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AGENDA ITEM

- Action Item
 Information Only

Date: September 22, 2016

Item Number: 3.4.2.

Title: Self-Funded Plan Utilization Report for the plan year ending
June 30, 2016

This report addresses medical, dental, prescription drug and HSA/HRA utilization for the plan year ending June 30, 2016. Included are:

- Executive Summary – provides a utilization overview.
- HealthSCOPE Utilization Report – provides graphical supporting details for the information included in the Executive Summary.
- Catamaran Utilization Report – provides details supporting the prescription drug information included in the Executive Summary.

Executive Summary

OVERALL

The Consumer Driven Health Plan (CDHP) throughout Plan Year 2016 experienced an overall increase of 1.1% on a per participant per month (PPPM) basis when compared to Plan Year 2015 (\$466 PPPM in 2016 and \$461 PPPM in 2015).

- Population increased:
 - 6.6% for primary participants
 - 7.8% for primary participants plus dependents (members)
- 96% of all medical spend dollars went to in-network providers with an average discount of 61.6%
- Inpatient paid per admission decreased 10% from Plan Year 2015
- Emergency Room paid per visit increased 7% from Plan Year 2015
- There were 185 High Cost Claimants accounting for 31.2% of the total Plan Year 2016 spend
 - 9.3% increase in High Cost Claimants per 1,000 members
 - 10.8% decrease in average High Cost Claimant paid
- Emergency Room visits per 1,000 increased by 6.1%
- Urgent Care visits per 1,000 increased by 14.3%
- Top three highest cost clinical classifications include:
 - Diseases of the Musculoskeletal System and Connective Tissue (\$16 million)
 - Neoplasms (\$15.9 million)
 - Diseases of the Circulatory System (\$11.6 million)

The table below depicts total costs for medical, dental and prescription drugs.

Self-Funded Net Paid Claims - Total			
	Jul 2014 - Jun 2015	Jul 2015 - Jun 2016	% Change
Medical			
Inpatient	\$ 42,914,510	\$ 43,853,721	2.2%
Outpatient	\$ 69,784,640	\$ 77,474,085	11.0%
Total Medical	\$ 112,699,150	\$ 121,327,806	7.7%
Dental	\$ 22,513,669	\$ 23,097,581	2.6%
Prescription	\$ 25,404,501	\$ 26,505,848	4.3%
Total	\$ 160,617,320	\$ 170,931,235	6.4%
Self-Funded Net Paid Claims - Per Participant Per Month			
	Jul 2014 - Jun 2015	Jul 2015 - Jun 2016	% Change
Medical	\$ 461.23	\$ 466.12	1.1%
Dental	\$ 50.70	\$ 50.40	-0.6%
Prescription	\$ 103.97	\$ 101.83	-2.1%
Total	\$ 615.90	\$ 618.36	0.4%

DRUG UTILIZATION

Drug utilization (number of members utilizing the PEBP pharmacy benefit as a percentage of all CDHP self-funded members) has decreased from 28.1% to 26.9% from the period ending June 30, 2015 to period ending June 30, 2016.

Total prescription drug costs increased by \$2.1 million (5.9%) from the period ending June 30, 2015, to the period ending June 30, 2016. This increase is reflected in both the participant paid (\$1.0 million) and the plan paid (\$1.1 million).

Generic drug utilization (generic scripts filled as a percent of all scripts) reflects an increase of approximately 2.2% from 81.9% for the period ending June 30, 2015, compared to 83.7% for the period ending June 30, 2016. The generic effective rate increased by 1.4% (97.6% in 2015 versus 99% in 2016).

GROUP SPECIFIC UTILIZATION

STATE EMPLOYEES

State Employees on the CDHP experienced a small decrease in experience in Plan Year 2016 compared to Plan Year 2015

- Participation increased by 8.1%
- Very small plan cost decreases:
 - Primary participants experienced a 0.1% decrease over Plan year 2015
 - Primary participants plus dependents experienced a 0.7% decrease over Plan Year 2015
- There were 105 High Cost Claimants – an increase of 25% over Plan Year 2015
 - 17% increase in High Cost Claimants per 1,000 members
 - 16.2% decrease in average High Cost Claimant paid
- Inpatient costs decreased by 6.8%
- Outpatient costs increased by 1.7%
- Emergency Room visits per 1,000 increased by 8.1%
- Urgent Care visits per 1,000 increased by 13.6%

STATE RETIREES

State Retirees on the CDHP experienced a small decrease in experience in Plan Year 2016 compared to Plan Year 2015

