal stones</li> </ol>	<ol style="list-style-type: none"> <li>1. Humira - rheumatoid arthritis</li> <li>2. Enbrel - rheumatoid arthritis</li> <li>3. Harvoni - hepatitis C</li> <li>4. Crestor - high cholesterol</li> <li>5. Lantus solostar - diabetes</li> <li>6. Esomeprazole magnesium – stomach acid</li> <li>7. Tecfidera – multiple sclerosis</li> <li>8. Victoza 3-Pak - diabetes</li> <li>9. Januvia - diabetes</li> <li>10. Aripiprazole - depression</li> </ol>

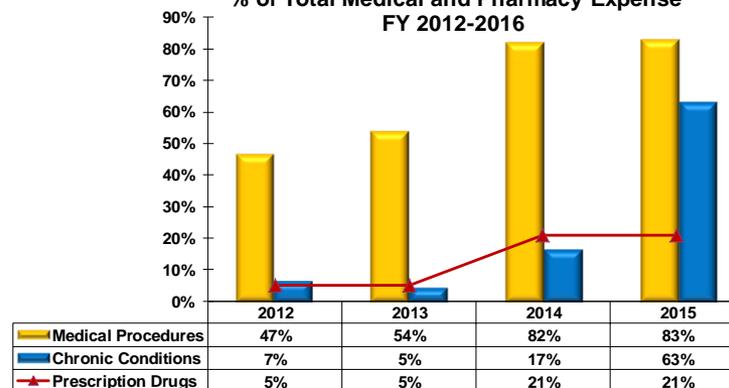
## Top Major Conditions: Multiple Chronic Conditions

CONDITION PREVALENCE IN ALL MEMBERSHIP (members with the condition)

CONDITION COST IN ALL MEMBERSHIP (paid dollars in thousands)



## Top 10 Claims % of Total Medical and Pharmacy Expense FY 2012-2016

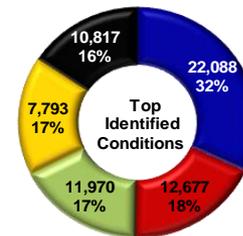


# TOTAL POPULATION HEALTH

## Tools

- Cost and quality tools
- Healthy lifestyle tools
- Financial rewards
- Education

### Identified in Health Assessment As of June 30, 2016



- Stress Issues
- Sleep Disorders
- Exercise Issues
- Overweight
- Hyperlipidemia

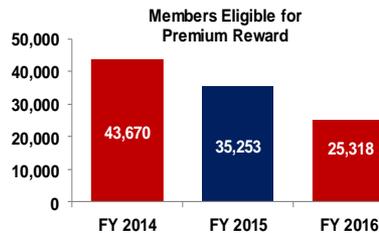
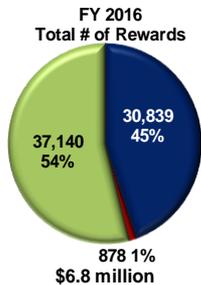


- Healthier Diet
- Managing Stress
- Managing Weight
- Weight-bearing Exercises
- Physical Activity



- Losing Weight
- More Physical Activity
- Healthier Diet
- Better manage stress

### Member Premium Rewards



■ Participant Only ■ Spouse Only ■ Both

### 2016 Weight of State Population

#### Body Mass Index (BMI)



Under Weight 18.5-24.9  
273 (1%)



Healthy Weight 18.5-24.9  
8,283 (29%)



Over Weight 25-29.9  
9,278 (33%)



Obese 30-34.9  
5,729 (20%)

