

# HBS Consulting Client Full Evaluation

Houston Benefit Services Inc

# Enrollment and Costs

Current Medical Enrollment			
Medical	Core	Premium	Monthly Total
EE	24	15	39
EF	9	10	19
Cost Per Month			
EE	0	\$ 111.58	\$ 1,673.75
EF	\$ 424.67	\$ 557.92	\$ 9,401.17
Dental Enrollment			
Dental	Core	Premium	Total
EE	13	27	40
EF	7	19	26
Cost Per Month			
EE	\$ -	\$ 24.92	\$ 672.75
EF	\$ 69.33	\$ 109.42	\$ 2,564.25
Annual Totals			
Medical			\$ 132,899.00
Dental			\$ 38,844.00

# Medical Benefit Plan Design

	Core		Premium	
	Network	Non Network	Network	Non Network
Per Admission Deductible	\$200	\$250	\$200	\$250
Calendar Year Deductible				
Individual	\$2,500	\$5,000	\$1,000	
Family	\$5,000	\$10,000	\$3,000	
Coinsurance	80%	50%	80%	\$50%
Individual	\$2,500	\$10,000	\$1,000	\$10,000
Family	\$5,000	\$30,000	\$3,000	\$30,000
Total Out of Pocket Exposure				
Individual	\$5,000	\$15,000	\$2,000	\$11,000
Family	\$10,000	\$40,000	\$6,000	\$33,000
Office Visit Copay	\$30	D&C	\$20	D&C
ER Visit Copay	\$50	D&C	\$50	D&C
RX Deductible	\$100		N/A	
Generic RX	\$10		\$5	
Preferred Brand RS	\$25		\$10	
Non-Preferred Brand	\$50		\$25	
Annual EE Cost	\$	-	\$	1,339.00
Annual Family Cost	\$	5,096.00	\$	6,695.00

