

# G03 - Health Insurance Program Strategies for Michigan K-12 Schools

April 25, 2024



**Gallagher**

Insurance | Risk Management | Consulting

# Today's Speakers



**Scott Sawyer, JD**

Deputy Superintendent  
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Market Leader, Michigan Public Sector  
Gallagher Benefit Services, Inc.

# Agenda

**1** Current state of the Michigan health insurance market

**2** Health insurance funding strategies and savings opportunities

**3** Trends in the pharmaceutical industry

**4** Legislation

**5** Communication and Education

**6** Driving program cost and operational efficiency

**7** Q & A



# Current State of the Michigan Health Insurance Market

# BCBS/BCN

## Underwriting

January 2024 Trends					
	Cross	Shield	Rx	Dental	Vision
BCBSM	4.2%	5.3%	13.6%	2.1%	2.1%
BCN	6.0%	5.6%	13.0%	2.1%	2.1%

2023 Calendar Year				
<b>In-force Medical groups*</b>	<b>23,804</b>			
In-force Medical PPO groups	17,059			
In-force Medical HMO groups	11,324			
<b>Active School Groups**</b>	<b>264</b>	1.1%	of total in-force medical groups	
Active Fully Insured School Groups	223	0.9%	of total in-force fully insured medical groups	
Active Self Funded School Groups	41	5.5%	of total in-force self funded medical groups	

\*Total in-force medical groups will not tie to the sum of in-force PPO and in-force HMO due to the presence of dual rated groups

\*\*School groups contain both private and public schools

# BCBSM has a robust portfolio of solutions that is continually evaluated for enhancement and market innovation

## Market Solutions Portfolio



### WELL-BEING

- Base, Plus well-being
- Well-being add-ons
- Virtual well-being
- Preventive screenings
- Resilience



### CARE NAVIGATION/ ADVOCACY

- Blue Cross Coordinated Care<sup>SM</sup>:
  - Core
  - Enhanced
  - Advocate
  - Advocate+
- Travel concierge
- Treatment Decision Support (EMO)



### NETWORK STEERAGE

- Blue Cross Rewards (Base)
- Specialty Care Rewards (BDC/BDC+ specialty areas)
- High-Performance and Select Networks



### CARE DELIVERY/ ACCESS

- Virtual Care
- Virtual Primary Care - PPO
- BCN Virtual Primary Care HMO
- Employer-sponsored on-site clinics



### PRECISION MEDICINE

- Blue Cross Personalized Medicine<sup>SM</sup>



### COST CONTAINMENT

- Consumer-directed healthcare:
  - FSA
  - HRA
  - HSA
- Payment integrity enhanced services

## Condition Specific Solutions



### DIABETES CARE

- Diabetes Management Program
- Diabetes Remission Program (Pilot)



### HYPERTENSION

- Hypertension Management Program



### LIFESTYLE MANAGEMENT

- Diabetes Prevention Program
- Weight Management Program



### FAMILY-BUILDING & WOMEN'S HEALTH

- Family-building program
- Maternity program
- Parenting & Pediatrics program
- Menopause program



### CANCER CARE

- Cancer Support program
- Oncology value management

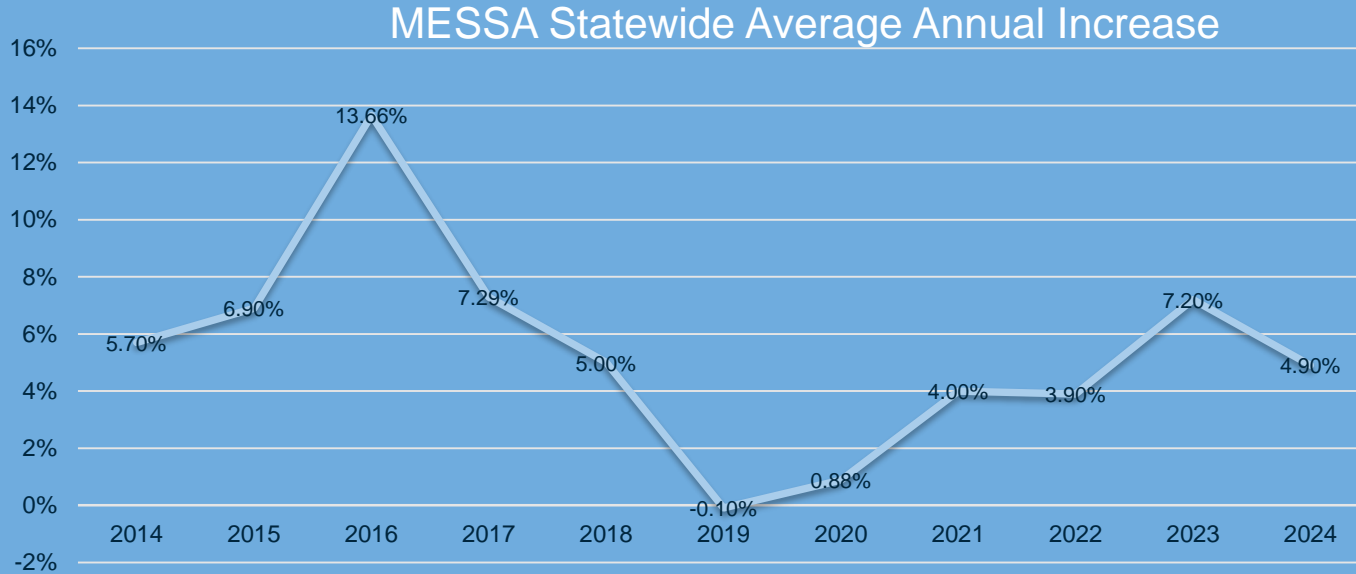


### MUSCULOSKELETAL CONDITIONS

- Spine and Joint Care program:
  - Clinical guidance with Blue Cross Rewards
  - COE designation



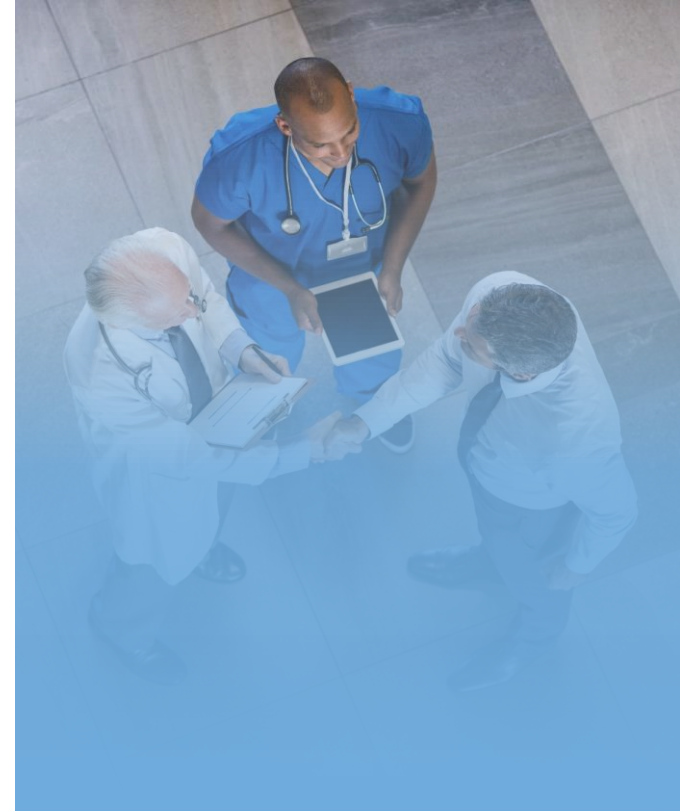
## MESSA Medical Renewal History



Notes: Renewal increase is based on premiums only. It does not include subsidies for taxes and fees.  
January 2018 is not reflected in the chart above. MESSA moved to a January plan year in 2018, which resulted in a 0% increase from the prior July 2017 renewal.

