

State of New Hampshire

Health Benefit Committee

September 2014 Report



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I. The Health Benefit Committee

A. About the Health Benefit Committee (HBC)

Beginning in the FY 2013-2015 Collective Bargaining Agreements (CBA) for each of the unions, the HBC in its current form was created. The HBC is a collective group with members appointed by the Employer, and by the four labor unions: The State Employees' Association of N.H. Local 1984 of the Service Employees International Union (SEA), the N.H. Troopers Association (NHTA), New England Police Benevolent Association (NEPBA), and the Teamsters Local 633 (Teamsters).

Established first in the FY 2005-2007 Collective Bargaining Agreement as the Health Benefits Advisory Committee (HBAC), the HBAC was originally composed of four Employer and four State Employee Association (SEA) members to advise the State on all issues related to the purchase and administration of health benefit plans and to make recommendations in benefit design, utilization management, and/or provider payment policies regarding the active membership. In the nine years since, the Committee has been responsible for the creation of the State of New Hampshire Employee Wellness Program; health reimbursement arrangements into the health plan benefit, as well as health assessment tools and an array of wellness program activities.

In addition, the Committee worked hard to obtain across Executive Branch administrative support for such activities. Thanks to the support of Governor John H. Lynch, who by issuing an Executive Order officially created the SONH Employee Wellness Program, agency heads were also encouraged to designate staff liaisons to the Wellness Program so that a Wellness Workgroup could be created as a subcomponent to the Committee.

To further support this work, the State Employees Association of NH, began funding in 2008 a full time SEA member filled position to serve as a pilot health benefit advocate. The advocate worked with the State to assist members in appropriately navigating the changing health plan benefit and to better educate the State, health benefit vendors, and the general SEA membership on how best to inform plan participants in utilizing the plan and addressing coverage issues.

In 2012, the SEA created a permanent full time SEA staff position to continue this work. The additional resource of this position has increased understanding of the plan and the data captured through this position's work helps inform further dialogue among Committee members.

Additionally, in 2013, the HBC was expanded via Collective Bargaining Agreements to include representatives from the State's other three unions: NHTA, NEPBA and the Teamsters. The HBAC changed its name to the Health Benefit

Committee (HBC) and is now composed of seven members appointed by the Employer, four members appointed by the SEA, one member appointed by the NEPBA, one member appointed by the Teamsters and one member appointed by the NHTA and it continues to advise the State on all issues related to the purchase and administration of health benefit plans and to make recommendations in benefit design, utilization management, and/or provider payment policies regarding the active membership.

Through the many years of focused collaboration on the State health plan benefit, remarkable savings have been achieved while maintaining a high quality health plan.

B. Members of the HBC

The members of the Health Benefit Committee are:

State of New Hampshire

- Katja Fox Health Care Program Specialist, Department of Health and Human Services
- Cassie Keane, Director of Risk and Benefits, Risk Management Unit (RMU)
- Maria-Jose Labrana-Shapiro, Labor Relations Specialist, Department of Administrative Services
- Matt Newland, Manager of Employee Relations, Department of Administrative Services
- Michael Wilkey, Director of Compliance and Consumer Services, Department of Insurance

State Employee Association (SEA)

- Richard de Seve, Environmentalist IV, Department of Environmental Services
- Linda Huard, Certifying Officer, New Hampshire Employment Security
- Diana Lacey, President, SEIU Local 1984
- James Nall, LPN I, Glenclyff Home

New England Police Benevolent Association (NEPBA) Locals 40, 45, 260, 265, 270

- Paul Jacques, Probation-Parole Officer III, Department of Corrections

New Hampshire Troopers Association (NHTA)

- Sean Faherty, State Police Trooper II, Department of Safety

Teamsters Local 633

- Jeff Padellaro, Business Agent

C. Consultant Role

The State of New Hampshire Department of Administrative Services (DAS) has a contract with Segal Consulting, an employee benefits actuarial consulting firm, which includes support to the HBC among a broad range of services. Representatives of Segal assisted in meeting preparation and regularly attended HBC meetings that were part of the HBC's work in preparing this report. Segal has been involved with the HBC throughout this process.

The HBC looked to Segal for technical assistance as well as for providing background and educational information. Segal staff conducted a number of the training sessions described in this report. Segal Consulting also provided the auditing services to the State of New Hampshire for vendor audits, the results of which are contained in this report.

The resources provided by Segal included information on the Affordable Care Act compliance, health care cost trends, plan design, vendor management, and health care delivery. Segal arranged for Bailit Health Purchasing to provide advice and information on health care quality and approaches to improve health care quality. Segal also supported the State in its efforts to promote wellness.

D. HBC Process Notes

In addition to its regular monthly meetings, the HBC held three (3) additional special meetings during the summer of 2014 to produce this report. In addition to its regular agenda, the members of HBC participated in in-depth discussions of the Affordable Care Act (ACA) generally, the ACA Excise Tax, Wellness, Benefit/Provider Network Design, On-site Clinics, Quality, and Data Analyses of the State's health benefits experience.

The HBC brought in experts to address many of these topics including representatives from Anthem Blue Cross Blue Shield, Bailit Health Purchasing, and Segal Consulting, as well as calling upon the expertise available from members of the HBC, as well as the staff of the Risk Management Unit (RMU).

E. HBC Objectives

Per the CBAs for each of the unions, the purpose of the HBC is: (1) to work with the Employer on all issues related to the purchase and administration of health benefit plans authorized or required by this agreement; and (2) to make recommendations to the Employer for changes in benefit design, utilization management, and/or provider payment policies that will preserve the continued viability of the health plan by limiting the growth in claims costs while improving the quality of care, including, but not limited to, recommendations concerning health

education, wellness incentives, incentives to use “centers of excellence” or more efficient providers, preventive medical services, case management, disease management, high-risk intervention, aligning provider payment policies with quality improvement, and providing consumer information on treatment alternatives and provider cost-effectiveness.

- a. The Employer shall make available to the Committee such expert advice and assistance as is reasonably necessary to accomplish its mission and the Committee shall be entitled to receive any information relevant to its mission which does not violate Federal or State individual privacy rights or is not deemed to be confidential by law.
- b. The Employer shall consider the reports and recommendations of the Committee on issues related to the purchase and administration of the health benefit plan before making final purchasing decisions, provided that the reports and recommendations are timely filed. Nothing contained in this section shall prevent the union’s representatives on the Committee from contacting the Governor and Executive Council members about any health benefit vendor contract subject to any non-disclosure agreement or statutory disclosure prohibition. The Department of Administrative Services shall notify the unions’ Committee representatives of its intent to place such contract onto the Governor and Executive Council agenda by providing a copy of the contract to be submitted as many days in advance of the specific meeting at which it intends to bring forward such contract for Governor and Executive Council approval as is permitted by law.
- c. The Employer shall consider the reports and recommendations of the committee on issues related to claims costs and quality of care before making proposals for health benefit plan changes in renegotiation of this Agreement, provided that the reports and recommendations are filed by July 1 of even-numbered years.
- d. The Committee shall meet at least monthly unless mutually agreed otherwise.
- e. The Employer, the SEA, the NEPBA, the Teamsters and the Troopers shall receive a copy of any report or recommendations prepared by the Health Benefit Committee.

Additional Health Benefit Committee Duties:

1. The Committee shall develop recommendations for the parties to secure alternative funding and provide for future retiree health expenses as described in NH RSA 21-I: 30.
2. The Committee shall also develop annual recommendations to the Commissioner of Administrative Services for current retiree health plan design changes that ensure the long-term sustainability and provision of the retiree health benefit.

3. The Employer shall make available to the committee such expert advice and assistance as is reasonably necessary to accomplish this duty.
4. Education and Training: The Health Benefit Committee shall develop an employee health education program to be offered to employees annually. "This program may be offered online."

II. HBC Education Sessions

In an effort to keep abreast of the health care related issues affecting the State and its employees, and to continue to remain on the cutting edge of health care quality and industry trends, the HBC requested that a number of educational sessions be conducted. Below are the topics presented and highlights from each of the presentations made in Spring and Summer of 2014:

A. Affordable Care Act

1. General Overview

On June 9, 2014, Andrew Sherman of Segal Consulting delivered a presentation on the Affordable Care Act (ACA) entitled, "Update, Upcoming Requirements and Implications". The discussion began with a review of the events that had already occurred in regards to the law. This included an overview on the coverage mandates and benefit requirements under the ACA such as the extension of dependent children to age 26 and the 'no pre-existing conditions exclusions' for children under age 19. Segal reviewed the ACA's requirement to eliminate annual and lifetime limits on Essential Health Benefits for all plans and the new Health Reimbursement Account (HRA) rules that potentially threaten these accounts. In addition, the presentation covered the regulations that applied to non-grandfathered plans, and would therefore affect the State, such as the requirement for annual out-of-pocket maximums (\$6,350 individual/\$12,700 family in 2014), coverage for clinical trials, provider nondiscrimination, and protection for employees. This discussion also included details on the provision for plans to include preventive coverage with no out-of-pocket costs for Immunizations and Women's Preventive Care, wellness program financial incentives and ACA-required preventive prescription drugs. The cost impact of these regulations to the State's plans plus the additional fees associated with the ACA were also addressed. Those fees include the Transitional Reinsurance Program Fee, the Patient-Centered Outcomes Research Institute Fee, and the Health Insurance Provider Fee.