# Distribution of Medical Expenses

## Routine Care

Copays  
Benefit Allowances  
HRAs  
Health Savings Accounts  
Drugs

## Minor Medical

Medical Services  
Generally Subject  
to Deductible  
and Coinsurance

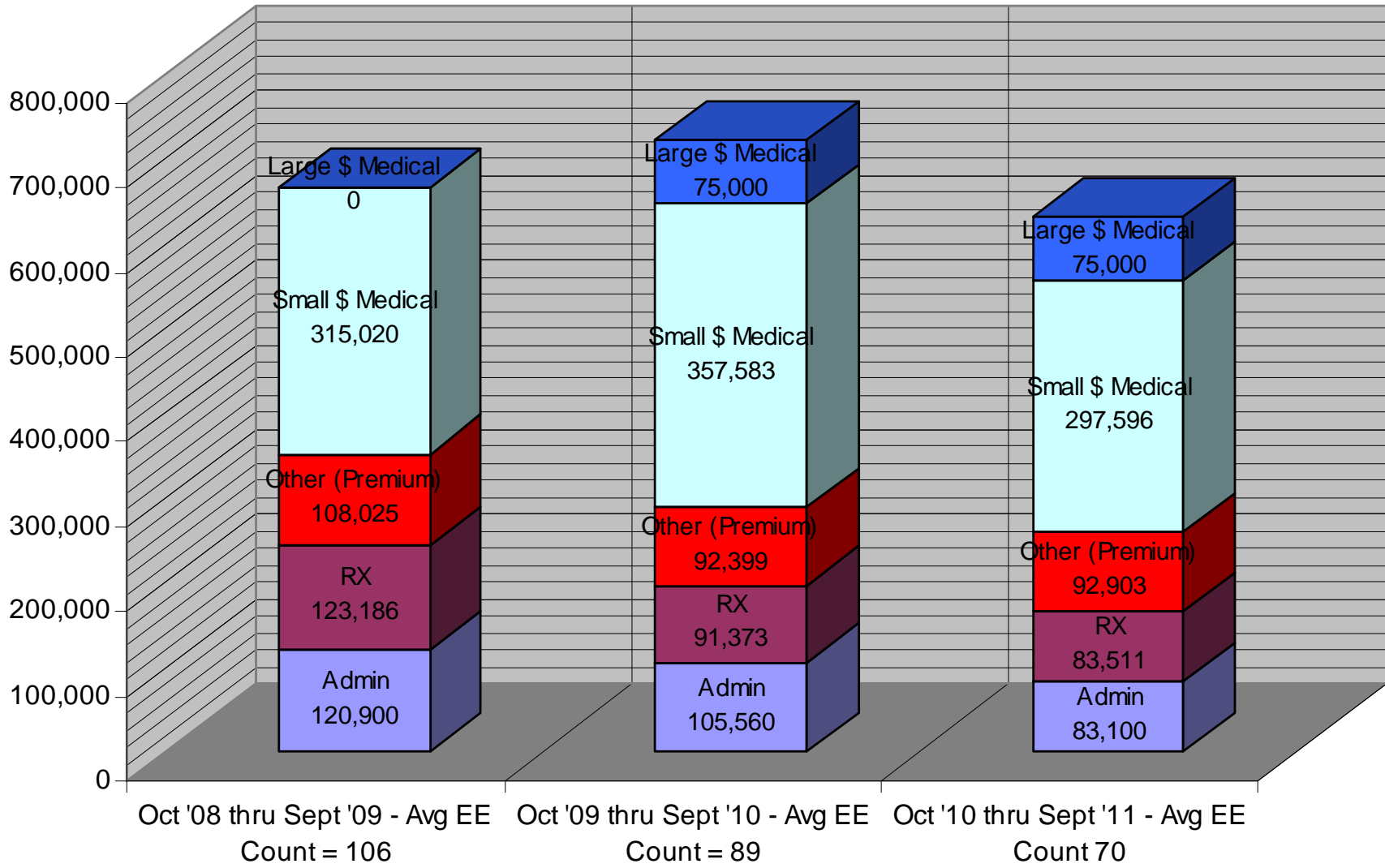
## Catastrophic Major Medical

After Out of Pocket  
Maximum Has Been  
Reached The Plan Pays  
100% to \$2,000,000

High Frequency, Low Cost  
Medical Services

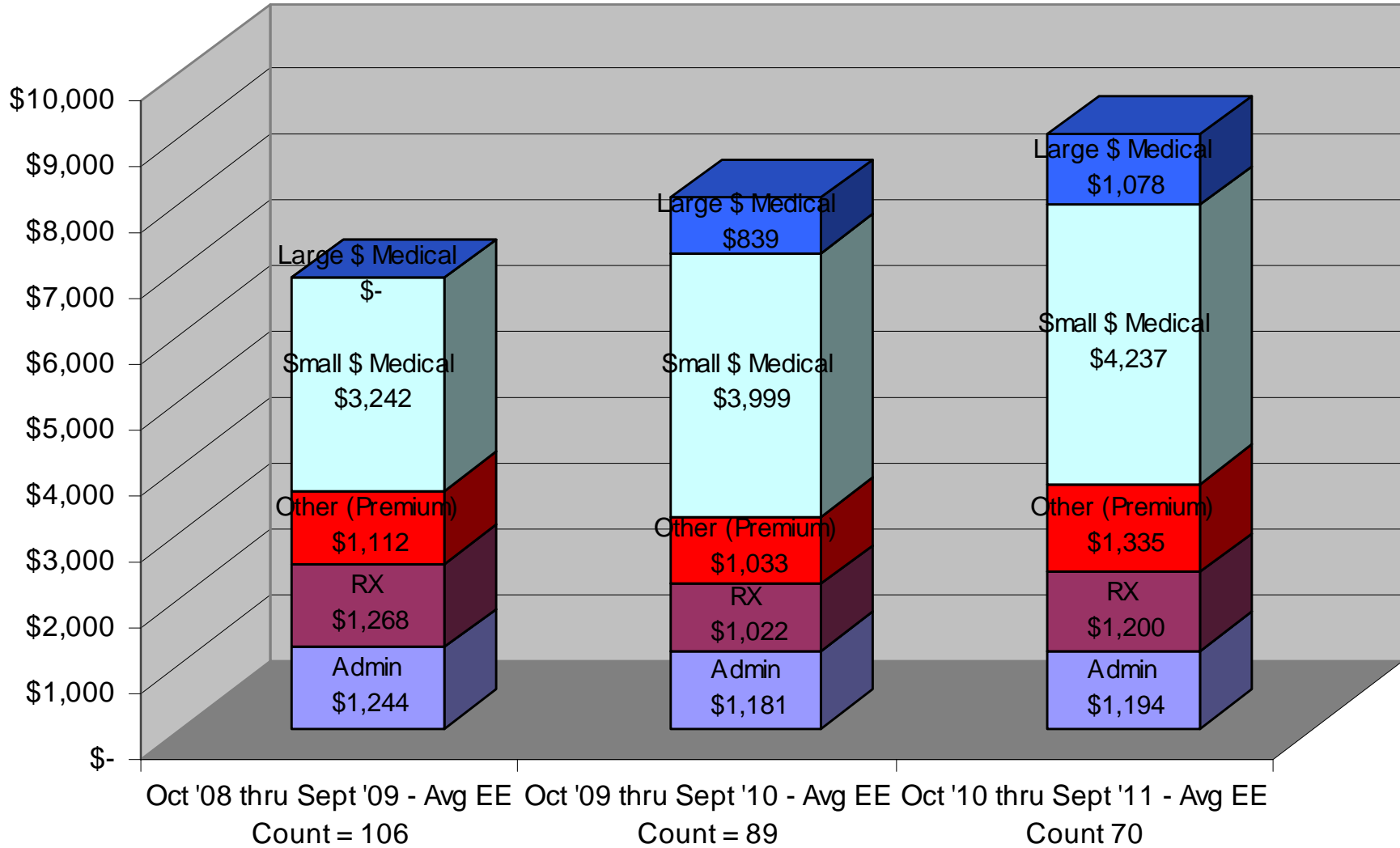
Low Frequency, High Cost  
Medical Services