# MESSA

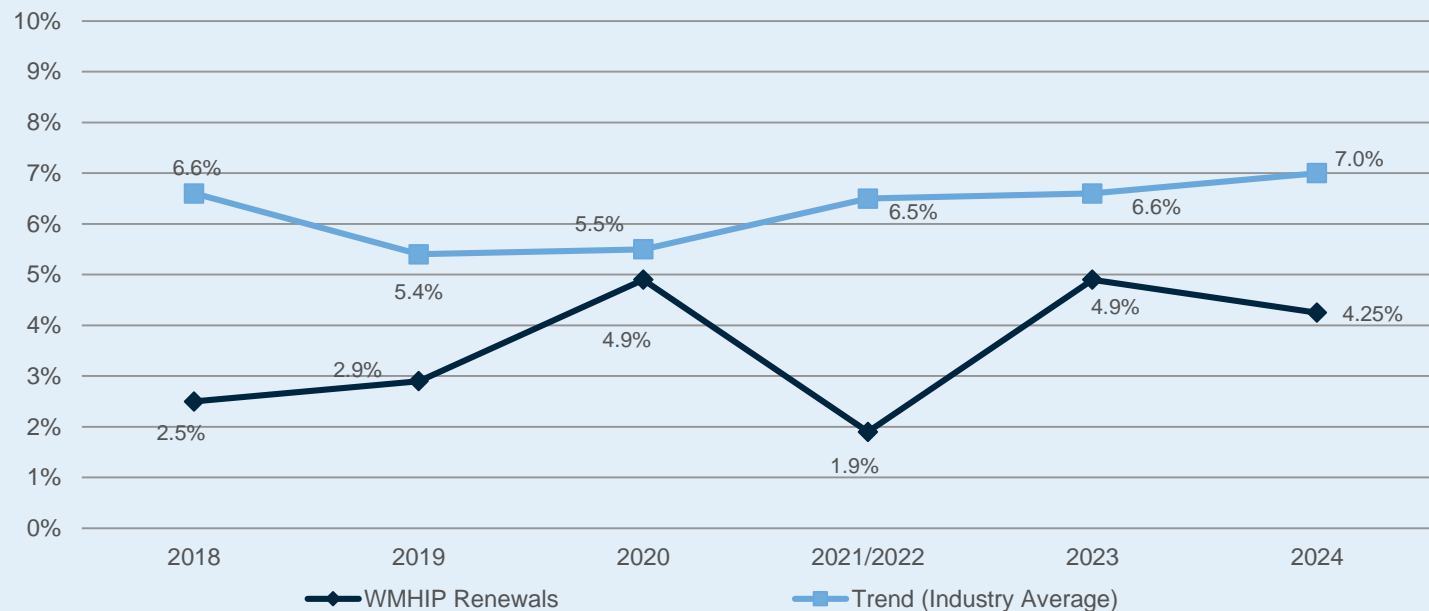
- New Balance+ offering
- Livongo/Omada – diabetes, weight and hypertension management
- Ovia – reproductive health, family building, pregnancy and parenting resource
- myStrength – stress, depression, sleep, etc.
- MyStress –resilience and stress management
- Free identity protection
- Voluntary/worksite benefit offerings
- MyMESSA app





# The Pool

## Medical Renewal History for The Pool



# The Pool

- Livongo/Omada/Virta - diabetes management/reversal
- Omada – chronic condition management
- Pregnancy assist – family building and maternity support
- myStrength – stress, depression, sleep, etc.
- Hinge Health – virtual PT
- 2ndMD – second opinion service
- Hearing coverage
- Voluntary/worksites benefit offerings



- 2<sup>nd</sup> largest health insurance carrier in Michigan with over 1.3 million total members
  - Largest integrated carrier in the state
- Nearly 600,000 commercial members
- School book of business
  - 96 Schools
  - 56 public schools/colleges
    - NOTE: The Pool is one of those 56
- Parent company – Corewell Health – is the largest employer in Michigan, and one of the largest hospital systems nationwide



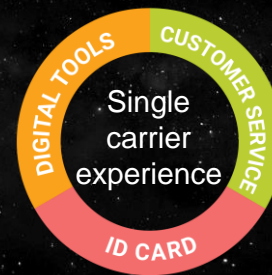
+



**One of the strongest  
networks in Michigan**

Includes all major hospital systems.

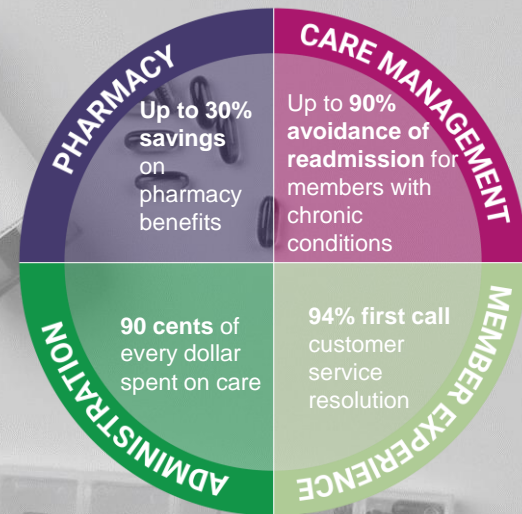
**1 million**  
providers  
nationwide<sup>3</sup>



**Statewide, worldwide, coverage. If your employees live work or travel this state, this planet — this dimension — they're covered.**

- **Member centric, integrated approach**
- **Cost**
  - Industry leading cost-containment strategies: aggressive formulary management, care management, value-based care arrangements, and more
  - Competitive FF premiums, due in part to target loss ratio of 90% vs. industry standard of 85%
  - ASO – all inclusive admin fee
  - ASO – operate own Stop Loss pool, with aggressive and stable rates
  - Reliable renewals, outpacing national trend

	2024 Q3	2024 Q4	2025
Medical	6.30%	6.43%	6.57%
Rx	12.31%	12.60%	12.90%



**Member focused,  
cost conscious.**

# A happier way to healthcare.

Healthcare is complicated and confusing. SimplePay Health changes that. SimplePay delivers a different healthcare experience — one that is streamlined and simplified so members save time and money

## Lower-cost care

Tiered providers and aligned copays encourage shopping on price as well as quality

## Savings

10% - 20% average plan savings

## Broad network

No need to narrow the network because tiered providers and aligned copays encourage members to access top quality and low-cost providers

## Price assurance

No up-front-out-of-pocket costs, just one succinct monthly statement for the price shown