The ACA presentation also reviewed the Employer Shared Responsibility Penalty, how it works, how it is measured, and the steps that an employer may take to avoid or mitigate this penalty. The presentation also included information on the Employer Reporting Obligations under the ACA. Under IRC Section 6055, information must be reported to the IRS by health plans (including self-insured group health plans) that provide "minimum essential coverage". There is also an additional requirement for large employers, such as the State, to report information to the IRS.

2. Excise Tax

In addition to the ACA fees noted above, the ACA also includes an Excise Tax (also referred to as the “Cadillac Tax”) on high cost health plans. The Excise Tax mandates a 40% penalty on health plans whose value is above certain individual and family thresholds. This tax goes into effect on January 1, 2018 and is based on the overall cost of the plan. Consequently, increasing employee contributions (*i.e.*, payroll deductions) does not reduce the Excise Tax. Changes to plan design that lower plan costs (*e.g.*, increasing copayments or deductibles) does reduce the Excise Tax. Since the penalty may result in significant costs to the State, Segal reviewed with the HBC the tax penalty, the items that may influence the tax such as inflation and age/gender adjustments and an analysis of the State plans’ projected costs versus the 2018 Excise Tax thresholds. The following chart provides two comparisons of the State plans with the 2018 Excise Tax thresholds: (1) average annual increase in cost needed to exceed threshold in 2018 and (2) estimated 2018 Excise Tax by plan.

ACTIVE EMPLOYEES	Active HMO			Active POS		
	Employee	Employee+1	Family	Employee	Employee+1	Family
Projected FY 2015 Annual Cost PEPM *	\$7,917	\$15,833	\$25,334	\$9,082	\$18,163	\$29,061
2018 Excise Tax Threshold	\$10,200	\$27,500	\$27,500	\$10,200	\$27,500	\$27,500
Average Annual Increase to Exceed Threshold in 2018 **	7.5%	17.1%	2.4%	3.4%	12.6%	<i>Already Exceeding</i>
Projected FY 2015 Annual Cost PEPM *	\$7,917	\$15,833	\$25,334	\$9,082	\$18,163	\$29,061
Assumed Annual Trend	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Projected CY 2018 Annual Cost PEPM **	\$9,869	\$19,737	\$31,581	\$11,322	\$22,642	\$36,227
2018 Excise Tax Threshold	\$10,200	\$27,500	\$27,500	\$10,200	\$27,500	\$27,500
Amount Over Threshold	\$0	\$0	\$4,081	\$1,122	\$0	\$8,727
40% Excise Tax	\$0	\$0	\$1,632	\$449	\$0	\$3,491
Assumed Enrollment	1,996	2,649	3,843	240	377	414
2018 Excise Tax By Plan	\$6,272,000			\$1,553,000		
Total 2018 Excise Tax Based on CY 2018 Projected Cost	\$7,825,000					

* These cost do not include health FSA or HRA contributions that apply to the threshold. Including these contributions will increase the tax liability.

** Assumes 3.5 years from fiscal year 2015 to calendar year 2018. Specifics on the exact effective date of the excise tax have not been identified.

These projections are estimates of future costs and are based on information available to Segal Consulting at the time the projections were made. Segal Consulting has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, health trend rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.

The HBC recognizes that the 2018 Excise Tax adds a great deal of pressure on the State and the Unions for planning for employees’ medical benefits. The Excise Tax is money that would be taken from the State (and employees and retirees) with absolutely no value to them in return. The State’s current fiscal position would no doubt require that other cost savings be realized (cuts be made), again with

nothing to be gained by employees or retirees. The HBC also notes the frustration of facing the Excise Tax when (1) the cost of benefits is higher in our region than other regions of the country and (2) employee benefits were bargained in good faith and other compensation concessions were made by the Unions in order for employees to have these medical benefits.

Further, planning for avoiding or reducing the potential ACA Excise Tax is complicated by the fact there are still many unanswered questions about the Excise Tax and there have been no regulations and limited guidance issued by the Federal government. There is a great deal of uncertainty. Nonetheless, there is a tremendous risk to the State (and employees) for not adequately planning for avoiding or mitigating the potential of the ACA Excise Tax.

B. Wellness

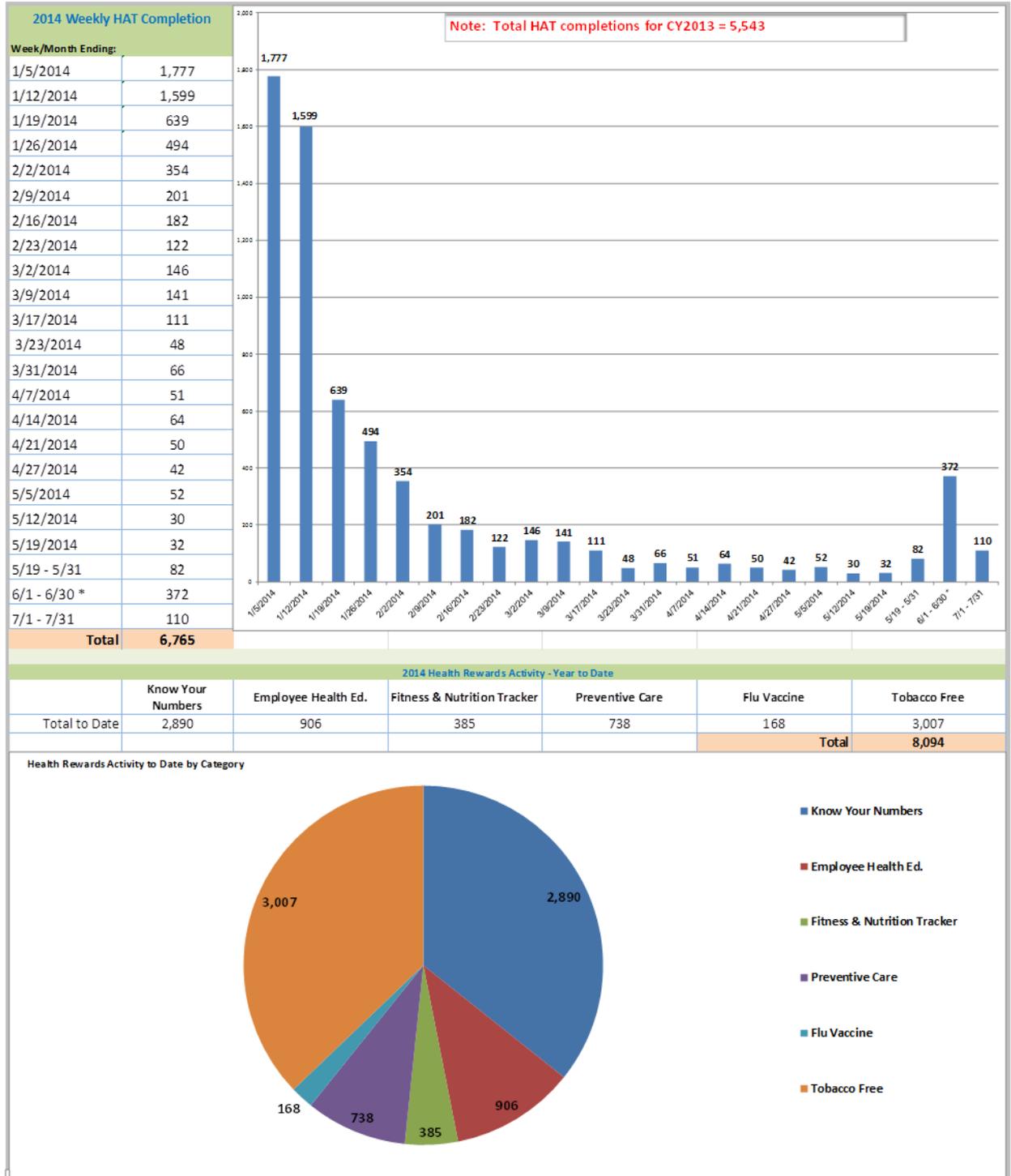
On July 14, 2014, Michael Loomis, Wellness Program Specialist for RMU, reviewed the 2014 Health Rewards Program. The 2014 Health Rewards Program is an incentive-driven program that allows employees to complete health promotion activities and to receive a Health Rewards incentive payment of \$100 per activity for a maximum earnings of up to \$300 per year. An employee must complete the Health Assessment Tool (HAT), for which the employee earns \$200, to be eligible for Health Rewards.

