Indiana’s Phased Approach to Healthier Outcomes

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Overview

Indiana’s Experience with:

• Consumer Driven Health Plans
• Healthcare Transparency
• Elevating Wellness
• Launch of on-site Health and Wellness Center
Profile of the State of Indiana
65,000 Plan Members

- Active EEs and Dependents 90.7%
- Other 9.3%
- Schools 5.7%
- Direct Bills 1.4%
- Early Retirees 1.8%
- COBRA 0.4%
- Other 9.3%

Average Age: 45

Indiana in 2005: faced with key challenges

- Trend rising at unsustainable rates
- Employees insulated from true cost of healthcare—third party versus personal payments
  - Low deductibles, minimum co-pays
  - First-dollar coverage
  - Co-pays not subject to a deductible
- Little or no emphasis on preventive care
- Prescriptions not subject to plan deductible
- No “skin-in-the-game”
Why Consumer Driven Plans and HSAs?

- Encourage long-term improvement in health status of employee population & their families
- Inspire “consumerism mindset:” instill responsibility for efficient purchase of medical services
- Increase personal stake in making informed health care decisions and positive behavior changes
- Portability
- Triple tax advantages with HSA

What we believe: financially invested employees will make better decisions

What did we do?

CDHP Launch in 2006

CDHP plan design:
- Standard 80/20 split coverage
  - $2,500 Single Deductible
  - $5,000 Family Deductible
- Opportunity to open an HSA (health savings account)
- State contribution to HSA 60% of deductible.
  - $1,500 Single
  - $3,000 Family
- No plan premium for employee
- Approximately 1,400 benefit eligible employees (4%) enrolled
- Concurrent plan offerings: two PPOs; one large HMO
CDHP: Where we are today

<table>
<thead>
<tr>
<th>The Evolution and Growth of Consumer Driven Health Plans in Indiana</th>
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<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>CDHP Enrollment</td>
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</table>

• Empowers employees to make better choices about their health and educates them on how to wisely spend their healthcare dollars
• State continues to offer the two CDHP options and one PPO option to our employees
• State contributes 45% of the annual CDHP deductible into employee Health Savings Accounts

CDHP adoption yielded significant savings

• Greater use of cost-effective treatments—*no evidence of employee avoidance of care:*
  – Generic vs. brand drugs
  – Fewer hospital admissions
  – Less frequent use of ER
  – Use of outpatient vs. inpatient procedures visits
  – Visiting primary physicians instead of specialists when possible and appropriate

• State has saved 10.7% through both CDHPs, roughly $28M from 2006—2009
• 2010 savings projection: $17M-$23M
Results are also not just lower utilization

- Medication adherence is up
- Condition Care and Disease Management participation is up
- Preventative Care is way up!

<table>
<thead>
<tr>
<th>Preventive Category</th>
<th>SOI Compliance</th>
<th>Anthem Benchmark</th>
</tr>
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<tbody>
<tr>
<td>Adult Annual Well Visits</td>
<td>31.4%</td>
<td>22.9%</td>
</tr>
<tr>
<td>Childhood Immunizations*</td>
<td>7,483</td>
<td>6,696</td>
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<tr>
<td>Mammogram Screen Rate</td>
<td>48.2%</td>
<td>41.4%</td>
</tr>
<tr>
<td>PSA Screen Rate</td>
<td>40.2%</td>
<td>32.5%</td>
</tr>
<tr>
<td>Cholesterol Screen Rate</td>
<td>49.6%</td>
<td>37.2%</td>
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*Rate per 1,000
New challenge

We created consumer driven plans, but did we enable effective consumerism?

• Consumers are spending their HSA dollars wisely, but are they spending the state’s dollars wisely?
• Consumer accountability was step one, but has true behavior change occurred?
• Are employees really aware of their choices when they need care?

We’ve introduced new responsibilities without the tools to manage those responsibilities wisely

Phase 2: Transparency

Finding the right partner was challenging:

• Limited vendors with the capabilities to execute
• Will providers, PBMs and carriers allow access to pricing?
• No government-level precedent
• Legislative progress on the sharing of care outcomes, but not the price of care
• Health plans building tools but not meeting large employer needs
The solution

A partnership between Castlight and Anthem brings together the best of both worlds:

- Comprehensive provider network
- Adjudication expertise
- Rich data resources
- Established partnership with State of Indiana (40 years)
- Best-in-class health care transparency solution
- Consumer expertise
- Innovation platform
- Comprehensive change management and employee communications program

Castlight exposes cost/quality variance in healthcare

- Prices for MRI of the brain (CPT 70553), San Francisco area
  - 25% percentile: $1,038
  - Median: $1,639
  - Max: $5,627
  - Incidences: 94
  - Savings Opportunity: $62,971