## Simplified user interface

Drives higher engagement

## Integrated health and wellbeing benefits

All employee benefits in one convenient location

## A plan that leaves other plans behind

### Quality Analytics

Providers are ranked based on new understandings for quality and efficiency

### Plan design

Participants know their cost for all covered services

### Monthly statement

Provider bills and EOB insurance forms eliminated

### Zero % OOP financing

Line of credit for all participants to support financial wellbeing

### App driven

Sleek member experienced powered by Virgin Pulse

### Concierge support

Customer service replaced with a personal concierge support

### Enhanced care management

Ultra high-touch clinical support with a team of nurses and doctors

### HDHP / HSA capabilities

Ability to leverage tax favorable benefits

## Member journey

### Price certainty



Use app, web or phone to search for provider



Select based on cost and quality

### No bills or EOBs



Present ID card, owes \$0 upon visit

### Health and wellbeing suite



Receive one statement for the same price selected

### Robust integrated health and wellbeing from Virgin Pulse Zero % financing



Pay just like any other bill

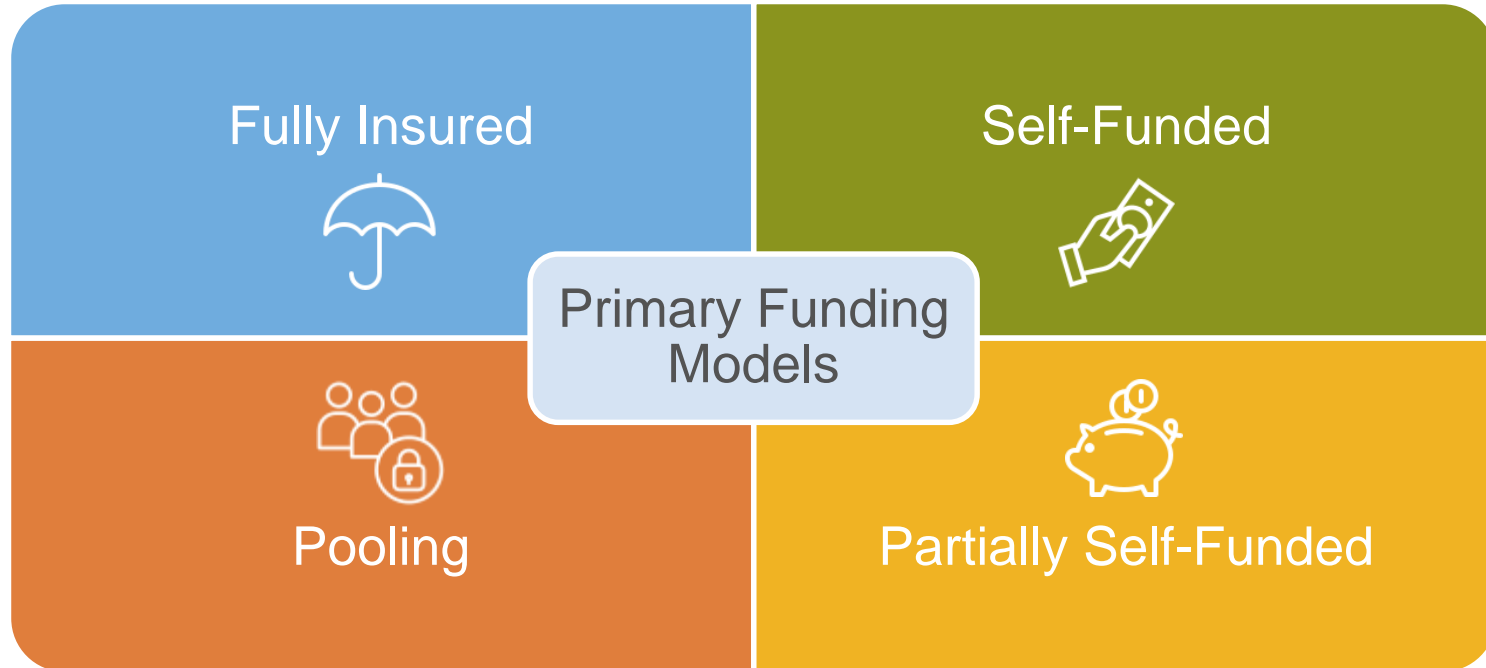
# Health Insurance Funding Strategies and Savings Opportunities





# Funding Overview

Four primary funding models used by Michigan public schools

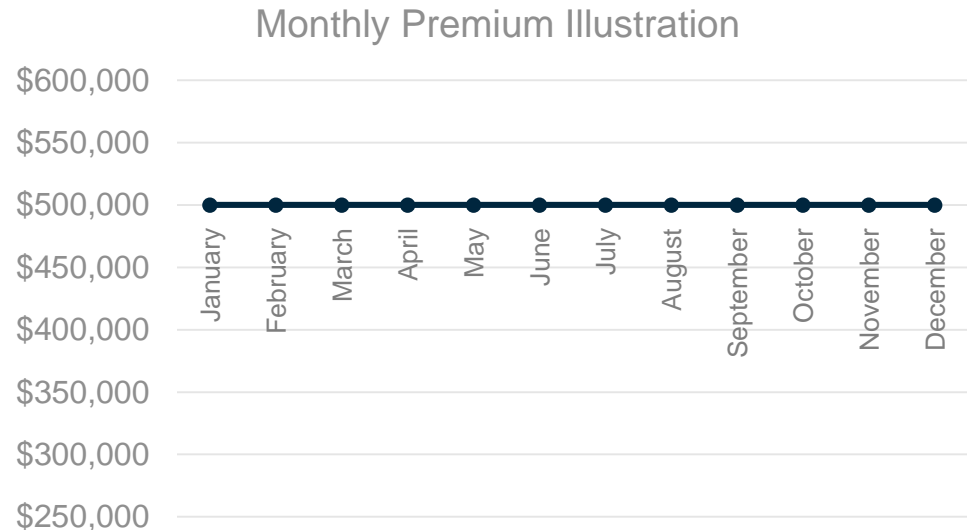


# Funding Overview

## Fully Insured

- Established single, two person and family rate for each plan offered
- Rates generally guaranteed for 12 months
- District pays the same rates for 12 months whether enrollees use more care than expected or less
- Claim data may or may not be considered when establishing rates (discussed later)

Enrollment Type <sup>8</sup>	Monthly Rate	Enrollment	Total Monthly Premium
Single	\$600	100	\$60,000
Two Person	\$1,200	75	\$90,000
Family	\$1,750	200	\$350,000
TOTAL MONTHLY PREMIUM			\$500,000



Assumes consistent enrollment all year for illustrative purposes

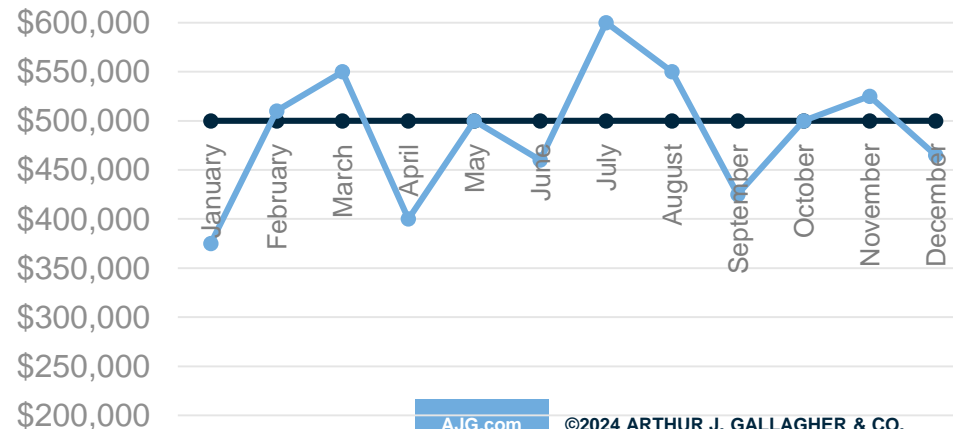
# Funding Overview

## Self Funded

- District pays for the cost of products and services as they are used by enrollees
- Rates are established based on projected costs expected for the 12 month plan year and are not guaranteed
- District pays more if enrollees use more care than expected and pays less if enrollees use less care than expected
- Insurance retained by district to protect against catastrophic losses called stop loss insurance