The 2014 Health Rewards Program includes the following activities:

- **Know Your Numbers Health Screening** – An employee completes a worksite biometric health screening or visits their provider to have the screening done as part of a well-adult visit and submits the appropriate paperwork to receive a \$100 reward.
- **Fitness and Nutrition Tracker** – An employee earns points for weekly events of nutrition and physical activity that are self-reported in the online Health Rewards portal. Each weekly event is worth 5 points and once an employee achieves 100 points, s/he earns a \$100 reward.
- **Employee Health Education Program** – An employee completes the three modules (Understanding Your Health, Medical Self-Care, Health and Wellness 101) online, in a workshop, or on paper to earn a \$100 reward.
- **Preventive Care** – An employee receives an adult well-visit to earn a \$100 reward.
- **Flu Vaccination** – An employee receives a flu vaccination during the Fall of 2014 to earn a \$100 reward.
- **Tobacco Free** – An employee that is tobacco free can certify this in the Health Rewards Account to earn a \$100 reward. Also, an employee that would like to quit tobacco can complete the Anthem Health Action Plan with their health care provider and submit it to Anthem to earn a \$100 reward.

As of July 31, 2014, the number of employees who completed the HAT was 6,765 as compared to 5,543 in calendar year 2013. In addition, employees have also earned 8,094 Health Rewards incentives.

Wellness Program Participation



C. State Employee Health Clinics (On and/or Off-site)

The HBC also requested information about employer-sponsored clinics. A presentation on this topic was delivered by Andrew Sherman of Segal on June 23, 2014. An employer-sponsored clinic is intended to improve the access, quality, and value of health care services for employees while allowing companies, typically large companies, to cost-effectively improve employee health. In fact, as noted in the presentation, it is estimated that 25% of Fortune 1000 Companies have some type of on-site capability. Large employers may consider implementing an employee health clinic to contain direct medical costs, boost employee productivity and reduce absenteeism, improve the health of its membership and assist their employee's in managing their chronic conditions.

For an employer considering an employee health clinic, there are a number of decision points that need to be explored such as whether the clinic will offer urgent care only or whether it will use a modified or full primary care model. The employer must also decide what types of clinical services will be offered (*i.e.*, occupational health, workers' compensation triage, acute care, routine care, pharmacy services, etc.), and whether there is sufficient physical space to run the clinic on-site. There are numerous items that require additional assessment. The material in the presentation also included specific concerns that the State and HBC should consider with respect to a State Employee Health Clinic:

- Protection of employees' privacy
- Capacity
- Geographic proximity to employees
- Electronic capability to collect, aggregate and report data and collaborate electronically with other providers
- Ability to offer a sufficient choice of providers
- Potential to exacerbate shortages in the community
- Capacity of the State to oversee and manage outside vendor(s), hire clinical staff and supervise the physical location and equipment
- Address legal concerns that may be related to liability, COBRA, HIPAA privacy and Security, tax qualification of benefits to employees, and other related federal, state or local laws
- Importance of regular and on-going monitoring
- Cost

D. Quality

On July 22, 2014, Michael Bailit of Bailit Health Purchasing presented to the HBC a presentation entitled, "Health Care Quality: What is it and what are its implications for purchasers?" He explained that "health care quality" generally refers to how health care is delivered (process) and what results the care produces (outcomes). The process component considers whether the provision of care was aligned with evidence-based guidelines, whereas the outcomes piece focuses on whether the patient's health status is better as the result of care. He explained that health care quality can vary significantly, and shared some examples. He also explained that, relative to cost, spending more does not necessary translate into better quality care.

The presentation also addressed the health implications of poor quality care such as the impact of medical errors in hospitals as well as the impact poor quality has on employers. When an employee experiences poor quality care, it can translate to increased employee sick/personal time, decreased productivity, and rising health insurance costs. To help reverse the trend of poor health care quality, Mr. Bailit explained what purchasers can do to improve health care quality. One strategy incorporates value-based purchasing (VBP) into employer-sponsored health care plans. Value-based purchasing focuses on achieving objective, measurable improvements in performance. The goal of this strategy is to advance employee health status and manage cost by tying payment (incentives/penalties), patient volume and public recognition to plan and provider performance.

Other strategies may include allowing employees to become better purchasers through benefit design, helping employees to better manage their health behaviors and joining with other employees to advocate for changes that cannot be achieved unilaterally. The presentation also spoke to specific large employer case studies that used such strategies to better health care quality including the Massachusetts Group Insurance Commission and CalPERS. Mr. Bailit concluded the presentation by suggesting specific improvement opportunities for the State such as opportunities in ambulatory care and hospital performance on patient experience measures.

III. Information about the Current Health Benefit Program

A. January 1, 2014 Plan Design Changes

Plan design modifications are an effective option for plan sponsors interested in mitigating the escalating costs of health care benefits. Appropriate design changes can educate and empower plan members to play a more active role in their overall health and well-being and can enable them to make more informed decisions regarding their health care needs. Engaged plan members typically experience improved health outcomes, which may result in reduced utilization of high-cost treatments. Additionally, design changes can make plan members more aware of the true cost of health care services and can result in a more educated health care consumer. As a result, plan design modifications may not only affect positive member behavioral change but may also translate to reduced plan costs.

Effective January 1, 2014, per the Collective Bargaining Agreements, the State implemented the first ever deductible for the health benefit plan. The deductible for 2014 is \$500 per individual and \$750 per family. In 2015, this deductible will increase to \$500 per individual and \$1000 per family. The plan design changes also provided a mechanism to avoid the deductible by steering employees to cost effective providers for lab and ambulatory surgery services if the employees chooses to obtain services at a "Site of Service" location. Along with this major change to the health benefit plan design, the Collective Bargaining Agreements expanded the wellness incentives offered to employees. Significantly, employees can now earn Health Rewards incentive payments of \$100 per activity for up to \$300 per year for making healthier lifestyle choices. Compass remains an additional option for employees to earn cash rewards for shopping ahead and using cost effective providers.

A summary of plan changes that became effective for the active employee plans on January 1, 2014 are as follows:

Medical

- **In-Network Deductible:** Introduced a \$500 per member to no more than \$750 per family calendar year deductible. (The per family deductible increases to \$1,000 in 2015.) The deductible applies to inpatient stays, outpatient hospital or ambulatory surgeries, lab, and scans and X-rays. However, if the participant has surgery at an independent ambulatory surgery center or has lab services at an independent facility (or "Site-of-Service" locations), these services are not subject to the deductible and are covered at 100%.

- **Out-of- Network Deductible for POS plan:** Increased to \$1,000 per member to no more than \$2,000 per family per calendar year (previous coverage was \$150 per member to no more than \$450 per family).
- **Out-of-Network Out-of-Pocket Maximum for POS plan:** Increased to \$3,000 per member to no than \$6,000 per family per calendar year (previous coverage was \$1,500 per member to no more than \$3,000 per family).
- **Routine Eye Exams:** Covered adults 19 years of age or older are covered for 1 routine eye exam every Calendar Year (previous coverage was an exam every 2 calendar years).
- **Hearing Aids:** Covered adults 19 years of age or older are covered for \$1,500 per ear every 5 years (previous coverage did not include a benefit for hearing aids).
- **Walk-In Clinic Co-pay:** Introduced a \$30 co-pay for walk-in visits.
- **Chiropractic Care:** Increased coverage to 24 visits per calendar year (previous coverage was for 20 visits per calendar year).
- **Health Reimbursement Account (HRA):** Covered employees are reimbursed for eye exams and eyewear (glasses and contacts). Previously, eye exams and eyewear were excluded from reimbursement).
- **Health Rewards Health Promotion Incentive Program:** Under this new program, a covered employee that takes the Health Assessment Tool (HAT) is eligible for up to \$300 (in \$100 increments) for completing 3 out of 6 health promotion incentive activities. For SEA represented employees, as well as employees who are unrepresented by a union, these dollars are deposited into the employee's HRA in \$100 payments to be used for copays and deductibles. For employees represented by the Teamsters, NEPBA, and State Troopers Association, these amounts are earned in \$100 increments and are redeemed for gift cards.