- Participation increased by 4.5%
- Very small plan cost decreases:
 - Primary participants experienced a 0.8% decrease over Plan year 2015

- Primary participants plus dependents experienced a 1.6% decrease over Plan Year 2015
- There were 56 High Cost Claimants – an increase of 5.7% over Plan Year 2015
 - 0.6% increase in High Cost Claimants per 1,000 members
 - 10.6% decrease in average High Cost Claimant paid
- Inpatient costs decreased by 10.9%
- Outpatient costs increased by 9.5%
- Emergency Room visits per 1,000 increased by 1.6%
- Urgent Care visits per 1,000 increased by 22.9%

NON-STATE RETIREES

The Non-State Retirees on the CDHP experienced a much different result in Plan Year 2016 compared to Plan Year 2015 than the State Retirees

- Participation decreased by 7.4%
- Significant plan cost increases:
 - Primary participants experienced a 25.2% increase over Plan year 2015
 - Primary participants plus dependents experienced a 24.6% increase over Plan Year 2015
- There were 24 High Cost Claimants – an increase of 20% over Plan Year 2015
 - 29.2% increase in High Cost Claimants per 1,000 members
 - 18.5% increase in average High Cost Claimant paid
- Inpatient costs increased by 12.1%
- Outpatient costs increased by 60.2%
- Emergency Room visits per 1,000 decreased by 6.5%
- Urgent Care visits per 1,000 increased by 18.3%

PREVENTIVE SERVICES

PEBP participants had low compliance rates in Plan Year 2016 with standard preventive services:

Preventive Activity	Compliance %
● Preventive Office Visit:	35.3%
● Cholesterol Screening:	37.4%
● Cervical Cancer Screening (Females 21-29)	45.5%
● Cervical Cancer Screening (Females 30-65)	52.5%
● Breast Cancer Screening (Females 40+)	55.3%
● PSA (Prostate-specific antigen) Screening (Males 50+)	32.9%
● Colorectal Screening (All 50+)	45.9%

HEALTH REIMBURSEMENT ARRANGEMENT

The table below provides a list of CDHP HRA account balances as of June 30, 2016.

HRA Account Balances as of June 30, 2016			
\$ Range	# Accounts	Total Account Balance	Avg Account Balance
0	2007	\$ -	\$ -
\$.01 - \$500.00	2365	\$ 405,734.38	\$ 171.56
\$500.01 - \$1,000	948	\$ 679,619.94	\$ 716.90
\$1,000.01 - \$1,500	778	\$ 953,569.68	\$ 1,225.67
\$1,500.01 - \$2,000	473	\$ 818,636.35	\$ 1,730.73
\$2,000.01 - \$2,500	394	\$ 882,859.73	\$ 2,240.76
\$2,500.01 - \$3,000	274	\$ 749,452.43	\$ 2,735.23
\$3,000.01 - \$3,500	265	\$ 862,214.54	\$ 3,253.64
\$3,500.01 - \$4,000	281	\$ 1,052,740.62	\$ 3,746.41
\$4,000.01 - \$4,500	191	\$ 811,996.58	\$ 4,251.29
\$4,500.01 - \$5,000	197	\$ 936,799.51	\$ 4,755.33
\$5,000.01 +	750	\$ 4,406,931.49	\$ 5,875.91
Total	8,923	\$12,560,555	\$1,408

CONCLUSION

Although PEBP has again experienced a rather good year with overall steady utilization and cost increases below national trend levels, there are specific areas that can and should be addressed to ensure utilization and its overall costs do not spiral out-of-control in future years.

1. The Non-State Retiree utilization cost increase of 24-25% will result in high rate increases if the situation does not level off.
2. The low compliance rates for preventive services are a potential long-term liability to the plan and the participants who remain with the program.
3. The recent increase in urgent care and emergency room visits indicates a need for alternative lower cost health care (where applicable).

To address these issues, PEBP has already taken steps and will continue to research opportunities to lower costs and motivate appropriate utilization of benefits moving forward:

1. PEBP implemented Doctor-on-Demand as a potential replacement for afterhours / difficult to access care utilization of emergency rooms and urgent care facilities. A multifaceted communication and outreach effort is underway.
2. PEBP is developing a multiagency approach to preventive services to capitalize on existing communication and outreach materials while simultaneously updating PEBP's outreach efforts through mail, email and website information.

3. PEBP is partnering with other entities to help Non-State Retirees evaluate all available options for health care to ensure they receive the highest quality at affordable prices.

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