Cost Components	Monthly Rate	Enrollment	Total Monthly Projected Cost
Administrative Fee	\$75.00	375	\$28,125
Stoploss Insurance	\$125.00	375	\$46,875
Projected Claims	\$1,133.33	375	\$425,000
TOTAL			\$500,000

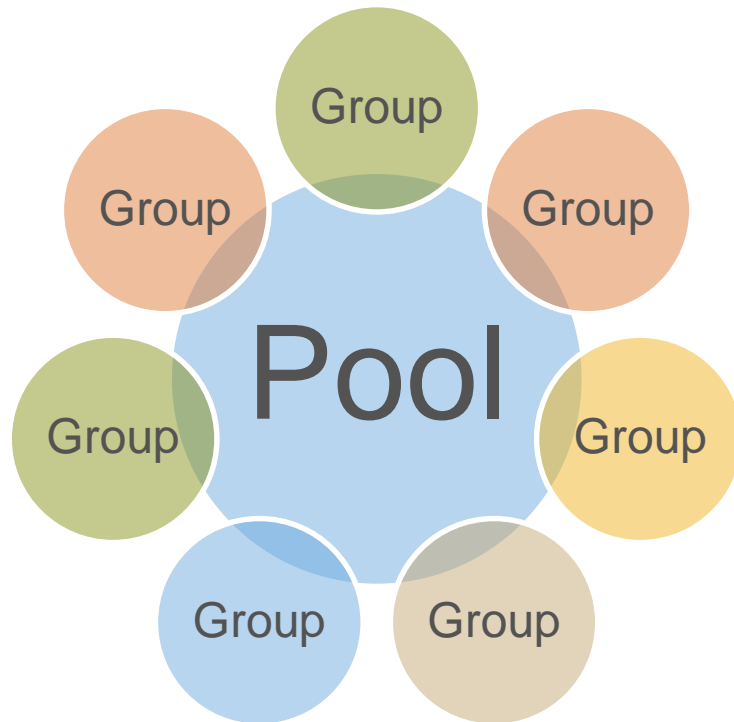
Monthly Projected vs. Actual Cost Illustration



# Funding Overview

## Pooling (example arrangement based on the Western Michigan Health Insurance Pool)

- Sharing claim risk with other employers and taking advantage of collective buying power
- Established single, two person and family rate for each plan offered
- Rates guaranteed for 12 months
- District pays the same rates for 12 months whether enrollees use more care than expected or less
- Pool members make program decisions with a view toward providing high quality coverage at a reasonable and stable cost



# Basic Cost Avoidance Considerations

## Utilization vs Cost



Are you paying what you should?



How do your benefit levels benchmark against similarly situated groups?



How is your next renewal shaping up?

# Basic Cost Avoidance Considerations

## Leveraging Data | Prevalence and Cost Stratification High Claim

### High Cost Claimants

#### SECTION IV: Interventions

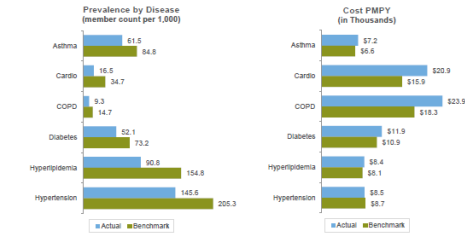
ABC Company Demo (12/31/20xx) Page 15

#### Case Management Opportunities: Group A Members Predicted Paid Cost > \$25,000

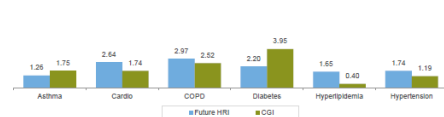
Full-Year Members	485	% Employee	50.3%	Future HRI	8.4
Average Age	46.5	% Spouse	37.7%	CGI	2.4
% Male	51.8%	% Dependent	12.0%		

<b>Claimant 1</b>	Future HRI	29	Total Paid	\$166,430	Top Diag
	CGI	6	Predicted Cost	\$164,294	Comorbidity
<b>Claimant 2</b>	Future HRI	26	Total Paid	\$96,943	Top Diag
	CGI	3	Predicted Cost	\$146,855	Comorbidity
<b>Claimant 3</b>	Future HRI	26	Total Paid	\$120,545	Top Diag
	CGI	8	Predicted Cost	\$146,855	Comorbidity
<b>Claimant 4</b>	Future HRI	26	Total Paid	\$28,308	Top Diag
	CGI	2	Predicted Cost	\$146,199	Comorbidity
<b>Claimant 5</b>	Future HRI	26	Total Paid	\$136,295	Top Diag
	CGI	0	Predicted Cost	\$146,199	Comorbidity
<b>Claimant 6</b>	Future HRI	26	Total Paid	\$153,655	Top Diag
	CGI	0	Predicted Cost	\$146,199	Comorbidity
<b>Claimant 7</b>	Future HRI	26	Total Paid	\$68,396	Top Diag
	CGI	1	Predicted Cost	\$146,199	Comorbidity
<b>Claimant 8</b>	Future HRI	26	Total Paid	\$163,973	Top Diag
	CGI	0	Predicted Cost	\$146,199	Comorbidity
<b>Claimant 9</b>	Future HRI	26	Total Paid	\$11,878	Top Diag
	CGI	1	Predicted Cost	\$146,199	Comorbidity
<b>Claimant 10</b>	Future HRI	24	Total Paid	\$216,696	Top Diag
	CGI	18	Predicted Cost	\$130,896	Comorbidity
<b>Claimant 11</b>	Future HRI	24	Total Paid	\$98,183	Top Diag
	CGI	8	Predicted Cost	\$138,597	Comorbidity
<b>Claimant 12</b>	Future HRI	24	Total Paid	\$52,300	Top Diag
	CGI	0	Predicted Cost	\$138,596	Comorbidity
<b>Claimant 13</b>	Future HRI	24	Total Paid	\$10,251	Top Diag
	CGI	7	Predicted Cost	\$138,744	Comorbidity
<b>Claimant 14</b>	Future HRI	22	Total Paid	\$72,424	Top Diag
	CGI	11	Predicted Cost	\$127,725	Comorbidity

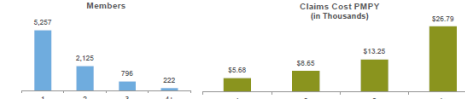
#### SECTION IV: Interventions Disease Management Opportunities: Chronic Disease - General Population Full-Year Members Only



Quality & Risk



Comorbidity Summary



Note: Comorbidity Summary is stratified by how many of the top six chronic diseases (Asthma, Coronary Artery Disease (CAD), Chronic Obstructive Pulmonary Disorder (COPD), Diabetes, Hypertension and Hypertension) each member has in the current reporting period.