If an employee is the spouse or an adult child of an employee/health plan subscriber, then the spouse or adult child are also eligible to participate in the Health Rewards program and to earn up to \$300 in health rewards provided that the spouse or adult child first completes the HAT. Only the subscriber is awarded Health Promotion incentives of \$200 for taking the HAT.

- The Collective Bargaining Agreements also included provisions providing for a \$300 Health Savings Incentive Payment to full-time and part-time plan subscribers in January 2014 and 2015 to acknowledge savings achieved in the health benefit plan. These payments also help to offset the cost of the new deductible to employees.

Dental

- **Dental Calendar Year Maximum:** Increased combined benefit maximum for A, B, and C services to \$1,500 (previous maximum was \$1,200).
- **Dental Fluoride Treatment:** Increased coverage to twice per calendar year to age 19 (previous coverage was once per year to age 19).
- **Dental Preventative Cleanings:** Increased coverage to three times per calendar year (previous coverage was twice per year).
- **Other Dental Improvements:** Introduced implant coverage at 50% after a \$25 deductible and increased sealant coverage.

Prescription Drugs

- **Prescription Drugs:** There were no plan design changes made to the prescription drug benefit for 2014.

B. Current Benefit Administrators

Administrator	Benefit	Contract Effective to Date
Anthem of NH	Medical Administration	December 31, 2015
Northeast Delta Dental	Dental Administration	December 31, 2014
Express Scripts	Pharmacy Benefit Management	December 31, 2016

C. Anthem Operational Issues

Understandably, State employees had difficulty adjusting to the 2014 changes in the health benefit plan design that introduced the first ever deductible and a Site of Service option that allowed them to avoid deductible expenses while reducing health plan medical costs. As yet unaudited, this adjustment was further complicated by Anthem’s failure to properly program its claims payment system to reflect the State’s unique health benefit plan design. By letter dated March 10, 2014, SEA President Diana Lacey alerted Matt Newland, the State’s Manager of Employee Relations, to Anthem’s claims processing errors and other issues. Most notably, Anthem’s claims processing system was programmed to apply a wider range of outpatient services to the deductible expense than had been agreed to in the Collective Bargaining Agreements.

The State, the HBC, and Anthem worked for weeks to identify and correct the Anthem’s system issues. This diverted resources away from focus on efforts to educate employees about the new deductible and ways that out-of-pocket deductible expenses could be avoided by accessing services at Site of Service locations.

Among the issues that the HBC has been discussing with Anthem is concern about the need for greater access to Site of Service locations and the variability of services offered at the different Site of Service locations. While these two particular issues have been addressed, there continues to be a disparity in regional coverage in western and northern New Hampshire compared to the rest of the state. For example, in January 2014, a Site of Service lab location in Claremont closed its doors for business reasons. Despite addressing this closure with Anthem for months, it has taken seven additional months for Anthem and its subcontractor for lab services, Quest Laboratories, to arrange for Quest to open a new location in the Claremont area. The current plan is for this location to open in late September 2014. After many months of discussion, Quest will be operating a new lab location at the Glencliff Home in rural Grafton County two mornings per week beginning in early September, 2014 in an effort to expand lab services in that area. While Anthem did add Androscoggin Valley Hospital and Upper Valley Connecticut Hospital as Site of Service locations, there remains without a doubt, a need for Anthem to work with the HBC to review western and northern New Hampshire in an effort to identify underserved areas and to develop a plan to increase access.

The HBC has also been discussing the issue of the variability of services at Site of Service locations. For example, different ambulatory surgery centers offer different surgery procedures. Additionally, employees who access ambulatory surgery at a Site of Service location are discovering that those locations sometimes refer lab work to their own labs, and not to a Site of Service lab. This results in the employee incurring a deductible expense for the lab cost. Just as with the access issue, the HBC needs Anthem to continue to work with it to address parity of service options in Site of Service locations.

D. Results of Medical, Dental, and FSA/HRA Claims Audits

Segal performed audits on the claims processing payment procedures used by Anthem, Northeast Delta Dental (NEDD), and Combined Services in the administration of the State's group medical, behavioral health, dental, and FSA/HRA benefits. Audits were performed for calendar years 2008 through 2012; results of the current reviews of Anthem and NEDD are in the draft report phase and are not available for review at the time the report was released. Each administrator's achievement was measured in four areas:

- Financial Accuracy
- Overall Processing Accuracy
- Payment Accuracy
- Time-to-Process

Over the years, the HBC has identified payment accuracy issues by state vendors. The State has worked with Segal and the vendors to enforce performance guarantee provisions in the state's contracts with those vendors in an effort to improve claims payment performance. The data below demonstrates that the State

has improved vendor claims payment accuracy consistent with performance standards established in its contracts.

Segal is in the process of conducting calendar year audits at the writing of this report. Segal is in the process of completing the Anthem audit report for calendar year 2013 and the Delta Dental report for calendar years 2012 and 2013.

Summary of 2008-2012 Audit Results

In general, the State's medical, dental, and FSA/HRA claims administrators between 2008 and 2012 achieved claims processing standards and guarantees during the review periods. Specifically, as illustrated in the following tables, the reviews identified that:

- Anthem, exceeded all medical claims processing guarantees during 2008, fell short in some accuracy measurements during 2009 to 2011, and improved to exceed all guarantees during 2012.
- NEDD exceeded all dental claims processing guarantees from 2008 to 2011, with the exception of one measurement during 2009.
- Combined Services exceeded all FSA/HRA claims processing guarantees during 2012.

Achievement for each administrator is reflected in the following tables and is based upon applicable performance guarantees and/or industry standards. Industry standards are developed through ongoing review and comparison of measures utilized by major carriers and third party administrators nationwide. Standards include acceptable performance for administration of fully-insured and self-insured corporate, public, and multi-employer plan benefits.

Anthem Audit Results

Medical and Behavioral Health Claims were separated into two separate statistical samples for calendar years 2008 and 2011; each is reflected as a separate table.

Medical - Calendar Year 2008 Performance Measurement			
Category	Statistical Achievement	Industry Standard	Performance Guarantee
Financial Accuracy (dollar value)	99.98%	99.00%	99.00%
Claims Processing Accuracy (overall incidence)	99.42%	95.00%	97.00%
Payment Accuracy (incidence)	99.42%	97.00%	N/A
Claim Turnaround Time (14 calendar days)	97.21%	90.00%	90.00%

Behavioral Health – Calendar Year 2008 Performance Measurement			
Category	Statistical Achievement	Industry Standard	Performance Guarantee
Financial Accuracy (dollar value)	100.00%	99.00%	99.00%
Claims Processing Accuracy (overall incidence)	98.18%	95.00%	97.00%
Payment Accuracy (incidence)	100.00%	97.00%	N/A
Claim Turnaround Time (14 calendar days)	96.90%	90.00%	90.00%

Medical and Behavioral Health Claims Combined – Calendar Year 2010 Performance Measurement			
Category	Statistical Achievement	Industry Standard	Performance Guarantee
Financial Accuracy (dollar value)	97.28%	99.00%	99.00%
Claims Processing Accuracy (overall incidence)	94.27%	95.00%	97.00%
Payment Accuracy (incidence)	94.27%	97.00%	N/A
Claim Turnaround Time (14 calendar days)	96.55%	90.00%	90.00%

Medical Claims – Calendar Year 2011 Performance Measurement			
Category	Statistical Achievement	Industry Standard	Performance Guarantee
Financial Accuracy (dollar value)	97.81%	99.00%	99.00%
Claims Processing Accuracy (overall incidence)	97.32%	95.00%	97.00%
Payment Accuracy (incidence)	97.34%	97.00%	N/A
Claim Turnaround Time (14 calendar days)	99.71%	90.00%	90.00%

Behavioral Health Claims – Calendar Year 2011 Performance Measurement			
Category	Statistical Achievement	Industry Standard	Performance Guarantee
Financial Accuracy (dollar value)	100.00%	99.00%	99.00%
Claims Processing Accuracy (overall incidence)	100.00%	95.00%	97.00%
Payment Accuracy (incidence)	100.00%	97.00%	N/A
Claim Turnaround Time (14 calendar days)	99.74%	90.00%	90.00%

Medical and Behavioral Health Claims Combined – Calendar Year 2012 Performance Measurement			
Category	Statistical Achievement	Industry Standard	Performance Guarantee
Financial Accuracy (dollar value)	99.91%	99.00%	99.00%
Claims Processing Accuracy (overall incidence)	98.17%	95.00%	97.00%
Payment Accuracy (incidence)	99.19%	97.00%	N/A
Claim Turnaround Time (14 calendar days)	96.11%	90.00%	90.00%

Given the operational issues experienced in 2014 with Anthem, the HBC will be particularly interested in reviewing claims payment data for Anthem after calendar year 2014 audits are completed. Claims payment accuracy is important to the integrity of the Health Benefit Plan and is equally as relevant to employees for many reasons, not the least of which is that employees are paying more out of pocket for services now that there is a deductible.