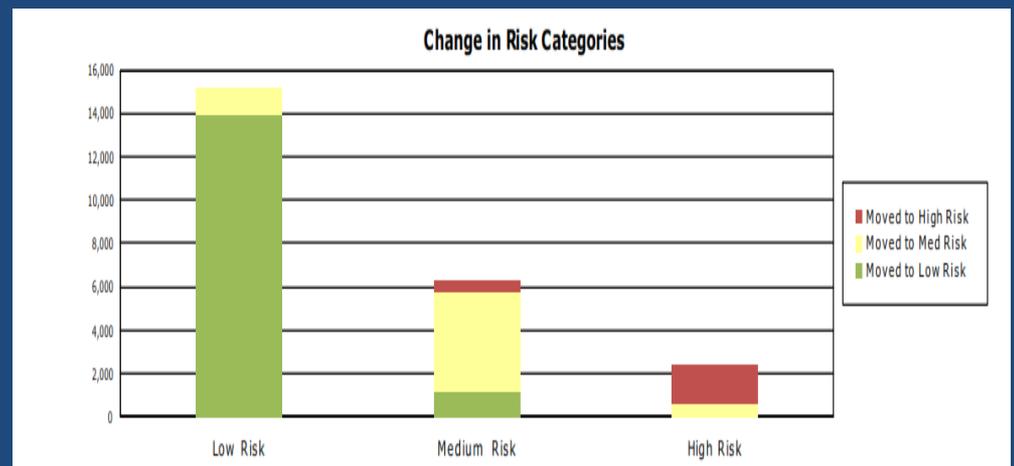
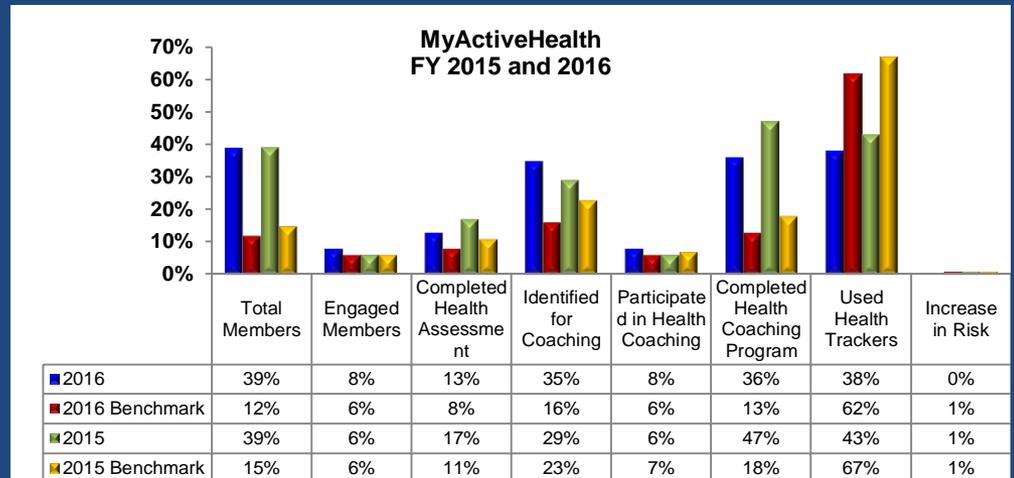


Morbid Obese 35+  
4,845 (17%)

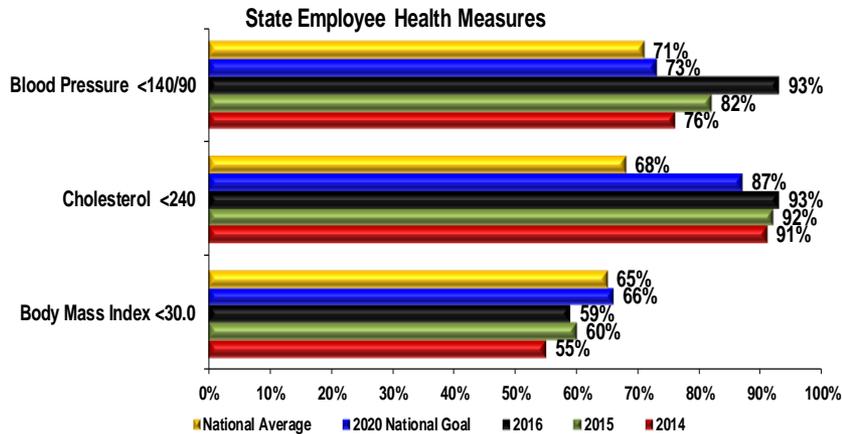
# TOTAL POPULATION HEALTH

## Engagement and Risk

- 39% of total population enrolled in MyActiveHealth programs
- 8% of MyActiveHealth members engaged
- 0% members increased risk compared to 1% benchmark
- 68% of members changed from high or medium to low risk
- 32% of members changed from high to medium risk