### Prevalent conditions

SECTION IV: Interventions ABC Company Demo (12/31/20xx) Page 14

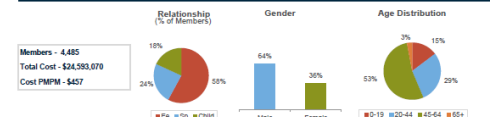
#### Disease Management Opportunities: Group B1 - Higher Risk Class

Where There is Risk - Claims Will Follow

Predicted Cost ≤ \$25,000 At Least One Chronic Condition Care Gap Index ≥ 2.0

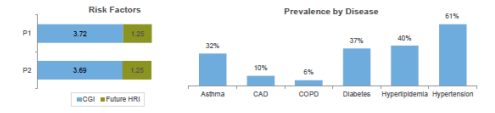
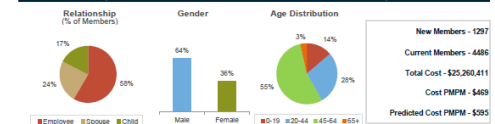
Note: Full-Year Members only

#### Review of Last Year's Class (Incurred 1/1/20xx to 12/31/20xx Paid End 12/31/20xx)



CURRENT STATUS	Termed No Longer on Plan	Became Members of Group A > \$25,000 Predicted	Lower Future HRI or CGI Removed from Class	Still Remaining in Class
	206 \$491 PMFY	127 \$1,699 PMFY	963 \$330 PMFY	3,189 \$444 PMFY, \$508 Predicted

#### The New Class (Incurred 1/1/20xx to 12/31/20xx Paid End 12/31/20xx)



Note: Denominator for percentages is Full-Year Members not the entire population.



# Basic Cost Avoidance Considerations

## Leveraging Data | Preventive Care Utilization and Risk Factors

### SECTION II: Executive Overview

ABC Company Demo (12-31-20xx) Page 8

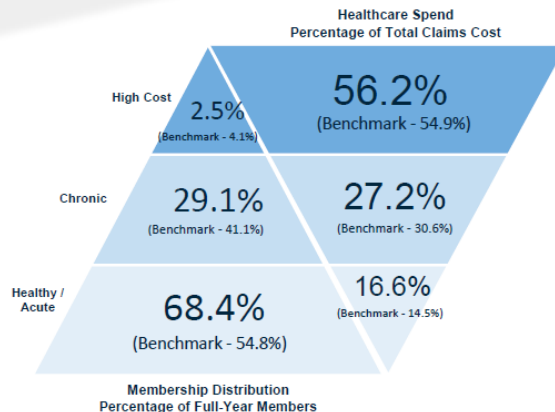
#### Utilization

Office Visit Utilization					
Total Office Visits*	Per 1000	3,825.1	3,854.3	-0.8%	
Primary Care Office Visits	Per 1000	960.6	1,043.6	-8.0%	
Specialty Office Visits	Per 1000	1,200.5	1,244.7	-3.6%	
Preventive Office Visits	Per 1000	1,286.8	1,139.8	12.9%	✓
Consultations	Per 1000	54.1	110.5	-51.1%	✓
Behavioral Health Office Visits	Per 1000	323.2	315.6	2.4%	

Imaging Utilization					
CT Scan	Per 1000	60.2	70.6	-14.8%	✓
MRI Scan	Per 1000	40.1	63.6	-37.1%	✓
Pharmacy Utilization					
Pharmacy Scripts	Per 1000	5,730.3	9,476.7	-39.5%	✓
Pharmacy Scripts (Generic)	Per 1000	5,091.3	7,947.0	-36.3%	✓
Pharmacy Scripts (Branded)	Per 1000	531.5	1,529.7	-65.3%	✓
Pharmacy Scripts Mail Order	Per 1000	6.3	-	-	✓
% Generic Drugs	Per 1000	90.8	-	-	✓
Office Visit Utilization					
Total Office Visits*	Per 1000	3,825.1	3,854.3	-0.8%	
Primary Care Office Visits	Per 1000	960.6	1,043.6	-8.0%	
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Consultations	Per 1000	54.1	110.5	-51.1%	✓
Behavioral Health Office Visits	Per 1000	323.2	315.6	2.4%	
Other Utilization					
Chiropractic Visits	Per 1000	303.5	413.5	-26.8%	✓
Physical Therapy	Per 1000	1,104.2	1,297.5	-14.9%	✓
Maternity Inpatient Days	Per 1000	21.5	16.3	31.9%	✓
Dialysis Treatment Days	Per 1000	26.8	30.3	-11.7%	✓
Transplant Days	Per 1000	0.6	1.8	-64.6%	✓

Note: \* Indicates relation to benchmark is worse by 10%. ✓ indicates Relation to benchmark is better by 10%.

\* Urgent Care Visits fall under Specialty Office Visits



### Wellness Opportunities: Preventive Care Gaps

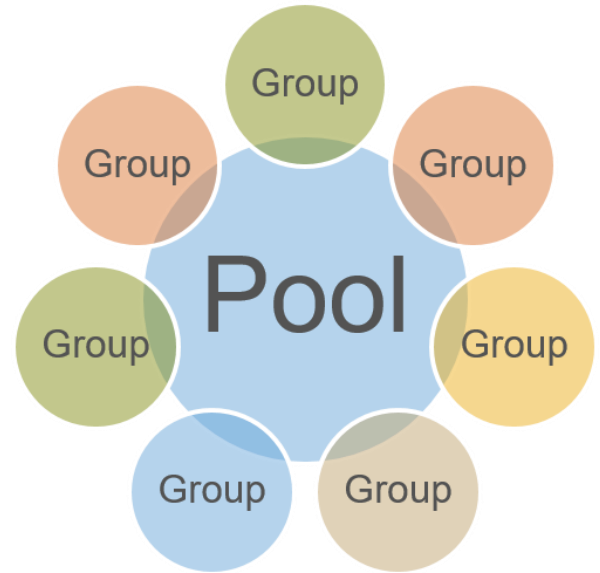
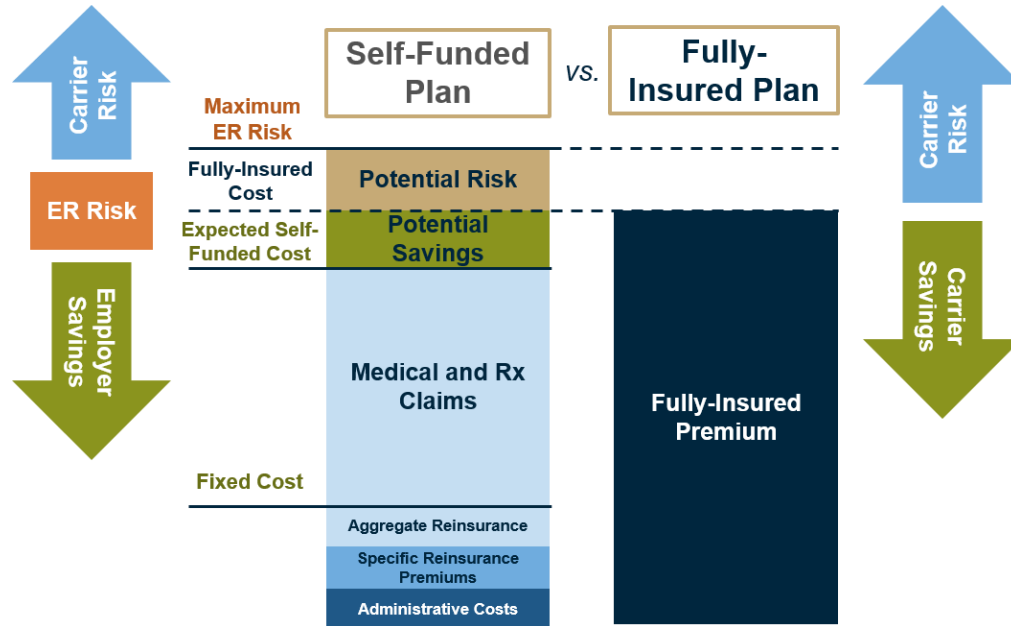
Full-Year Members only

Condition	Description	Members with Gap	0%	20%	Actual 40%	Norm 60%	80%	100%
All Individuals	Patients without long office visit in the last 12 months.	14770			43%	48%		
>=50 years old	Patients without any colorectal cancer screening in the last 24 months.	4206			70%	84%		
Women >20 y/o	Women without pap smear in the last two years.	8203			76%	71%		
Women >=40 y/o	Women without mammogram in last 12 months.	1587			55%	51%		
Men >50 years old	Men without PSA level in the last 2 years (controversial test).	3123			72%	75%		
Women between 40 and 49 y/o	Women without mammogram in the last 2 years.	1470			56%	50%		
Patients taking either SSRIs/Bupropion/Effexor/Cymbalta and Neurontin in the last 6 months.	Patients without an office visit in the last 6 months.	409			17%	15%		

Note: Preventive Office Visits are 12.9% above norm.