## Total Annual Cost Per Expense Category



Admin
  RX
  Other (Premium)
  Small \$ Medical
  Large \$ Medical

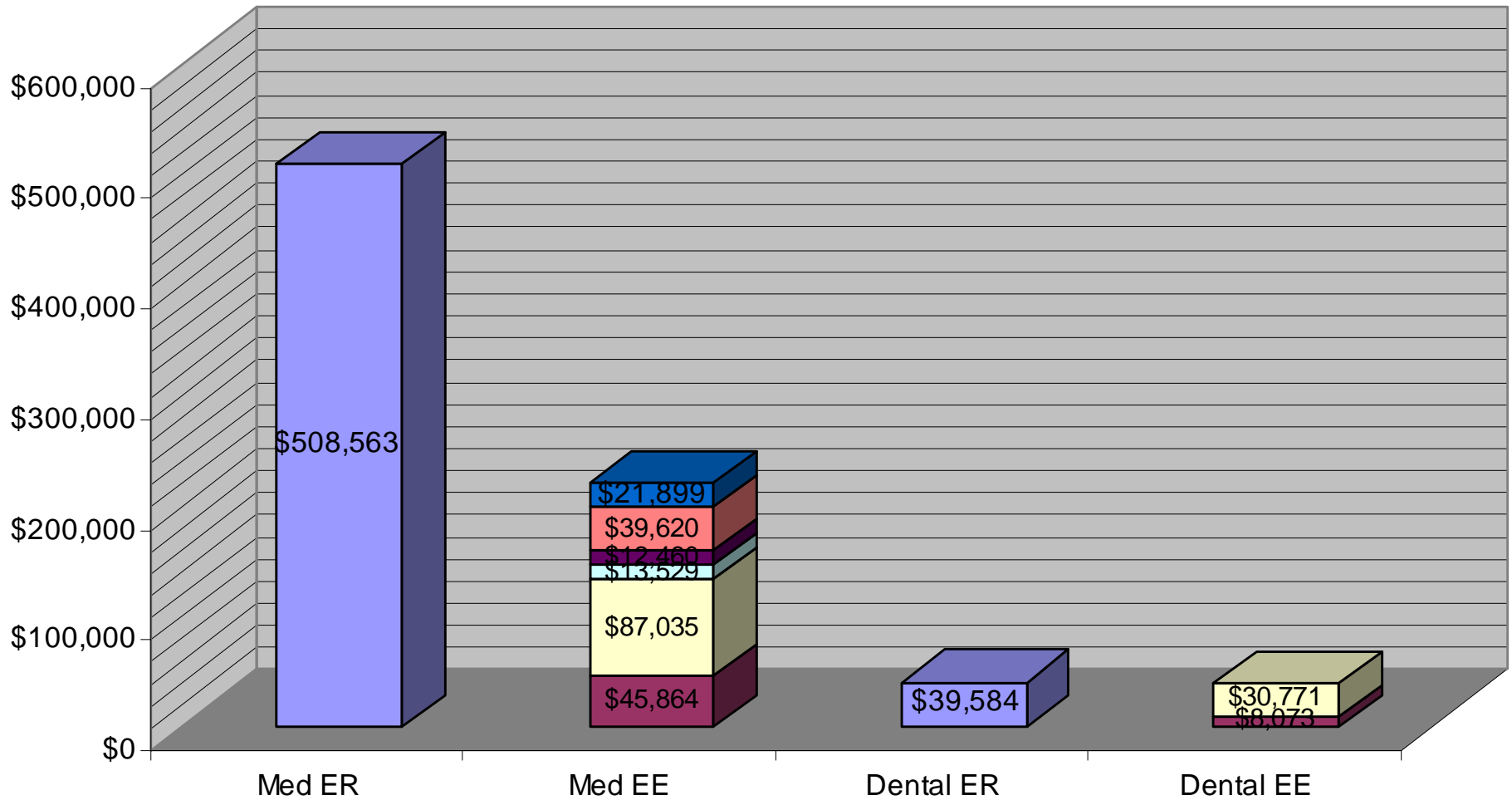
## Average Annual EE Cost Per Expense Category