# WELLNESS & PREVENTIVE CARE



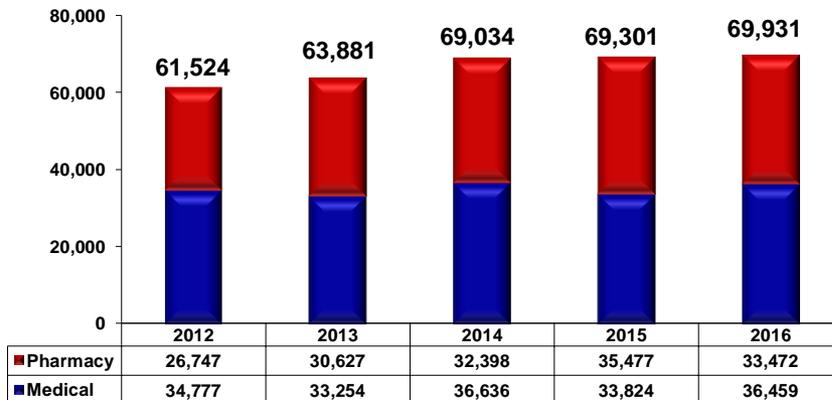
Sources: ActiveHealth Management 2015 biometric screenings, CommonHealth biennial health checks of select employee groups, the Centers for Disease Control and Prevention, and Healthy People 2020.

- **Top areas of focus**
  - Weight management
  - Exercise
  - Nutrition

- **Top areas of coaching**
  - Nutrition
  - Stress management
  - Exercise
  - Tobacco cessation

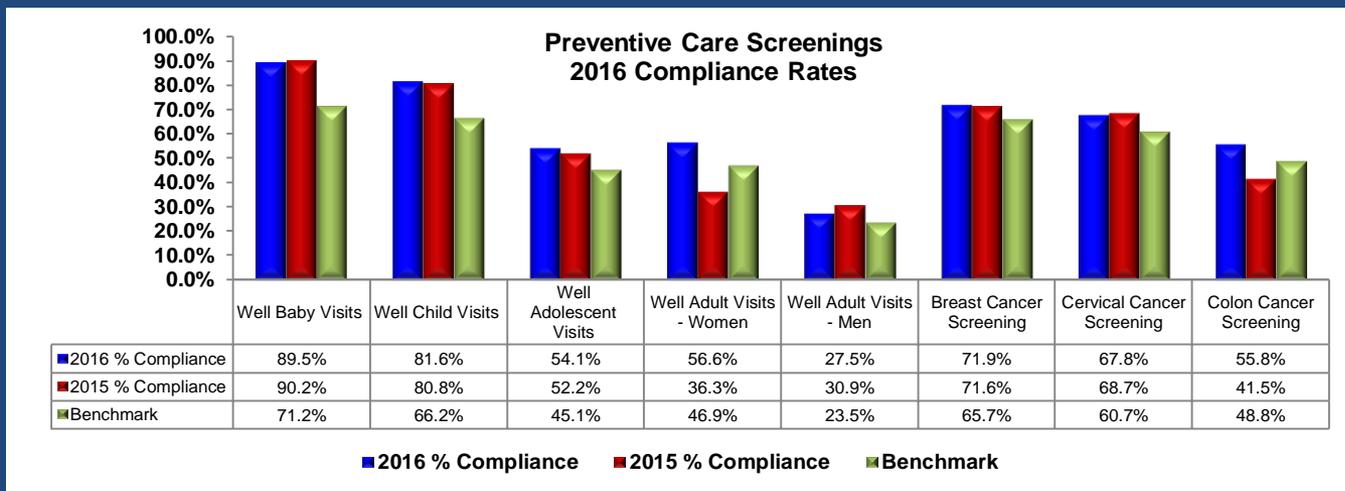
- **Focus on Preventive Care**
  - Flu shots
  - Healthy measures
    - Blood pressure
    - Cholesterol
    - Body Mass Index

**Total Flu Shots  
State Health Plan Members**



# WELLNESS & PREVENTIVE CARE

- **Annual check-ups**
  - Increased among women, children and adolescents
- **Age appropriate preventive screenings**
  - Increased for:
    - Breast cancer
    - Cervical cancer
    - Colon cancer
- **Improvement in 5 out of 8 screening categories**