# Basic Cost Avoidance Considerations

## Evaluating Marketplace Alternatives | Funding Approaches



# Basic Cost Avoidance Considerations

## Evaluating Marketplace Alternatives

### Plan Design Alternatives

#### Deductible

The amount you must pay out of pocket for covered expenses before the insurance company will cover the remaining costs.



#### Coinsurance

The percentage of costs you pay after you have met your deductible.



#### Copays

Set rate you pay for prescriptions, doctor visits and other types of care. Copays do not count towards your deductible.



### Network Alternatives

#### HMO

- PCP required
- Specialist referrals required
- Low/no deductibles
- Low copays

#### PPO

- Larger network
- Access to network specialists
- Co-insurance paid after deductible

#### EPO

- No PCP required
- Access to network specialists
- Low/no deductibles/copays
- HMO feel/PPO access

# Advanced Cost Avoidance Considerations

Evaluating Marketplace Alternatives | Innovative Strategies

Medical Benefit Strategies

Digital health

Virtual primary care

Care navigation with data transparency

Stop loss captives

Mental health vendor partners

Discount analysis

On site/near site clinics



# Case Study

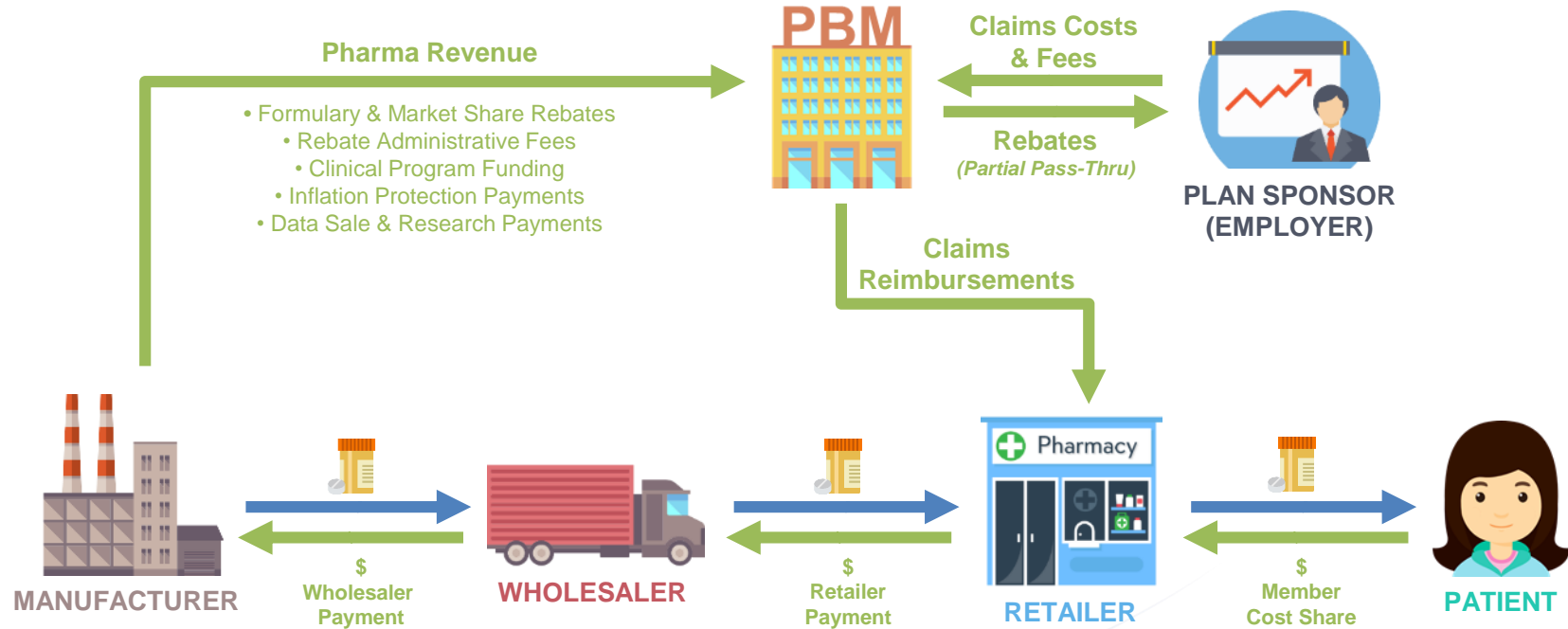
## Health Insurance Program Rebuild

Background / Business Challenge	Approach / Solutions	Results Achieved
<ul style="list-style-type: none"><li>• Client had a disjointed Medical/Rx program; with a leased network</li><li>• Service issues were the norm</li><li>• Employees had problems efficiently accessing care and getting their claims paid</li></ul>	<ul style="list-style-type: none"><li>• Evaluate the marketplace to find a streamlined solution</li><li>• Keep plan design as is, but enhance network options</li></ul>	<ul style="list-style-type: none"><li>• Moved to an integrated program with a single administrator</li><li>• Enhanced the participant experience by simplifying access to care</li><li>• Eliminated service issues</li><li>• Long-term financial stability (total projected cost increase of 3.5% over a 2-year period)</li></ul>

# Trends in the Pharmaceutical Industry



# Rx Ecosystem



# General Pharmacy Terms

## Average Wholesale Price [AWP]

An industry benchmark used to estimate the cost of a drug. AWP was reportedly created in the 1960s by the California Medicaid program as a means by which to standardize a basis for the pharmaceutical cost component of pharmacy reimbursement. Historically, AWP was the generally accepted drug payment benchmark for many payers because it was readily available. However, AWP is now thought of as a "sticker price," in that it rarely if ever reflects the average wholesale price actually paid after discounts have been subtracted. Payers base reimbursement on discount off of AWP for drugs.

## Discounts

The reduction of cost of the baseline or benchmark price of a drug. The standard industry benchmark for discount evaluation is currently AWP.

## Ingredient Cost

The actual cost of prescription drug claims.

## Rebates

Broadly defined as a discount that occurs following a purchase wherein the manufacturer of the product returns some of the money that was paid for the product to the purchaser. When drugs are purchased by a managed care organization (MCO), a rebate is determined based upon volume, market share and other parameters. Rebates are provided by a pharmaceutical manufacturer to MCOs, including health plans, pharmacy benefit managers (PBMs) or other type of MCOs.

## Drug Type

Brand/Generic/Specialty. These drug type names are used to determine the appropriate discount and rebate that should be applied according to the PBM contract.

## Drug Channel

Mail order and Retail. This is the method in which the drug is dispensed.