Admin
  RX
  Other (Premium)
  Small \$ Medical
  Large \$ Medical

## Annualized Cost By Funding Source

**Total Program Cost - \$807,398 - Medical \$728,970 - Dental \$78,428**



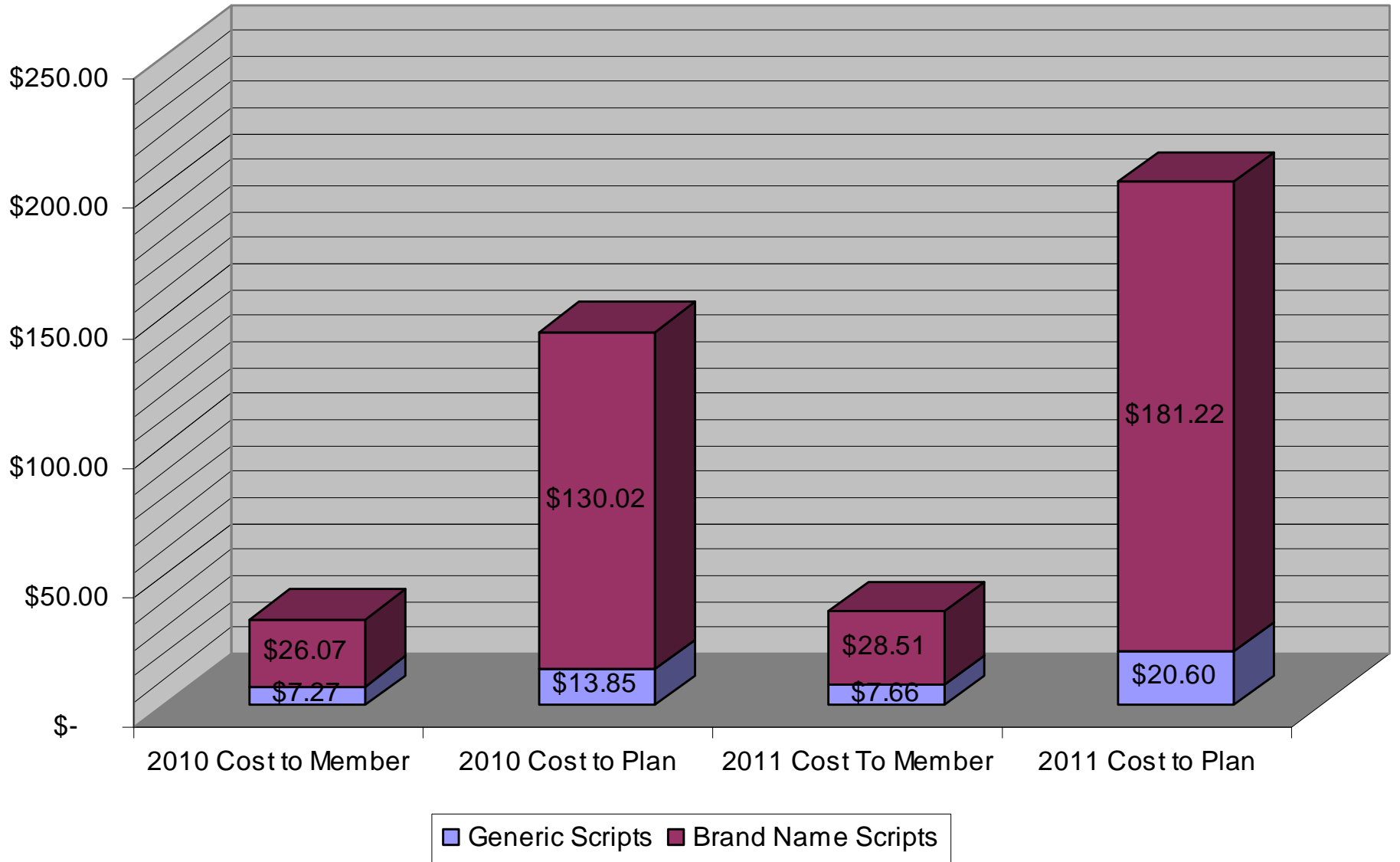
- |  |   |  |  |
|--|---|--|--|
| <span style="color: blue;">■</span> Microwave Networks | <span style="color: maroon;">■</span> EE Share Core | <span style="color: yellow;">■</span> EE Share Premium | <span style="color: lightblue;">■</span> Pharmacy Copays |
| <span style="color: purple;">■</span> Medical Copays   | <span style="color: red;">■</span> Deductibles      | <span style="color: darkblue;">■</span> Coinsurance    |  |

