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 ↓ 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 Troped, 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

<table>
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<tr>
<th>Year</th>
<th>Prescription Drugs</th>
<th>Medical</th>
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<td>2006</td>
<td>1,461</td>
<td>6,112</td>
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<td>2007</td>
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<td>6,562</td>
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<tr>
<td>2008</td>
<td>1,589</td>
<td>7,290</td>
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<tr>
<td>2009</td>
<td>1,686</td>
<td>8,477</td>
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Factors Contributing to Healthcare Cost Increases by Percent - 2008 to 2009

- Price: 48.03%
- Illness: 31.22%
- Cost Share: 16.01%
- Risk: 1.54%
- Family Size: 3.20%
3 Major Factors contributing to Purdue expenditures

- **Cost Share**
  - Premium contribution, **employer**
    - Purdue, 87%
    - Kaiser Family Foundation for all employer sectors, 83%
    - Big Ten, 70-100%

- **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 incentives/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
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
<table>
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<th>Timeline</th>
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| **Plan Design Changes** | April 2011  
April 2012 |
| **On-site Clinic and Pharmacy Evaluation** | Summer 2011 |
| **Health Improvement Initiatives Plan** | Fall 2011 |
| **Some aspects will require longer lead time** | Ongoing |