# Pharmacy Hot Topics

Legislative  
Activity

Contracting  
Optics &  
Caveats

Pass-  
through  
Pricing

GPO's

Formulary  
Design

Insulin  
Pricing  
Changes

Gene &  
Cell  
Therapy

Discounts  
Card  
Programs

Alternative  
Funding

★  
Weight  
Suppression  
Meds

Hours  
8am – 6pm

Clinical  
Programs

**Green:** Contracting issues; **Blue:** Strategic considerations



# GLP-1s, why all the fuss?

## The good...

- Highly effective
- Tolerable side effects
- High media attention
- Positive impact to other related chronic conditions

## The bad...

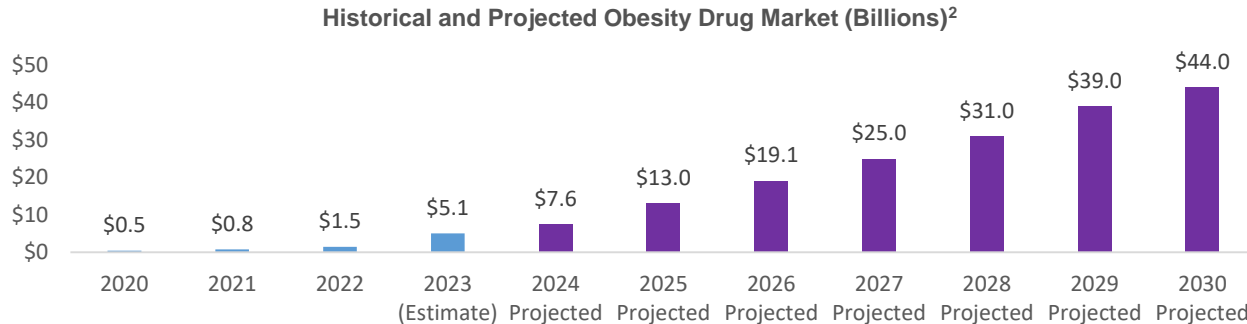
- Costly drug
- High consumer demand
- Some not approved for obesity
- High off-label use impacting supply issues
- When drug is stopped, weight is regained unless lifestyle changes occur

	Saxenda	Wegovy	Ozempic	Mounjaro
Active Ingredient	liraglutide	semaglutide	semaglutide	tirzepatide
Annual Cost	\$19,696	\$21,045	\$10,704	\$12,276
Route	Self-Administered injection	Self-Administered injection	Self-Administered injection	Self-Administered injection
Dose Timing	Daily	Weekly	Weekly	Weekly
FDA Approval	Obesity	Obesity	Type II Diabetes	Type II Diabetes; Obesity, pending
Mean % weight loss	5.4% - 7.4%	9.6% - 16%	5-10%	Up to 20%

# Emergence of Weight Loss GLP-1's

## History and Present State of GLP-1 Market

- The prevalence of obesity in the U.S. has grown from 30.5% over 1999–2000 to 41.9% over 2017–2020<sup>1</sup>. Historically weight loss medications have not been both effective and safe and medical obesity treatments were typically surgical. However, advances in GLP-1 drugs, traditionally a diabetic treatment, have recently proven effective in weight loss management. As a result, the market for these drugs both for diabetes and weight loss has exploded in recent years.



### 2023 Employer Coverage Trends and Costs

**CVS:** ~67% of employers cover GLP-1's for weight loss

**Optum:** ~50% of employers cover GLP-1's for weight loss

**Prime:** ~39% of employers cover GLP-1's for weight loss

**\$1,350**

Average list price of Wegovy, most popular current weight loss GLP-1

**\$1,060**

Average list price of Zepbound, a recently approved weight loss GLP-1

Sources:

1) Centers for Disease Control and Prevention - National Health and Nutrition Examination Survey (NHANES) 2021

2) J.P Morgan, *The increase in appetite for obesity drugs*, November 2023

# Coverage of Weight Loss GLP's

## Spectrum of Employer Options



Multiple vendors offer employers a solution in which the vendor administer a carve-out GLP-1 weight loss drug plan. Members must enroll in a weight loss management program in order to receive GLP-1's for weight loss. This alternative to PBM coverage has some advantages:

### Removing PBM Incentives

PBM's incentive to overprescribe / not put appropriate PA's in place due to profit from spread pricing and rebates is replaced by prudent authorization of medication and ongoing monitoring for drug efficacy. Quantity limits can be set to 6 or 12 months to ensure constant efficacy evaluation

### Clinical Focus

Programs includes clinically-driven selection criteria, constant health coach + pharmacist engagement and tangible goals (achieving 5 – 10% weight loss in 3 months initially and ongoing checkpoints)



# Weight Suppression Medications

## Cost & Options

### Wegovy & Saxenda

- Decision Matrix:
  - Cover or do we not cover?
  - If we cover, should the Plan consider:
    - Adjust the member cost share?
    - Seek additional UM controls from MCO/PBM
    - Seek additional support from an external vendor such as Calibrate, Omada Health or Virta Health

### Common POV:

How do we utilize these meds as a tool ( as opposed to the solution) for helping people live a more healthy and productive life?



# Advanced Cost Avoidance Considerations

## Evaluating Marketplace Alternatives | Innovative Strategies

### Pharmacy Benefit Strategies

Patient assistance programs

Stop loss carve out for gene/cell therapy drugs

Third party expert opinion service

Boutique PBM

Pharmacogenomics



# Case Study

## Pharmacy

Background / Business Challenge	Approach / Solutions	Results Achieved
<ul style="list-style-type: none"><li>• First year of partnership with a large school district</li><li>• District in a cooperative purchasing arrangement</li><li>• Evaluated the Districts' pharmacy contract and conducted a procurement for Pharmacy Benefit Manager (PBM)</li><li>• Deliver cost savings/containment without creating participant disruption</li></ul>	<ul style="list-style-type: none"><li>• Go to market and secure offers from the incumbent and competing PBMs</li><li>• Perform forensic review of contract terms associated with each offer</li><li>• Negotiate best and final offers from leading respondents</li></ul>	<ul style="list-style-type: none"><li>• Secured group-specific PBM contract guarantees, for example:<ul style="list-style-type: none"><li>• Drug ingredient cost guarantees specific to scripts filled by the group</li><li>• Increased rebate share from 90% to 95%.</li><li>• PBM held accountable in each individual drug channel and delivery on each</li></ul></li><li>• \$2.65M in cost avoidance over a three-year period, related to:</li><li>• No impact to plan participants</li><li>• What stayed the same:<ul style="list-style-type: none"><li>• Copay structure</li><li>• List of approved drugs</li><li>• PBM partner</li></ul></li></ul>

# Benefits-related Legislation

# PA 152 Update

- Sustainability of hard cap increases versus health insurance cost increases
- Potential for legislative change
- Impacts of hard cap versus % cost share
- Potential options to explore

