Blue Ribbon Health Care Committee

PREVIEW OF FINDINGS
**Charge: still working, report in draft stage**

**Short Term**
- Affordable health benefit from both employer and employee perspective
- University target of 5% health care spending over next two years

**Long Term**
how might the University best ...
- Manage health care costs
- Facilitate a healthier Purdue community

**The Committee**
- Pamela Aaltonen, Nursing (Chair)
- Steven Abel, Pharmacy Practice
- John Beelke, Human Resources-Staff Benefits
- William [Bart] Collins, Health Communications
- Jenny Coddington, Nursing & North Central Nursing Clinics
- James Dworkin, Regional Representative & North Central Chancellor
- Joan Fulton, University Senate Chair & Agricultural Economics
- Luis Lewin, Human Resources
- Carol Sternberger, Regional Representative & IPFW Nursing (Tina Grady)
- Philip Troxel, Health & Kinesiology
- Susan White, Pharmacy
- David Williams, University Senate Faculty Affairs Chair & Medical Illustration/Veterinary Medicine
- Steven Witz, Regenstrief Center for Healthcare Engineering

**Committee actions**
- Tap expertise on campus and off
- Awareness that Purdue has employees on regional campuses and across the state
- Complexity ... clear, unambiguous, accessible data
- Subcommittees
  - Benefit Plan Design
  - Health Improvement Management
  - Delivery System(s)

**Purdue Employee Survey Results**
- N = 3,101 (24.3% response rate)
- Would you use on-site clinic?
  - 84% employee
  - 67% dependents
- Would you use on-site pharmacy?
  - 64% employee
  - 55% dependents
- Back campus-wide programs and policies to support healthy lifestyles
  - 80%
- Barrier to participation
  - 77% lack of time
- Results on Benefits website
Purdue’s Healthcare Costs

- From 2006 to 2009, 34.2% increase
- 2010, ~ $150 M

Four Year Trends in Net Claims per Employee

Prescription Drugs | Medical
---|---
2006 | 4,461 | 6,112
2007 | 6,321 | 8,477
2008 | 8,290 | 10,880
2009 | 14,510 | 12,039

Purdue Factors (2008-2009)

Factors Contributing to Healthcare Cost Increases by Percent - 2008 to 2009

<table>
<thead>
<tr>
<th>Factors</th>
<th>2008-2009</th>
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</thead>
<tbody>
<tr>
<td>Prescription Drugs</td>
<td>3.20%</td>
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<tr>
<td>Medical</td>
<td>16.01%</td>
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<tr>
<td>Family Size Cost Share Risk</td>
<td>1.54%</td>
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<tr>
<td>Illness Price</td>
<td>31.22%</td>
</tr>
<tr>
<td>Provider bargaining</td>
<td>48.03%</td>
</tr>
</tbody>
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3 Major Factors contributing to Purdue expenditures

- **Cost Share**
  - Premium contribution, employer
    - Purdue, 87%
    - Kaiser Family Foundation for all employer sectors, 83%
    - Big Ten, 70-80%
- **Illness Burden/Prevention**
  - Underutilizing activities for early identification of disease (covered at 100%)
  - Modify illness burden profile for long term cost management
  - Research consistently links program participation with appropriate incentive/rewards structures
- **Pricing**
  - Provider negotiations
  - Transparency of costs and performance measures

Goal:
Balanced set of management actions focused on contributing factors

Committee has ...

- Studied implications of benefit plan design modifications
  - Identified options, modeling impact
  - Researched means of health improvement management ... affirmed positive impact of well-designed health improvement programs
  - Improve employee health
  - Provide return on investment
  - Valued by employees
Explored delivery system(s)
- Investigating feasibility of on-site clinic and on-site pharmacy
  - Community models: Fairfield Clinic, Tippecanoe County Government, SIA
  - University models: Michigan, Toledo
    Opportunities for health professional students on campus
- 2010 changed to CIGNA as our third party administrator
  - Year’s worth of data just now becoming available for analysis

State Health Plan
Discussion re: universities becoming a part of plan
- Met with State Budget Director and Assistant General Counsel, Governor’s Office … their questions
  - How rich are benefits in terms of plan design? Comparable?
  - How effectively/efficiently are health care benefits being purchased?
  - What share is the university bearing compared to employees?
- State has shifted to consumer driven, high deductible plans
  - Selected by healthier, younger populations
  - Impact on health outcomes
  - Availability of data for informed decision making

State Health Plan
Our evaluation of plan’s fit with Purdue
- Increased costs to both University and employees (particularly lower wage earners)
- Loss of coverage for part-time workers and same sex domestic partners
- Vision plan higher costs, less coverage
- Reduction to two premium price points: 1) employee and 2) employee + family
- Loss of ability to initiate own innovations

Timeline
- Plan Design Changes
  - April 2011
  - April 2012
- On-site Clinic and Pharmacy Evaluation
  - Summer 2011
- Health Improvement Initiatives Plan
  - Fall 2011
  - Ongoing
- Some aspects will require longer lead time