- Prices for Metabolic panel (CPT 80053), Minneapolis area
  - 25% percentile: $90
  - Median: $101
  - Max: $218
  - Incidences: 264
  - Savings Opportunity: $6,579

- Prices for Office visit, established patient (CPT 99213), Charlotte area
  - 25% percentile: $58
  - Median: $80
  - Max: $356
  - Incidences: 25,001
  - Savings Opportunity: $275,324

Note: Savings opportunity estimated as savings possible if services are moved to the median cost per each service in that area. All data points are in network.
The right consumer tool requires many elements – not just cost

- Cost information
- Physician quality
- Hospital quality
- Educational content
- Provider directory
- Pharmacy support
- Employer’s programs

Castlight

Phone  Web  Mobile

Castlight is delivering results

Since launch...

7,400+
Registered State of Indiana members

71%
of registered users have returned to search Castlight

159K+
Searches for services

72%
of users logged in to Castlight to review their claims information in the past year

"Castlight is great! Makes understanding and keeping track of my family’s past spend a lot easier. I check my page regularly!"

Castlight members searching for Advanced Imaging services <2 weeks in advance of the service paid

16.9%
less

than users who did not search prior to receiving the service.
Phase 3: Elevate Wellness

- Embrace the call to action from Governor Pence to Improve the Health and well-being of all Hoosiers
- While maintaining the principles of consumerism, how do we engage our employees to be proactive in managing their health?
- Provide a framework that allows broad participation and local touches

How does Indiana stack up?

<table>
<thead>
<tr>
<th></th>
<th>Life Evaluation</th>
<th>Emotional Health</th>
<th>Work Environment</th>
<th>Physical Health</th>
<th>Healthy Behaviors</th>
<th>Basic Access</th>
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</thead>
<tbody>
<tr>
<td>#1 South Dakota</td>
<td>4</td>
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Source: 2014 Healthways Annual Well-Being Index
Health Management Across the Continuum

Key Programs, Outcomes, and Measures for Success Already Identified...

- Chronic Conditions
- Presenteeism
- Medical Costs
- Smoking Cessation
- Physical Activity
- Nutrition
- Wellbeing
- Executive Support

More Productive Employees

- Clinic, Health Plan
- Clinic, Cultural Changes
- Plan Design, Consumerism
- Incentives, Healthy Lifestyles
- Incentives, Healthy Lifestyles, Facility Improvements
- Education, Statehouse Market
- Healthy Lifestyles, 24/7 Nurseline, Wellness Programs
- Governor, Agency Heads

Worksite Culture Change, Environmental Changes

- Behavior Change
- Non-Economic (softcost) Gains
  - Presenteeism
  - Decision Quality
  - Productivity
  - Positive Attitude towards work
  - Morale, Loyalty
  - Recruitment, Retention, T/O
  - Strength & Flexibility
The Wellness Scorecard

Goals and Measures in a 4 phase process

- Attitudes/Climates
- Participation
- Physical Results
- Financial Results


Our Messaging for Phase 3: Wellness CDHP

- We want employees to be healthy and more productive – at work and at home
- Know your risks, become informed and take action
- Be active!

Upgrade Your Health. Your Plan.
Three requirements to the Wellness CDHP plan

1. Complete the Well-being Assessment in Healthy Lifestyles
2. Complete the Biometric Test
3. Challenge yourself via Healthy Lifestyles!
   - 200,000 steps during Health and Wellness Month in July via the Steps Challenge
   - Earn 2,500 points in Healthy Lifestyles

Phase 4: Onsite Health and Wellness Services

• Opened June 2, 2014, serves 51.7% of eligible participants
• Tight integration with Invest in Your Health Program Efforts
Branding Strategy

www.InvestInYourHealthIndiana.com

MAXIMIZING THE VALUE OF BENEFITS

Castlight Health & Towers Watson Introduce new ways for employees to become accountable for their actions

Make employees aware of ways for them to become better health care consumers

Introduce programs that provide information and access to highest value care

Introduce programs that reduce costs for the company

To summarize Indiana’s journey...

Upgrade


Statehouse MARKET

Produce a healthier you!

www.InvestInYourHealthIndiana.com
Phased Approach Successes:

- Lasting change in behaviors takes time – This is a journey!
- Overt, consistent, and passionate support from Governor and agency heads
- Wellness Champions
- Positive communications – SIMPLIFY!
  - Commitment to simple, concise branding and messaging
  - Honest dialogue on costs, trends, future impact on budgets
  - Commitment to execute, comprehensive education
- Choosing the right HSA/Bank partner a key to program design and buy-in