# Pharmacy Performance

	2010	2011
Generic Scripts	767	635
Brand Scripts	552	375
Generic Out of Pocket	\$ 5,575.50	\$ 4,864.00
Brand Out of Pocket	\$14,391.00	\$10,680.00
Generic Cost to Plan	\$10,612.50	\$13,076.00
Brand Cost to Plan	\$71,769.33	\$67,896.00



# Average Cost of RX Per Script



# Large Dollar Claimants

- Large Dollar Claimants are inconsistent.
- In a group like this you can have as few as 0 or as many as 10. We've seen each case.
  - Over 8 months of reports - In 2010, there were 2 large claimants over \$30k – 1 @\$65k and 1 @\$156k
  - Over 9 months of reports - In 2011, there was 1 large claimant over \$30k - \$261,795

# Small Dollar Claimants

- Small Dollar Claimants (Defined, in this case, as the routine behavior of claimants who have under \$30k in annualized expenses)
  - Generally more consistent and reliable in a population like this.
  - In 2010, 8 months of reporting showed \$183,133 in paid medical claims under \$30k. Annualized this number should be \$274,699.
  - In 2011, 9 months of reporting showed \$202,339 in paid medical claims under \$30k. Annualized this number should be \$269,785.

# Out of Pocket - Year to Year

- For claimants under \$30k, the average amount paid per claimant **is up from \$1,205 in 2010 to \$1,521 in 2011. That number is up 26%.**
- The average out of pocket in 2010 was \$283. In 2011 the average out of pocket is \$414. **Up 46% overall.**
- In 2010, no claimant had more than \$4,000 out of pocket. In 2011, 3 claimants had more than \$4000, representing \$15,369 in out of pocket expenses. 2 unique claimants in 2011, had more than \$5,000 in out of pocket expenses
- In 2010, those with EE only coverage paid \$21k in out of pocket, Those with families paid \$21k in out of pocket. In 2011, those with EE only coverage paid \$29k and those with families paid \$26k.

# Claims Management

- In PY 2010, Inpatient comprised, \$328,588 annualized. In PY 2011, 1 large claimant represented \$208k (Sept), annualized the rest of the case was \$120k.
- In PY 2010, Outpatient comprised \$106k annualized, in PY 2011, \$52k.
- In PY 2010, Professional Expenses represented \$192k, in 2011, \$169k
  - Current Vendor(redacted) does NOT manage costs under your \$75,000 aggregate attachment point. That is not their money and they do not protect YOUR money. They will, however under some circumstances protect THEIR money for claimants above \$75k.
  - TPA's open case management based on trigger diagnoses. Not amount paid.
  - There is no provision in your ASO agreement to recover overpayments and credit balances for overpayments.
  - Current Vendor(redacted) will not report on the amount of fraud they have found. Finding medical fraud may force a provider out of the network. Only in rare cases are they willing to drive a provider out of the network.
  - In your ASO agreement there is no challenge to allowed amount. No challenge, simply auto adjudicate.

Current Vendor(redacted) Has Not Done Case Management

Current Vendor(redacted) Has not Done Wellness

Current Vendor(redacted) Has Not Done Utilization Education

# Run Out Calculations

- Current Vendor(redacted) Charges 3 months of Administration and Run Out Fees
  - The average enrollment of the last 3 policy period months is 63 (at this point in time)
  - Run Off Admin is \$38. \$2394 per month or \$7182 for 3 months
  - Run Off Claim Maximum Liability is \$353.05. \$22,242/month or \$66,726.
  - Total of \$24,636/month or \$73,908 for 3 months

The last 3 months of actual non-pooled medical and RX claims are \$149,359.