



LEGISLATIVE BRIEF

State Health Benefit Plan Procurement



Overview

The State Health Benefit Plan's (SHBP) mission is to execute a long-term health care strategy with consumer-driven health care and consumerism as a key part. The main objectives to meeting the mission include:

- Promoting consumerism
- Streamlining administration by consolidating options and vendors
- Maintaining provider access and member choice
- Meeting financial targets
- Finding opportunities for long-term success

Snapshot

There were 15 SHBP Plan Options at the end of 2008:

- Preferred Provider Organization (PPO) United HealthCare (UHC)
- Health Maintenance organizations (HMOs)
 - BlueChoice
 - Kaiser
 - UHC
- Indemnity (frozen to new enrollees)
- High Deductible Health Plan (HDHP)
- UHC Definity Health Reimbursement Arrangement (HRA)
- Blue Cross Blue Shield (BCBS) Lumenos HRA
- Each plan had a Consumer Choice Option (CCO)

What Vendors Would Provide as Health Insurance Benefits from FY 2009 to FY 2013

Two statewide health plan vendors would offer four choices for active employees:

- HRA (Consumer-Driven Health Plan {CDHP})
- HDHP (CDHP)
- PPO
- HMO
- Medicare Advantage Plan (for Medicare-eligible retirees only)

SHBP's Procurement for 2009 Contracts

- SHBP conducted a procurement to identify two vendors who could provide the required products statewide
- Coverage choices needed to be expanded to the more than 50 percent of covered people outside metropolitan Atlanta
- State Legislature voted in the 2008 session to allow SHBP the flexibility to discontinue the CCO in 2009
- In August 2008, the Board of Community Health approved removal of CCO and Indemnity options from 2009 suite of products

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How SHBP Evaluated Procurement Criteria

- In the procurement evaluation, statewide access to a comprehensive provider network was the category awarded the most points – over one-third of the total points available
- SHBP conducted site visits to ensure the accuracy of reported information
- After the two candidates with the highest scores were identified, SHBP conducted financial and contract negotiations to ensure it could meet its targets
- In May 2008, SHBP awarded CIGNA and UHC contracts effective January 1, 2009
- Rigorous performance guarantees with financial penalties were agreed to in all areas of:
 - Network access
 - Claims
 - Customer service
 - Clinical quality
 - Medical management improvement; and
 - Demonstrated quarterly improvement in Electronic Health Records (EHR) and Personal Health Records (PHR) adoption.

The Impact to Employees

- Number of employees/ retirees affected:
 - BCBS Georgia – 79,656
 - Kaiser – 21,241
 - Indemnity – 4,386
 - CCO – 6,419
- Based on claims analysis, over 97 percent of physicians used by the BCBS members participate in the CIGNA and/or UHC networks
- Because of Kaiser's unique staff-model HMO, SHBP decided to allow Kaiser members an extra year to research and select new doctors through 2009
- Less than seven percent of the entire SHBP membership was affected (three percent of BCBS members since 97 percent of providers participate in CIGNA or UHC networks) and 100 percent of Kaiser members will be disrupted in 2010

Benefit Changes to the 2009 Plan

- Benefits enhanced to provide mental health parity on all options
- HRA plan enhancements:
 - \$125 additional "cash" added to HRA accounts (\$250 for employee + spouse) for members who get an annual preventive care screening and complete a health assessment
 - No cost for certain drugs for members with diabetes, asthma, and cardiac conditions who remain enrolled in and actively compliant with the Disease Management program guidelines
- Out-of-pocket maximums, some co-pays and some deductibles were changed to provide more comparability between plans and act as further incentive to members to select consumer-driven plans

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Medicare Advantage Plan Benefits

- Two private fee-for-service (PFFS) plans cover the entire state
- Optional in 2009 for Medicare-eligible retirees
- Automatically cover all parts of Medicare (A,B and D)
- Benefits are enhanced over standard Medicare to cover:
 - \$1,000 annual out-of-pocket maximum and lower co-pays
 - Unlimited inpatient hospital days
 - No hospital stays required before Skilled Nursing Facility
 - Worldwide emergency room coverage
 - Routine chiropractic care
 - Routine podiatry visits
 - Routine vision exams and hardware (\$125 over two years)
 - Hearing exams and hearing aid benefit (\$1,000 over four years)

Projected Total Budget (in billion dollars)

Calendar Year	2009	2010	2011	2012	2013
Baseline	\$2.94	\$3.25	\$3.59	\$3.97	\$4.39
CDH Strategy	\$2.75	\$2.89	\$3.14	\$3.44	\$3.77

Annual Trends

Baseline – 10.5 percent
 CDH Strategy – 8.2 percent

Total Five Year Savings over baseline

CDH Strategy - \$2.16 billion

Source: Aon Consulting, 2009