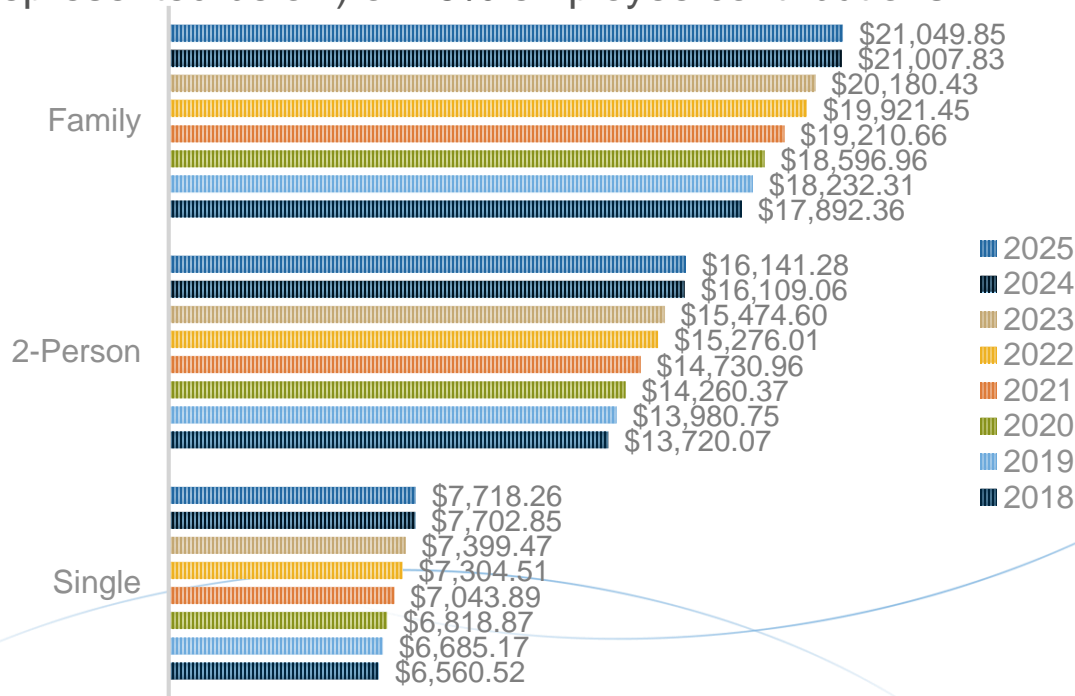




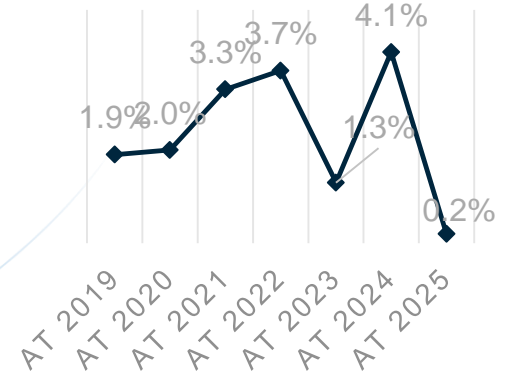
# Michigan Public Act 152

## Public Funded Health Insurance Contribution Act

Act requires public employers to comply by either implementing hard cap (default, represented below) or 20% employee contributions



## CAP INCREASE AT RENEWAL



Note: OCS has negotiated hard caps as outlined in the CBAs

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# Saginaw ISD



## Why Does Managing Your Plans Matter?

	Carrier	Deductible	Co-ins	Ee Share	Er HSA Contribution
Plan A	BCBS	500 / 1,000	80%	531 • 1,180 • 1,232	n/a
Plan B	BCBS	1,000 / 2,000	80%	0 • 0 • 0	n/a
Plan C*	BCBS	1,600 / 3,200	100%	0 • 0 • 0	18 • 0 • 250
Plan D*	BCBS	1,600 / 3,200	80%	0 • 0 • 0	477 • 938 • 1,490
Plan E*	BCN	1,600 / 3,200	80%	0 • 0 • 0	2,394 • 4,963 • 6,666
Plan X	BCBS	250 / 500	80%	1,081 • 2,334 • 2,716	n/a

\*Saginaw ISD funds up to the PA 152 Hard Cap into a qualified HSA



# Saginaw ISD

## Why Does Managing Your Plans Matter?

- Attraction / Retention
- Help Employees Become Better Consumers
  - Do they understand common terms
    - Deductible
    - Co-insurance
    - Co-pay
    - Hard Cap
    - Premium
  - Do they understand HDHP & HSA
  - Do they know how to cost mitigate
    - PCP vs. Urgent Care vs. Emergency
    - How to comparison shop services



# Saginaw ISD

## Why Does Managing Your Plans Matter?

- How many plans are you managing?
- Saginaw ISD
  - 4 Bargaining Units
  - 6 Health Insurance Plans
  - 1 Dental, 1 Vision, 1 Life, 1 LTD
  - 6 combinations of benefit plans
- Partner School District
  - 4 Bargaining Units
  - 75 employees
  - 24 combinations of benefit plans
- Can your team manage so many?
- Bargain for administrative efficiency
- What about my union?



# Potential Options to Explore

- 1 Have a partner in analyzing potential short and long-term impacts of scenarios
  - Cost to district/employee
  - Availability of real choice
  - Likely interest on the part of all parties in making engaged healthcare decisions in the future

- 2 Bargain carefully

- 3 Imagine a world without PA 152 and bargain accordingly

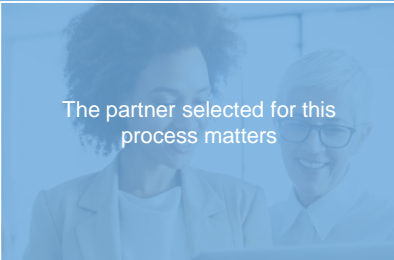
- 4 Seek to understand employee benefit preferences

# Public Act 106 (PA 106)


## Public Funded Health Insurance Contribution Act

Among other things, requires public employers procuring coverage or benefits to solicit proposals for medical, dental and vision coverage from a minimum of three insurance carriers and one VEBA every three years or whenever a plan change is made.


### Considerations

A photograph of two people, a woman and a man, smiling and looking at a laptop screen. The image is overlaid with a blue tint.

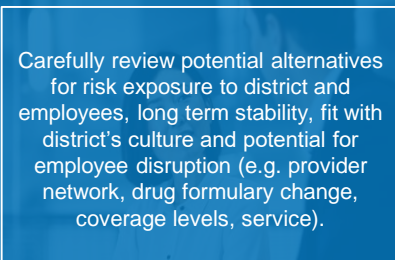
The partner selected for this process matters

A photograph of a man in a white shirt speaking, with a woman partially visible behind him. The image is overlaid with a green tint.

Use the tool to educate

A photograph of three people working together at a desk with laptops. The image is overlaid with an orange tint.

Assess current program and opportunities for greater understanding and more efficient utilization

A photograph of people in a meeting setting, with one person standing and presenting. The image is overlaid with a blue tint.

Carefully review potential alternatives for risk exposure to district and employees, long term stability, fit with district's culture and potential for employee disruption (e.g. provider network, drug formulary change, coverage levels, service).

# Communication and Education



# District Communications

## Educating Plan Participants

Creating a culture of collective, ongoing learning with union/non-union leadership



# District Benefits Communications Strategy

- Develop a calendar annually with key benefit communication topics
- Identify appropriate channels for communication (e.g. email, newsletters, flyers, posters, home mailers, etc.)
- Capitalize on events to communicate key messages
  - Open enrollment – open enrollment guides, voice over PowerPoints, group meetings, office hours
  - Employee onboarding – often can repurpose open enrollment materials
  - Back to school launch, PD, staff meetings or other events where workforce is together in one place



# Health Insurance Communications

Educating Plan Participants | Communicating regularly with employees

- 1 Relationship between understanding health status and managing it
- 2 Connection between utilization and cost
- 3 Where our health insurance dollars go
- 4 What options exist in the marketplace
- 5 What program change will involve for employees
- 6 Projected future state with no change vs. some change vs. significant change



# Broader Topics

## Creating a Culture of Wellbeing

1

Mental Health Resources and Carrier Virtual Visits

2

Preventive Care Visits

3

Carrier Portal and Mobile App Access

4

Financial Wellbeing – How to Build a Budget

5

What to do when I have a Qualifying Life Event

6

How to Build Resilience



# Thank you!

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