# INCENTIVES & OUTCOMES

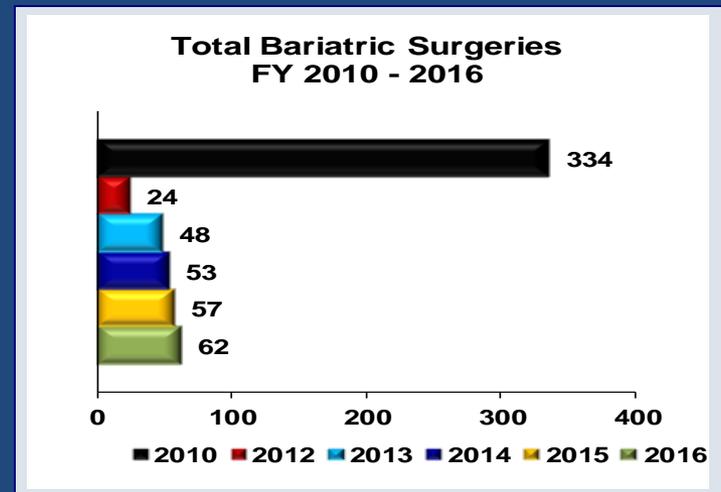
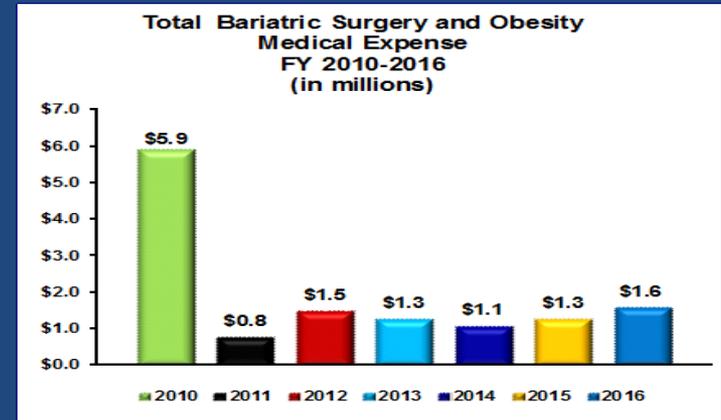
- **Bariatric Surgery**

- **Program**

- Weight management
- Nutritional counseling
- Personalized coaching

- **Outcomes**

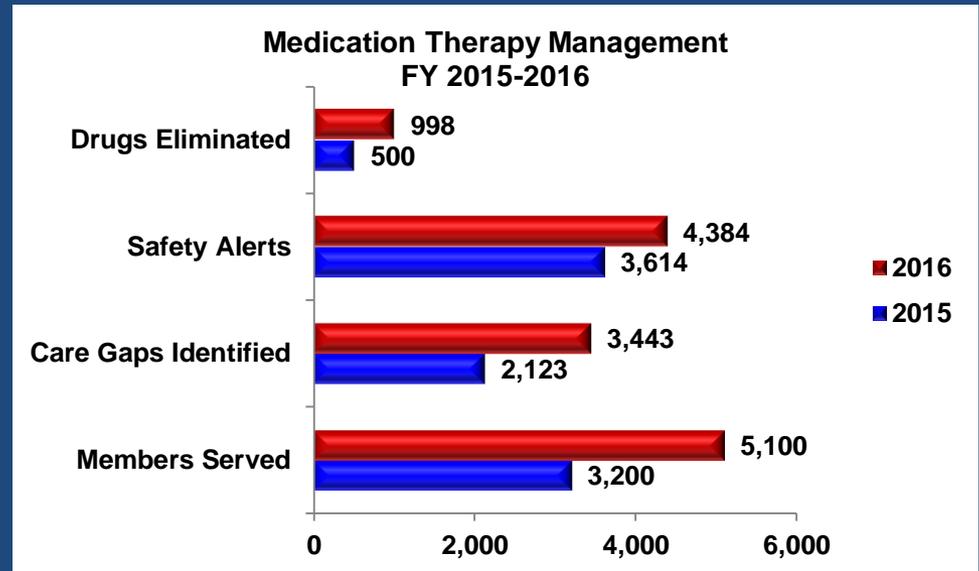
- Weight loss
- Improved nutrition
- More positive coping skills
- Increased activity
- 84% reduction in cost
- Fewer surgeries