Northeast Delta Dental Audits Results

Delta audit report is in process for calendar years 2012 and 2013.

Dental – Performance Measurements					
Category	Statistical Achievement			Industry Standard	Performance Guarantee
	2008	2009	2010		
Financial Accuracy (dollar value)	100.00%	99.23%	99.94%	99.00%	99.00%
Claims Processing Accuracy (overall incidence)	100.00%	97.14%	98.91%	95.00%	98.00%
Payment Accuracy (incidence)	100.00%	98.43%	99.64%	97.00%	N/A
Claim Turnaround Time (14 calendar days)	99.57%	100.00%	100.00%	90.00%	90.00%*

* NEDD's Guarantee of Service Excellence (GOSE) program guarantees adjudication of 90% of claims within 15 calendar days.

Dental – Calendar Year 2011 Performance Measurement			
Category	Statistical Achievement	Industry Standard	Performance Guarantees
Financial Accuracy (dollar value)	99.96%	99.00%	99.00%
Claims Processing Accuracy (overall incidence)	99.29%	95.00%	98.00%
Payment Accuracy (incidence)	99.29%	97.00%	N/A
Claim Turnaround Time (14 calendar days)	100.00%	90.00%	90.00%*

Combined Services Audit Results – FSA/HRA Claims – one audit only

FSA/HRA – Calendar Year 2012 Performance Measurement			
Category	Statistical Achievement	Industry Standard	Performance Guarantees
Financial Accuracy (dollar value)	100.00%	99.00%	N/A
Claims Processing Accuracy (overall incidence)	100.00%	95.00%	N/A
Payment Accuracy (incidence)	100.00%	97.00%	98.00%
Claim Turnaround Time (5 business days)	98.92%	90.00%*	98.00%

*Industry standard is based on 10 business or 14 calendar days.

E. Results of Prescription Drug Claims Audits

On behalf of the State, Segal completed evaluations of the prescription drug program administered by the New Hampshire Local Government Center (LCG), through a partnership with CVS Caremark (Caremark), the State's Prescription Drug Benefit Manager (PBM) during the review period. These evaluations were based on electronic claim records, provided by Caremark, detailing prescriptions dispensed to the State's prescription drug plan membership for calendar years 2008 to 2012. An evaluation of calendar year 2013 claims is in process.

The objective of the prescription drug audits is to analyze and evaluate:

- Performance in meeting the contractual pricing guarantees associated with ingredient cost discounts, dispensing fees and rebates
- LGC/Caremark's performance in administering the State's pharmacy benefits plan design specifically as it relates to member copay administration via the claims adjudication process and system

Summary of 2008-2012 Audit Results

In general and as summarized below, LGC/Caremark appropriately administered the State's prescription drug plans and met the contractual financial guarantees from 2008 to 2012. In areas where LGC/Caremark fell short of guarantees and plan administration, appropriate actions were taken to remedy the situation.

Calendar Year 2012

- Segal's review identified LGC/Caremark achieved contractual discount guarantees through the administration of the plan and reimbursements for shortfalls identified during LGC/Caremark's year-end reconciliation
- LGC/Caremark met contractual requirements in respect to dispensing fees, specialty performance, and rebates guarantees
- Active and Retiree plan designs were administered in accordance with the plan provisions

December 1, 2010 to December 31, 2011

- Segal's review identified LGC/Caremark achieved contractual discount guarantees through the administration of the plan and reimbursements for shortfalls identified during LGC/Caremark's year-end reconciliation
- Segal identified that LGC/Caremark over-collected dispensing fees during the period reviewed. As a result, LGC/Caremark reimbursed the State for the \$2,794 over-collection
- LGC/Caremark met contractual requirements in respect to specialty performance
- Segal identified that the paid rebates were less than the guaranteed rebate amount. It was determined that LGC/Caremark incorrectly paid rebate

guarantees for December 2010 under the calendar year 2010 contract and not the 2011 contract terms that were implemented early and took effect on December 1, 2010. LGC/Caremark reimbursed the State \$44,478 for the additional rebate guarantees due

- Active and Retiree plan designs were administered in accordance with the plan provisions

January 1, 2010 to November 30, 2010

- Segal's review identified LGC/Caremark achieved contractual discount guarantees and identified and reimbursed the State any shortfalls during LGC/Caremark's year-end reconciliation
- LGC/Caremark met contractual requirements in respect to dispensing fees, specialty performance, and rebates guarantees
- Generally, active and retiree plan designs were administered in accordance with the plan provisions. However, the review identified that participants met the maximum out-of-pocket and their copayments appropriately stopped, only to start again in October 2010. This issue developed when the October 1, 2010 benefit changes were implemented and was identified at that time and LGC/Caremark provided approximately \$114,000 in total reimbursements to the affected State members as a result

July 1, 2007 to December 31, 2009

- Segal's review identified LGC/Caremark achieved contractual discount guarantees through the administration of the plan and reimbursements for shortfalls identified during LGC/Caremark's year-end reconciliation
- LGC/Caremark met contractual requirements in respect to non-specialty dispensing fees and rebates guarantees
- LGC/Caremark met contractual requirements with respect to specialty discount performance. However, Segal's review identified an over-collection in specialty dispensing fees. As a result, LGC/Caremark reimbursed the State for the \$5,387 over-collection
- Active plan designs were administered in accordance with the plan provisions
- Generally, Retiree plan designs were administered in accordance with the plan provisions. However, the review identified that some retiree deductibles and out-of-pocket maximums were not administered correctly. LGC/Caremark provided documentation that this was the result of a system error that was identified prior to the audit; reimbursements were made to the State and plan participants, and other appropriate corrective actions were taken

Effective January 1, 2014, as a result of a contract procurement process, Express Scripts became the State's Pharmacy Benefit Manager (PBM) vendor. Given the audit results for LGC/Caremark, the HBC will look forward to reviewing calendar year audits performed with respect to Express Scripts' performance.

IV. State of New Hampshire Employee Wellness Program – A Key Success of the HBC

A. Background

In approximately June, 2006, the State of New Hampshire Employee Wellness Program was created as a new initiative of the Health Benefits Advisory Committee now known as the Health Benefits Committee (HBC). When announced to employees, it was promoted as the first coordinated effort to focus attention on the full range of health promotion offerings under the health benefit plan as well as related state services such as the Employee Assistance Program (EAP).

Prior to the creation of the HBC in the 2005 – 2007 Collective Bargaining Agreement between the SEA, the level of information sharing was less than ideal. The HBC agreed from the beginning to work at creating an open, honest and fair forum for information and idea sharing that would hopefully lead to mutually beneficial benefit negotiations in the future. To be most effective, the HBC agreed to work together providing equal and open access to information, to look beyond just cost-saving measures and to explore options for the overall benefit of the benefit programs, and to put forth a united effort to achieve goals. The many constituencies represented on the HBC have worked collaboratively as a group under these guidelines and continue to work together as a constructive, cohesive unit. The 2013 – 2015 State of New Hampshire Collective Bargaining Agreements with the NEBPA, the State Troopers Association and the Teamsters allowed for the inclusion of these bargaining units in this collaborative effort.

In 2006, Governor John Lynch signed Executive Order 2006-07, An Order Relative to State Employee Wellness. This Order directed all executive departments and agencies to support the efforts and goals of the Health Benefits Committee (HBC) and its HBC Wellness Workgroup. The HBC Wellness Workgroups' mission is to support HBC initiatives. The group implements comprehensive wellness programs that continually support and assist state employees, retirees and their dependents in achieving greater health and wellness. Faced with high health care costs, the State in collaboration with the SEA, NEBPA, State Troopers and Teamsters continues to utilize worksite wellness programs to help employees adopt healthier lifestyles and lower their risk of developing costly chronic diseases while improving worker productivity.