# INCENTIVES & OUTCOMES

- **Medication Therapy Management**

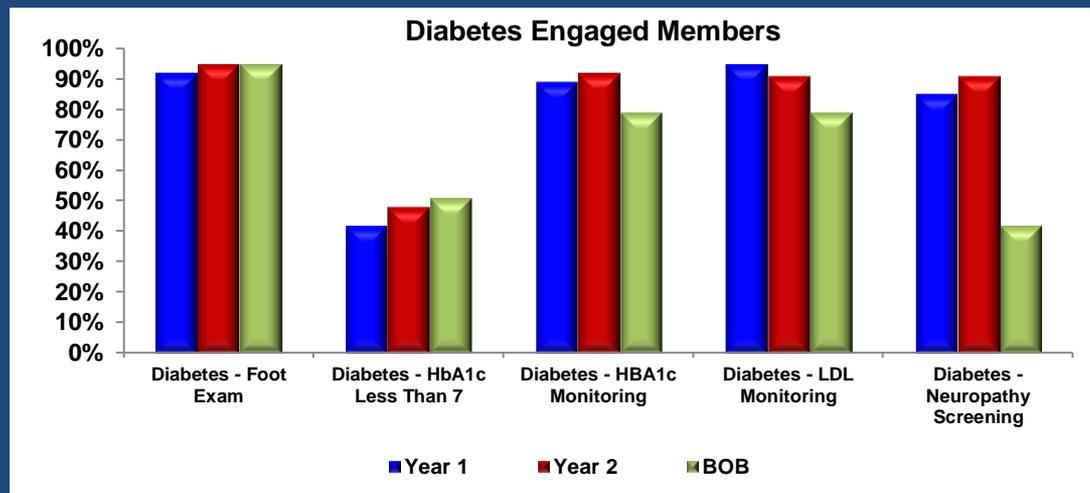
- One-on-one medication consultation with a pharmacist
- Goals of education and compliance
  - Complying with drug regimen
  - How to best use drug formulary
  - Possible drug reactions



# INCENTIVES & OUTCOMES

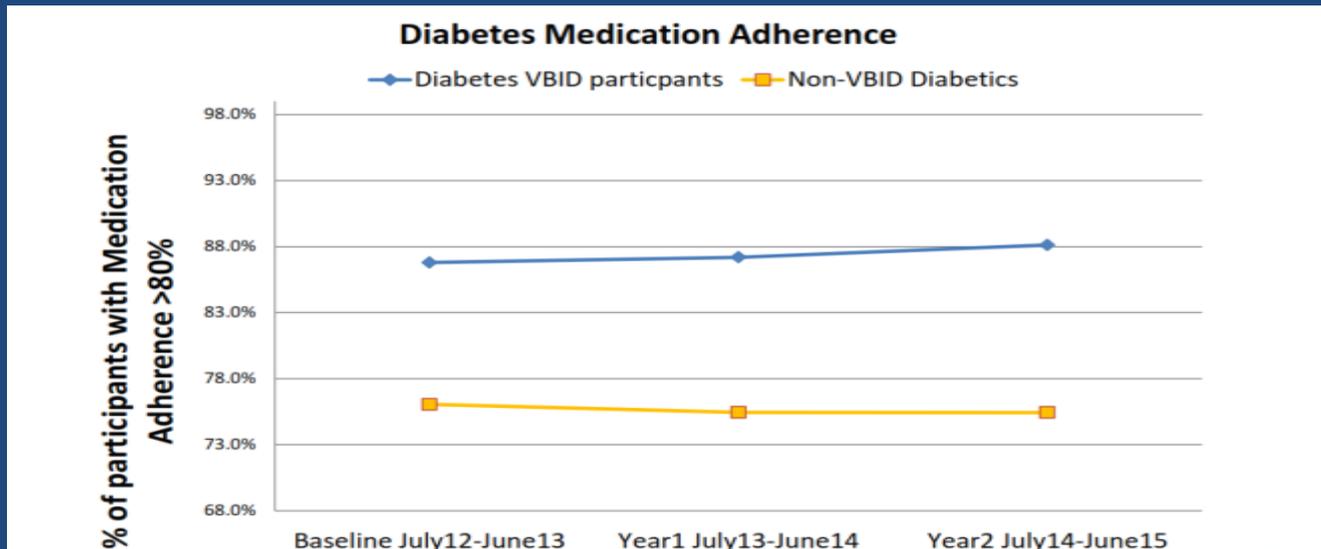
- **Value Based Insurance Design (VBID) - Diabetes**

- More members engaged
  - Year 1 - 2,689 members
  - Year 2 - 3,209 members
- Members have improved from year 1 to year 2
  - 3 of 5 metrics compared to book of business
  - 4 of 5 metrics compared to non-VBID members
- Average number of conditions:
  - Year 1 - 4.8 conditions
  - Year 2 - 2.9 conditions