The HBC together with the HBC Wellness Work Group drafted the following executive order for adoption by Governor Lynch, announcing the initiative. Executive Order 2006-07 states:

State of New Hampshire
By His Excellency
John H. Lynch, Governor

EXECUTIVE ORDER NUMBER 2006-7

An Order Relative to State Employee Wellness

WHEREAS, the overall health and wellness of New Hampshire state employees is important to their quality of life as well as to their service to the citizens of our State; and

WHEREAS, promoting healthy lifestyles and physical fitness for state employees, retirees and their dependents will improve their health and wellness; and

WHEREAS, the Health Benefits Advisory Committee was created by the 2005-2007 Collective Bargaining Agreement and consists of eight members, including four members from the State Employees Association and four members from the State of New Hampshire management team; and

WHEREAS, the State of New Hampshire in partnership with the State Employees Association, intends to implement a comprehensive wellness program that will continually support and assist state employees, retirees and their dependents in achieving greater health and wellness.

NOW, THEREFORE, I, JOHN H. LYNCH, GOVERNOR OF THE STATE OF NEW HAMPSHIRE by the authority vested in me pursuant to part II, article 41 of the New Hampshire Constitution, do hereby order as follows effective immediately:

1. All executive departments and agencies shall support the efforts and goals of the Health Benefits Advisory Committee and its workgroups.
2. The Health Benefits Advisory Committee and its workgroups shall identify community partnerships, state agency resources and health coverage vendor resources that can:
 - a. Create or improve wellness programs for state employees, retirees and their families;
 - b. Provide consensus on measurements to gauge the effectiveness of wellness initiatives;
 - c. Identify models and opportunities for on-site wellness programs; and
 - d. Provide feedback for state agency health and wellness programs.
3. The Health Benefits Advisory Committee and its workgroups shall oversee the communication and promotion of wellness programs and events to state employees and retirees, which communication may consist of web pages devoted to the state wellness programs, informational mailings and statewide electronic transmissions, among other methods.
4. Each agency head shall identify and appoint a Wellness Coordinator to spearhead that agency's efforts and to serve as the agency's liaison to the state wellness program. Each agency shall offer its expertise and cooperation to assist in educating all state employees on healthy lifestyles and wellness models.
5. All state employees and retirees are encouraged to participate in the Foundation for Healthy Communities' WalkNH program and in any future offerings of the state wellness program, including the promotion of the state Employee Assistance Program, existing wellness services available through the state

employee and retiree health benefits program as well as such programs offered to employees by individual state agencies and departments.

Granted under my hand and seal at the Executive Council Chambers in Concord, this 6th of June in the year of our Lord, two thousand and six.

Governor Of New Hampshire

On January 3rd, 2013, Governor Margaret Wood Hassan was sworn in as the 81st Governor of New Hampshire. Soon after assuming office, Governor Hassan demonstrated her support for wellness programming by filming a video message as part of a film created to educate State employees about health care. In this video, Governor Hassan states,

“As Governor, the health of state employees and retirees is important to me. I want everyone to be able to enjoy the highest quality of life possible. Healthier employees provide better service to the citizens who we are all dedicated to serving. The State continues to offer health improvement programming to provide opportunities for individuals to improve their health and wellness. Helping New Hampshire employees and retirees stay healthy is critical to controlling health care costs.”

Governor Hassan has also demonstrated her commitment to health and wellness through her support of the Governor’s Council on Physical Activity and Health. The Governor’s Council on Physical Activity and Health is comprised of representatives from state agencies, health care, business, education, older adult organizations and individuals with an interest in promoting physical activity. In support of one of the Council’s major initiatives, Governor Hassan on May 30th, 2014 hosted in the Governor and Council Chambers at the State House, the Outstanding Achievement Awards, an annual ceremony recognizing stakeholders that promote wellness in New Hampshire. This ceremony is widely regarded as the premiere honor for health and wellness-focused organizations including senior groups, employers, youth groups, community groups, and school districts. It was at this awards ceremony that Governor Hassan kicked off her second “90 Day Challenge” to all NH residents to move at least 20 minutes per day, every day from June 1st to August 31st.

Finally, the HBC recognizes that Governor Hassan has taken a direct interest in promoting employee health and wellness. For example, in early 2014, the Governor invited DAS representatives to give a presentation on the changes to the health benefit plan, including the Healthy Rewards program, to her state leadership team comprised of the Commissioners and other leaders of state agencies.

B. HBC Mission on Wellness

The HBC's mission statement is "The HBC plays an important role in the efforts to establish and maintain a wellness program that supports State of NH employees, retirees and their families in pursuit of greater health and well-being, which serves as a national example."

The HBC established this mission statement because "[w]here we work affects the choices we make, and in turn, our health. As such, the policies and environments that shape and define a workplace will also affect the health outcomes of the workforce as well. For example, worksites that enact policies and benefits which increase knowledge, awareness and access of healthy food options, opportunities for physical activity, and tobacco cessation will create an environment by which Members may be more likely to adopt them. Preventing injury and disease to bring down costs requires organizational level change that focuses on adopting policies and creating systems that support healthier lifestyle choices".

C. HBC Vision on Wellness

The HBC also established a vision statement: "The HBC supports a wellness program that is fully integrated within state operations through partnerships and regarded as a national model for employee and beneficiary wellness."

The HBC created the HBC Wellness Workgroup to seek to improve and maintain optimal health among participants by which healthy lifestyle choices are easily incorporated and reinforced into everyday life.

D. The HBC Wellness Work Group

Through the HBC, the cross-agency HBC Wellness Work Group was created with the goals and objectives to promote wellness through education and healthy lifestyle choices. Promoting health and encouraging healthy lifestyles can make a significant difference in the long-term health of State employees, retirees and their dependents and is one important way the State can address the escalating cost of health benefits. The HBC Wellness Work Group drew on resources from many State agencies, including Administrative Services, Office of Information Technology and EAP, and the State's vendors, including Anthem, Delta Dental and Express Scripts as well as the State Employees' Association (SEA). The members of the Wellness Work Group are:

- Linda Brewer, EAP Program Counselor, DHHS
- Alan Sylvester, Loss Control Consultant, DAS

- Diane Caldon, Administrative Assistant –Wellness Coordinator, DAS
- Linda Huard, State Employees' Association of NH, SEIU, HBC
- Tina Hussey, Health Program Specialist, DOP
- Dr. Richard Lafleur, Medical Director, Ad Hoc, Anthem
- Michael Loomis, Wellness Program Specialist, DAS
- Mike O'Mahony, Senior Health Data Analyst, DAS
Lisa Marzoli, State of NH
Wellness Facilitator, Anthem
- Heather Fairchild, Wellness Coordinator Safety Officer, DHHS
- Paula Nash, Wellness Coordinator, DOT
- Heather Brown, Network Representative, NE Delta Dental
- Joyce Pitman, Vendor Contract Manager, DAS
- Tiffany Fuller, Program Planner, DHHS
- John Crampton, EAP Program Specialist, DHHS

In 2006, the HBC Wellness Work Group began the task of implementing Governor Lynch's executive order and working with every agency identified Wellness Coordinator who were tasked with working with the Wellness Work Group in disseminating and promoting information to employees regarding wellness through education and healthy lifestyle choices. The Wellness Coordinators throughout the State of New Hampshire are as follows:

- Robert Lewis, Adjutant General
- Diane Caldon, Administrative Services
- Beth Serrine, Agriculture
- Dawn Allen, Banking Commission
- Kathy Wheeler, Banking Commission
- Nicole Foote, Board of Tax & Land Appeals
- Gayle Baird, Commission on Disability
- Lisa Currier, Corrections

- Diana DeCota, Cultural Resources, State Library
- Sheila Miller, Education
- Anne Anderson, Employment Security
- Zandi Dezonie, Employment Security
- Denise Heath, Employment Security
- Sharda Rao, Environmental Services
- Kim Crowley, Fish and Game Commission
- Jennifer Edgerly, HHS: NH Hospital
- Heather Fairchild, HHS: Office of the Commissioner
- Addie Hutchison, Human Rights Commission
- Kimberly Taylor-Miller, Information Technology
- Mary Tarbell, Insurance
- Kira Hageman, Joint Board of Licensure & Cert
- Micki Delorey, Labor
- Elaine Murphy-Maltais, Labor
- Diane Bergquist, Legislative Branch
- Deborah Buivid, Liquor Commission
- Tiffani Coriaty, Lottery Commission
- Chris McIntyre, Office of Veterans Services
- Anita Censabella, Pease Development Authority
- Lieutenant Jill Hamel, Police Stds & Training Council
- Tanya Wayland, Public Utilities Commission
- Suzanne Robidoux, Racing and Charitable Gaming
- Lisa Crowley, Revenue
- Patricia Gagne, Safety

- Wanda Botticello, Safety
- Paula Nash, Transportation
- Tabatha Young, Treasury
- Janet Goodridge, Retirement System

E. HBC Workgroup Goals

The HBC Wellness Workgroup provides support to members and agencies in an effort to improve health, prevent disease, and maintain a high quality of life for everyone. Developing goals and setting measurable health improvement outcomes plays an important role to assist in identifying gaps in wellness programming, prioritizing high-impact communication strategies, and providing health promotion and disease prevention support. Setting goals and monitoring progress through assessment, planning, and evaluation will enhance changes in the worksite environment, communication practices, as well as policy and cultural improvements. The fundamental goal of the workgroup is to engage employees and family members in an effort to adopt and maintain healthier lifestyles that will lower their risk of developing illness or being injured and enhancing their quality of life.

Outcomes of established goals will result in enhanced knowledge and participation in programming designed to improve health behaviors. Additional outcomes of healthier employees, dependents, and retirees include lower direct costs such as insurance premiums, worker's compensation claims, and they also positively impact many indirect costs such as absenteeism, moral, and worker productivity.

The goals of the HBC Workgroup are to:

- Reduce the risk of chronic disease among members through workplace interventions and program support.
- Engage members in activities, awareness campaigns, and education in maintaining a healthy lifestyle.
- Develop leadership support to effectively institute supportive environments for healthy behaviors.

F. Wellness Program Accomplishments

Wellness Program accomplishments fall into three major areas: administrative initiatives, initiatives that resulted from negotiated plan design changes to the health benefit plan, and health programming. The many Wellness Program accomplishments listed below are categorized below according to these three groupings for ease of understanding and recognition.

Accomplishments: Administrative Wellness Initiatives

- In 2006, Governor Lynch issues Executive Order 2006-07 relative to State Employee Wellness that states that each agency shall identify and appoint a wellness coordinator to spearhead that agency's efforts and to serve as the agency's liaison to the State wellness program. The Executive Order requires each agency to offer its expertise and cooperation to assist in educating all state employees on healthy lifestyles and wellness models.
- In 2006, the HBC developed media and communications strategies for rolling out the wellness program.
- In 2006, the Department of Administrative Services hosts a wellness website for members, <http://admin.state.nh.us/wellness/>. This website includes links to online health promotion resources and lifestyle management programs from the NH Department of Health and Human Services, Centers for Disease Control and Promotion, and Health Benefit Program vendors. An event calendar also lists upcoming events and programs at state worksites and community organizations
- In 2006, the first major initiative of the HBC Wellness Workgroup was partnering with the Walk New Hampshire Program with the goal of expanding the program to include state employees' participation. A special statewide kickoff celebration was held on June 9, 2006 at the State House in Concord, celebrated by Governor Lynch and Dr. Susan Lynch, among others.
- In 2006, the HBC created a Governor-endorsed HBC "Wellness Pamphlet" setting forth the wellness logo, motto, and HBC mission statement. This pamphlet promoted existing wellness and health promotion resources.
- In 2006, the SEA created a link of the SEA website to the DAS Wellness Program website.
- In 2006, the State begins quarterly trainings for agency Wellness Coordinators and personnel staff to educate agencies on health benefits, educational programs, health topics, and risk reduction strategies.
- In 2008, the State establishes a full time Wellness Program Specialist position at Anthem dedicated to the State of New Hampshire account.
- In 2009, the Department of Transportation hires a full time Wellness Coordinator whose job is to implement worksite health promotion programs.

- In 2010, the State hires Michael Loomis, a full time Wellness Program Specialist in the Risk Management Unit, whose job is to implement state-wide worksite health promotion programs.
- In 2010, the HBC workgroup conducted an employee needs and interests assessment for planning health promotion activities with organizational objectives and strategies covering policy, communication, and education interventions.
- Beginning 2010, Michael Loomis, Lisa Marzoli and Heather Fairchild, HBC Workgroup members, were appointed by Governor Lynch to the Governor's Council on Physical Activity and Health. The Council's mission is to promote a healthy lifestyle for all NH residents, through an emphasis on physical activity and fitness, but working in cooperation with all sectors of society. The HBC Workgroup encourages and communicates employee participation in several Council initiatives including the Governor's 90 Day Challenge, Granite Walk of Ages, and the Outstanding Achievement Award.
- In 2011, the HBC workgroup establishes the Agency Wellness Recognition Program that recognizes agencies for developing and implementing exceptional employee wellness programming and communication. Agencies are awarded recognition based on the breadth and depth of their employee wellness initiatives. The State of New Hampshire Agency Wellness Recognition Program was developed based on national and regional wellness standards including the Centers for Disease Control and Prevention, New Hampshire Department of Health and Human Services, Healthy People 2020 and reflects *The Guide to Community Preventive Services*, which summarizes what is known about the effectiveness, economic efficiency, and feasibility of interventions to promote community health and prevent disease. In 2011, the Department of Employment Security was honored and recognized by this program.
- In 2012, the SEA created a fulltime permanent position to support the HBC/Wellness program and SEA members in health initiatives.
- In 2013, the HBC workgroup developed an informational video in collaboration with the NH Purchaser's Group on Health informing Members about medical self-care, consumerism, health and wellness topics. Several members of the Workgroup are featured in the video including Mike Loomis, Paula Nash, Paula Booth, Heather Fairchild, Michael O'Mahony, as well as Governor Hassan and Commissioner Hodgdon.
- In February 2014, the SEA created an Executive Branch Benefits Health Page for state employees on the SEA website.
- In April 2014, the SEA added a "Health Buzz" section to its weekly emails to SEA members. The Health Buzz provides guidance and education to SEA members about their health benefits.

Accomplishments: Collectively Bargained Negotiated Wellness Program Changes to the Health Benefit Plan

- In 2006, the health benefit program made an Annual Health Assessment Tool for employees and dependents available online with the opportunity to participate in online lifestyle health management programs and tools.
- Beginning in the 1990's, HMO Active Employee Subscribers can elect a fitness reimbursement from the following options:
 - reimbursement for up to \$200 per subscriber contract per calendar year for the purchase of one piece of home exercise equipment that provides a cardiovascular/muscular total body workout; or
 - reimbursement for up to \$450 per subscriber contract per calendar year (January 1-December 31) for membership dues at participating fitness facility.
- Beginning in the mid 2000's, the Community Health Education Reimbursement Program (CHERP) is available to HMO and POS Active Employee Subscribers. Members that participate in an Anthem approved CHERP class are eligible for reimbursement of up to \$150 per family per calendar year. Approved CHERP classes cover a wide range of topics including nutrition education, tobacco cessation, weight management, stress management, physical activity, parenting education, CPR/First Aid, childbirth education and many more. State agencies can host community health education programs for employees at the worksite if they are an approved Anthem Provider from the CHERP list.
- In 2008, the SEA funded a fully-dedicated member to support SEA members as well as the Health Benefit Committee/Wellness Program.
- Beginning in 2010, the State launched the Tobacco Cessation Program including pharmaceutical benefit coverage of the seven medications approved by the U.S. Food and Drug Administration. Tobacco cessation counseling is available through the Employee Assistance Program, New Hampshire Tobacco Helpline, Anthem Healthy Lifestyles Program, or approved community health providers through the Anthem Community Health Education Reimbursement Program.
- In 2012, the Collective Bargaining Agreements (CBAs) required the development of a Health Education Program. The HBC Workgroup developed three learning modules focusing on health and wellness, medical self-care and health benefit programming. The Program's learning modules provide valuable information to help employees make educated health-related decisions and is accessible in a worksite seminar, online review, or paper-based packet.
- In 2014, the CBAs established a voluntary employee incentive program, the details of which are established in the HBC, that offers incentive payments of up to \$300 per employee per calendar year to employees who participate in health promotion activities. This program becomes known as the Health Rewards Program. In 2014, the Health Rewards Program offered incentives as follows:

- **Know Your Numbers Health Screening** – An employee completes a worksite biometric health screening or visits their provider to have the screening done as part of a well-adult visit and submits the appropriate paperwork to receive a \$100 reward.
- **Fitness and Nutrition Tracker** – An employee earns points for weekly events of nutrition and physical activity that are self-reported in the online Health Rewards portal. Each weekly event is worth 5 points and once an employee achieves 100 points, s/he earns a \$100 reward.
- **Employee Health Education Program** – An employee completes the three modules (Understanding Your Health, Medical Self-Care, Health and Wellness 101) online, in a workshop, or on paper to earn a \$100 reward.
- **Preventive Care** – An employee receives an adult well-visit to earn a \$100 reward.
- **Flu Vaccination** – An employee receives a flu vaccination during the Fall of 2014 to earn a \$100 reward.
- **Tobacco Free** – An employee that is tobacco free can certify this in the Health Rewards Account to earn a \$100 reward. Also, an employee that would like to quit tobacco can complete the Anthem Health Action Plan with their health care provider and submit it to Anthem to earn a \$100 reward.