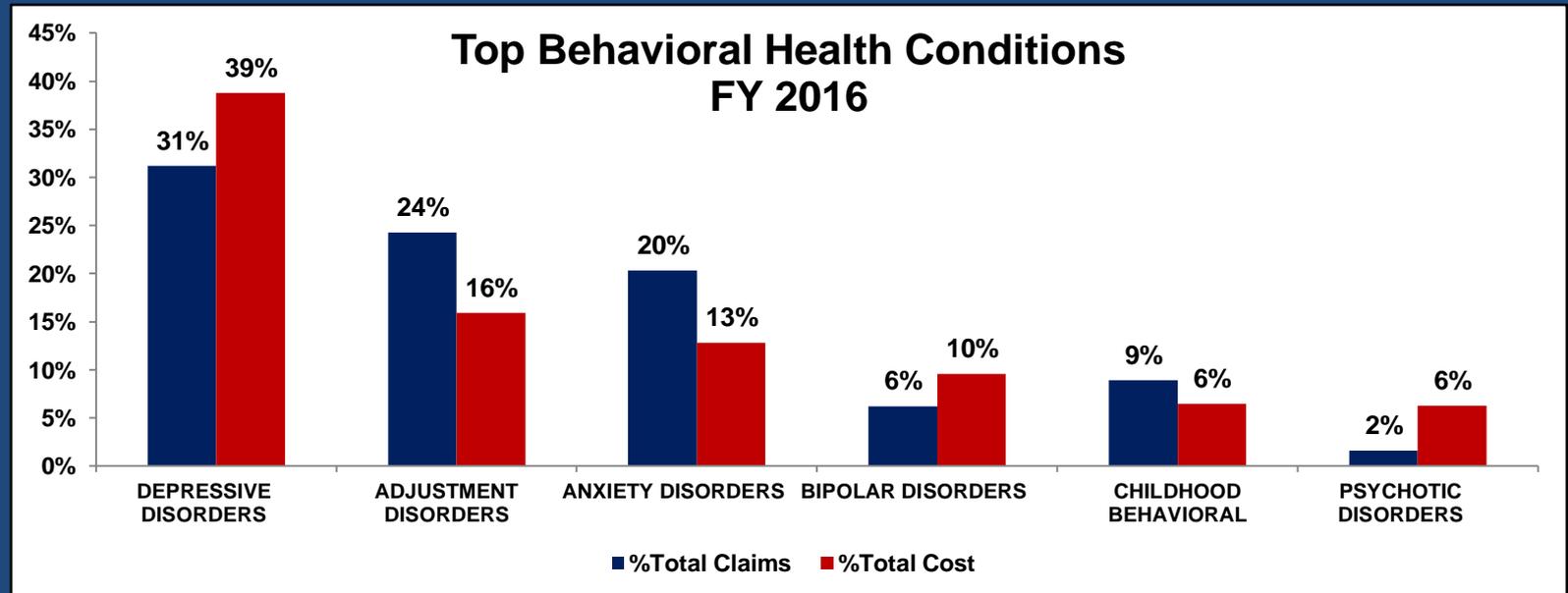
# INCENTIVES & OUTCOMES

- **Value Based Insurance Design (VBID) - Diabetes**
  - Members in program for 2 years are better managing their diabetes
    - Complying with medication schedule
      - Adherence is 10% higher than for non-VBID members
    - Working to manage blood glucose level and overall health
      - 98% had HBA1C claim compared to 92% in year 1
      - 57% had a wellness exam compared to 45% in year 1



# EMPLOYEE WELL BEING

- Includes both physical and emotional health
- Employee Assistance Program (EAP)
  - 84% of users sought services for emotional and psychological concerns, family relationships, and legal issues
  - 17% increase in legal and financial services



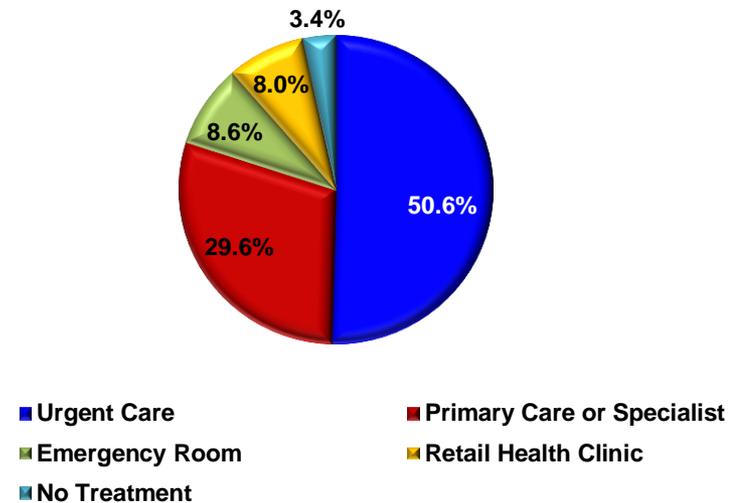
# FY 2016 HEALTH BENEFITS

## NEW HEALTH CARE DELIVERY OPTIONS

### Online Doctor

- Physician visits online 24/7
- Launched July 1, 2015
- 277 doctor visits
- 30-45 age group used service most
- 23% of registrants used service
  - 51% avoided unnecessary urgent care
  - 9% avoided unnecessary emergency room visits
  - 52% used mobile phone to access care