Health Programming Wellness Accomplishments

- In 2005, the State began offering fall worksite flu shot clinics to state employees.
- In 2008, Local Government Center began supporting agency wellness education and fairs, providing health and wellness workshops as well as demonstrations.
- In 2008, the HBC Workgroup in collaboration with the Department of Transportation created walking maps with routes of varying distances from worksites.
- Beginning in 2010, the HBC Workgroup executed several health awareness campaigns with State leaders including Commissioner Toumpas, Commissioner Hodgdon, Commissioner Clement, and Commissioner Copadis on topics such as physical activity, tobacco cessation, colorectal cancer screening, breast cancer screening, diabetes prevention, and health assessment completion.
- Since 2010, the HBC Workgroup began providing guidance and assistance to employees by attending periodic wellness fairs at agencies.
- In 2011, the HBC Workgroup created a worksite stairway program called “Stairway to the Mountains” to encourage employees to take the stairs as well as promoting the Centers for Disease and Control and Prevention “StairWELL to Better Health” Program.
- In 2012, the HBC workgroup successfully advocated for worksite wellness educational programs by Health Benefit Program vendors and community health education organizations.

- In 2012, the HBC Workgroup worked with the Department of Education to increase the number of food vending machines operators that are engaged in the “Fit Pick” program that identifies healthier food with symbols in vending machines at state worksites.

V. State of New Hampshire Medical Utilization Data

Representatives of Anthem Blue Cross Blue Shield attended the August 11, 2014 HBC meeting and presented various utilization data for 2014 at mid-year. The report included information on paid claims, as well as the deductible. Data on the “Deductible Spend” was presented by type of service and dollar thresholds. The presentation also included statistics on employee’s completion of the Health Assessment and Health Rewards program.

The most significant part of the Anthem presentation was their review of claims data and experience comparing “Site of Service” versus “Non-Site of Service” utilization. These data generated a great deal of discussion. In fact, a number of additional questions were raised, including asking Anthem to provide further information, including claims on a “gross of deductible” basis (*i.e.*, include both the member and the State’s share of costs), case/set of services mix comparisons year over year, as well as other data. It was also noted that the data available at this point, was only for the first six-month period; for this reason, the data is not presented here and the HBC will establish as a goal that it continues to work with Anthem to refine the presentation of the data.

The State and the HBC look forward to seeing this additional data as they discuss the successes and the concerns of the Site of Service component of the program, as well as the Compass program and other impacts of the current and potential plan designs and benefit structures. As 2014 claims experience develops and becomes more credible, a comparison will be made to the State Plan’s 2013 claims experience.

VI. Looking Forward

A. Fiscal Realities for the State

The State of New Hampshire continues to experience fiscal challenges and the cost of the state employees' health benefits has a direct bearing on the State's budget. On July 30, 2014, Governor Margaret Wood Hassan issued budget instructions to all state agency heads that instructed agencies to not only submit a maintenance and change level budget for FY 2016-2017, but also an alternate version with FY 2016 budget proposals that totaled no more than 100% of the FY 2015 adjusted authorized budget and FY 2017 budget proposals that totaled no more than 103% of FY 2015 adjusted authorized budget.

Over the years, policy makers have endorsed the Health Benefit Committee's efforts to drive down the overall cost of state government by reducing health care costs through wellness incentive programs, most recently by approving the 2014 changes to the health benefit plan design as described in Section IV of this report. The Excise Tax only adds to this challenge, since according to Segal's projections, as mentioned in Section III of this report, the tax for active state employees could cost the state as much as \$8 million beginning in 2018.

The HBC recognizes that it must contend with the challenges of the Excise Tax. The reality of the Excise Tax confronts the HBC's frustration because (1) the cost of benefits is higher in our region than other regions of the country and (2) employee benefits were bargained in good faith and other compensation concessions were made by the Unions in order for employees to have these medical benefits. Nonetheless, the State cannot afford to pay the Excise Tax and the challenge in collective bargaining will be to eliminate or mitigate the impact of this tax.

B. 2018 Excise Tax Implications to the State Of New Hampshire

The Excise Tax penalty may result in significant costs to the State. The tax is based on overall cost by plan; therefore, increasing employee share of the premium (via payroll deduction) does not reduce the tax. Changes to plan designs that lower overall costs reduce the tax.

The following chart provides two comparisons of the State plans with the 2018 Excise Tax thresholds: (1) average annual increase in cost needed to exceed threshold in 2018 and (2) estimated 2018 Excise Tax by plan.

It is important to note, as illustrated in the chart, that based on the fiscal year 2015 budget rates and the State plans' current plan of benefits:

1. The fiscal year 2015 POS family rate already exceeds the 2018 threshold. Some of the other rates require minimal average annual increases to exceed the 2018 threshold.
2. The projected plan costs that assume annual trend of 6.5% result in an estimated \$7.8 million in 2018 Excise Tax.

ACTIVE EMPLOYEES	Active HMO			Active POS		
	Employee	Employee+1	Family	Employee	Employee+1	Family
Projected FY 2015 Annual Cost PEPM *	\$7,917	\$15,833	\$25,334	\$9,082	\$18,163	\$29,061
2018 Excise Tax Threshold	\$10,200	\$27,500	\$27,500	\$10,200	\$27,500	\$27,500
Average Annual Increase to Exceed Threshold in 2018 **	7.5%	17.1%	2.4%	3.4%	12.6%	Already Exceeding
Projected FY 2015 Annual Cost PEPM *	\$7,917	\$15,833	\$25,334	\$9,082	\$18,163	\$29,061
Assumed Annual Trend	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Projected CY 2018 Annual Cost PEPM **	\$9,869	\$19,737	\$31,581	\$11,322	\$22,642	\$36,227
2018 Excise Tax Threshold	\$10,200	\$27,500	\$27,500	\$10,200	\$27,500	\$27,500
Amount Over Threshold	\$0	\$0	\$4,081	\$1,122	\$0	\$8,727
40% Excise Tax	\$0	\$0	\$1,632	\$449	\$0	\$3,491
Assumed Enrollment	1,996	2,649	3,843	240	377	414
2018 Excise Tax By Plan	\$6,272,000			\$1,553,000		
Total 2018 Excise Tax Based on CY 2018 Projected Cost	\$7,825,000					

* These cost do not include health FSA or HRA contributions that apply to the threshold. Including these contributions will increase the tax liability.

** Assumes 3.5 years from fiscal year 2015 to calendar year 2018. Specifics on the exact effective date of the excise tax have not been identified.

These projections are estimates of future costs and are based on information available to Segal Consulting at the time the projections were made. Segal Consulting has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, health trend rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.

VII. Recommendations

The HBC recommends a series of goals to work on to improve supports of employee health and wellness. These recommendations are not prioritized.

- Establish and continuously improve a multi-channeled education program for employees and their families about the health benefit plan. This education program must take into account that we have employees of varying ages who learn differently and who have different technology available to assist with this learning process. As part of the planning process related to this education effort, among the strategies that should be considered for implementation are:
 - establishing a new employee orientation program addressing health benefits
 - improving or replacing the employee benefits website
 - developing online and classroom training sessions for employee health benefits education
 - developing training strategies to assist employees and their families to consider quality of care when making care choices
 - developing worksite education programs that deliver knowledge and convenience to employees. Consider focus on lifestyle choices that impact health and wellness
 - developing a training module on retiree health benefits for retirees and/or employees who are considering retirement
 - developing other strategies as recommended by the HBC.
- Continue to improve and expand wellness services
 - Conduct an assessment of current program utilization
 - Identify key areas of needs and interests based on data assessment results
 - Create a three year strategic Wellness Health Improvement Plan to drive effective programming and behavior change
 - Develop programs, policies and environment supporting healthy lifestyle choices
 - Maintain an evaluation process of the Wellness Program
 - Consider extension of the wellness program to retirees
- Continue assessing the employee health benefit program through review of data and employee feedback including employee satisfaction surveys regarding the health benefit plan and vendor performance
- Continue education of and assessment of the Excise Tax and its impact on the state budget and the employee health benefit plan

- Develop strategies to address Quality of Care in procurements and plan design; increase focus on patient outcomes
- Develop a continuing education agenda for the HBC to address subjects studied herein and developing new subjects for education. Consider the development of a quarterly/twice yearly/annual education agenda.
- Continue to implement strategies to address and promote industry payment reform
- Continue to engage state executive leadership, including the Governor and Agency Commissioners and other leaders, in supporting employee and retiree health and wellness. Consider the request for a new Executive Order on Employee Health and Wellness and continued promotion of the agency wellness recognition program by agency leadership.

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