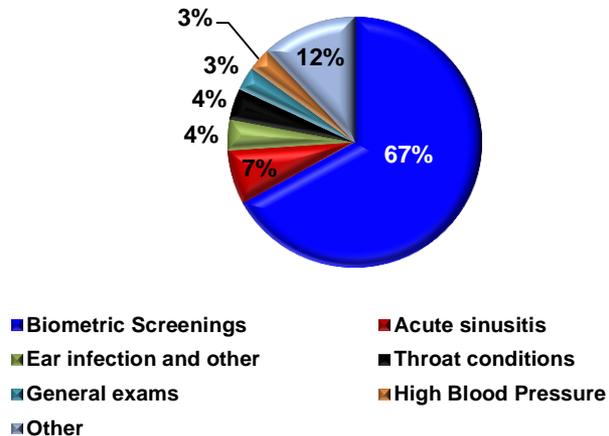
If Not Online Doctor, Where?



# FY 2016 HEALTH BENEFITS

## NEW HEALTH CARE DELIVERY OPTIONS

Capitol Square Healthcare  
Services Provided to Date

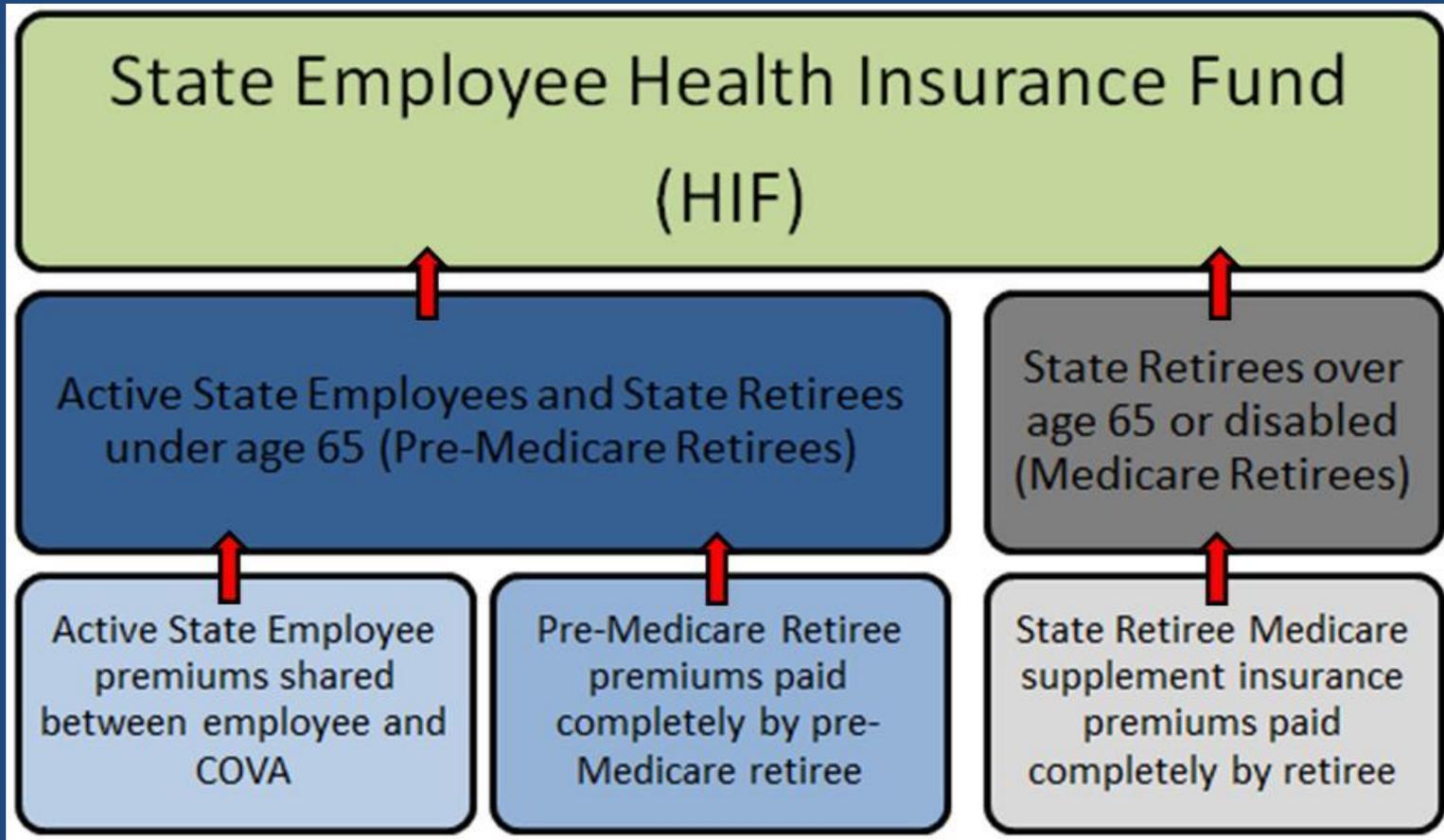


### Capitol Square Healthcare

- Pilot for Capitol Square area
- Located on mezzanine in Monroe Building
- Opened in May 2016
  - 518 visits for treatment
  - 33% of visits same day
  - 98.6% of patients rated services good or excellent

# FINANCIAL INFORMATION

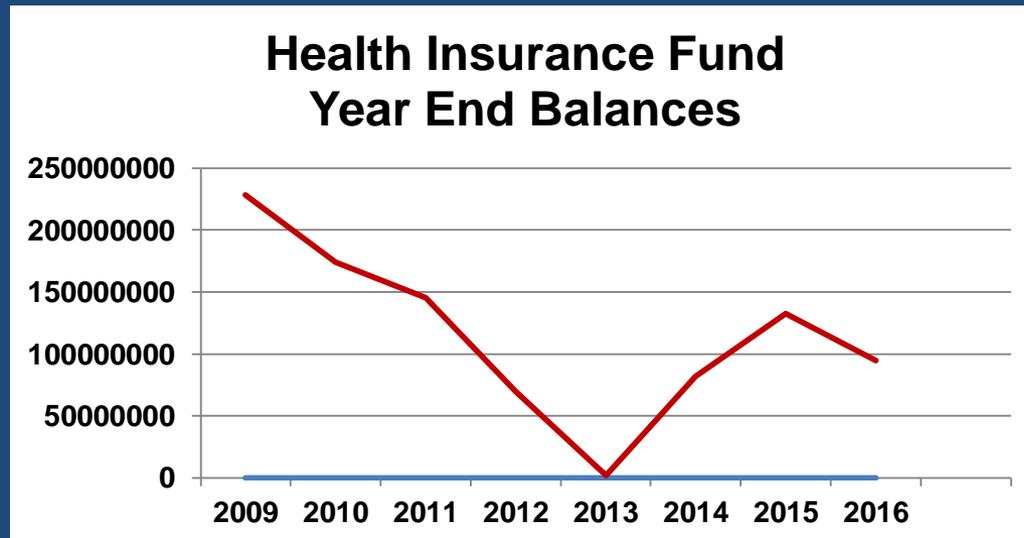
# HEALTH INSURANCE FUND



# ACTIVE & EARLY RETIREE HEALTH INSURANCE FUND (HIF)

## Active & Early Retiree Plan HIF Year End Balances

- FY 2009 – \$228.4 million
- FY 2010 – \$172.4 million
- FY 2011 – \$145.8 million
- FY 2012 – \$69.4 million
- FY 2013 – \$1.8 million
- FY 2014 – \$81.8 million
- FY 2015 – \$132.3 million
- FY 2016 - \$94.6 million



# ACTIVES & EARLY RETIREES OPERATING SUMMARY

Actives & Early Retirees Program Operating Summary				
	FY2013	FY2014	FY2015	FY2016
Program Income	\$973,562,204	\$1,161,521,817	\$1,206,651,640	\$1,216,450,352
Program Expense	\$1,037,071,990	\$1,076,553,854	\$1,147,096,057	\$1,260,333,640
Net Gain or Loss	-\$63,509,786	\$84,967,963	\$59,555,583	-\$43,883,288

## Actives & Early Retirees Program Operating Summary

