HealthSpan’s Impact on Managing Healthcare Costs in the Tri-State
By Kenneth C. Page, President/CEO of HealthSpan Inc.
as interviewed by Douglas T. Miller, CHC, Executive Vice President, HORAN

Started in 1991, HealthSpan is now the leading provider-owned and independent network of hospitals, physicians and ancillary services in the Tri-State region. The network includes 100% of area hospitals and 98% of area physicians. Serving employer groups that are either self-funded or fully insured, HealthSpan continues to set itself apart in its network stability.

We are seeing tremendous interest in wellness from our customers. How is Healthspan assisting their employer groups to improve the health of their covered population?

We view wellness as an integral part of the package of services we provide to employers. HealthSpan offers three Wellness options at different price points. All three can be provided in a stand alone fashion or integrated with HealthSpan Complete Care (our comprehensive UM/CM/DM product). Having a quality Health Risk Assessment (HRA) and biometric screening process is obviously important, but we believe the follow up and engagement with individuals is the most important factor. We employ Certified Nurse Care Managers /Personal Health Coaches that provide outreach and support. This is somewhat unique in the industry, as is our ability to integrate the screening results with claims, pharmacy, and utilization data to have a complete picture for predictive modeling and patient counseling.

We routinely see that a small percentage of our covered employees create up to 80% of our claims. How does Healthspan reach out through disease management programs? What participation rate should a large company hope to achieve with these programs?

The first step is to have a complete picture of the population through the data integration mentioned above. Our care management software is able to provide risk stratification and identify the disease categories and patients that either are, or have the potential to create high medical costs. Each employer is assigned a Certified Nurse Care Manager and our nurses “mine” the data and initiate outreach to members. Unfortunately, patients normally have more than one issue they are dealing with and this requires a more ‘patient centered’ than ‘disease focused’ approach. The nurses provide education, navigation, and coordination to ensure the patient is as informed and compliant as possible. The most difficult and challenging aspect of the process is gaining the trust of the individual. This is critical to achieving active participation. We have found the personal touch is best, so our nurses outreach to patients in many different ways.

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Many employers are taking a hard look at the cost of their claims as well as the discount their vendor partners have negotiated on their behalf. How does Healthspan’s discount compare to the large traditional carriers and how would you recommend employers go about verifying this?

HealthSpan’s PPO Network product is designed to be a cost effective alternative to larger carriers. In order to be cost effective, we must assure ourselves and our customers, that the unit costs of services for hospital, physician, and ancillary services are comparable to the competition. Having competed aggressively in the market for the past 18 years and retaining over 100,000 members points to our commitment to competitive pricing. However, we also rely on consultant firms and reinsurance companies to analyze data and provide feedback which we incorporate into our negotiations with providers.

If you were a mid-size employer, what would you budget for claims trends in 2010? Where do you see trends moving in the next 12-24 months?

A recent Price Waterhouse Coopers analysis for Greater Cincinnati indicated a trend of just under 10%. National market trends have been more in the 6-7% range. Our customers have experienced lower than the national benchmarks and we anticipate that will continue going forward. In the Greater Cincinnati market overall, we expect the trend in the 6-7% range in 2010-11.

Healthspan has been very successful locally. How do you see your expansion in the next 24 months? What role do out-of-network partnerships play in your expansion plan?

HealthSpan’s growth is associated with two aspects of our business. The fastest growing component is our Wellness and Care Management services. We now have 88,000 lives under Care Management and we have very aggressive sales goals associated with our Wellness services. We also offer Employee Assistance Programs (EAP) and have introduced a new product integrating EAP and Wellness - a very innovative product design we are excited about. All these products can be and are sold without the PPO Network.

The PPO Network growth is focused on geographic expansion. We have introduced a HealthSpan Preferred product in Dayton/Springfield which is being very well received. Also, we have expanded the Network to Lima and are developing strategic relationships in Toledo. We see the I-75 corridor as a primary service area.

In terms of Network partners we work with a variety of entities. Contrary to conventional wisdom, the large carriers do not have strong discounts everywhere; they have regional strengths and weaknesses as well. So oftentimes a “best of breed” configuration of regional networks can best serve the customer. A good example of such a partner is Global Care, a network consolidator.

Does Healthspan have a corporate position on Healthcare reform?

It seems there is consensus that some type of reform is necessary - of course the devil is in the details. We support reform in the context of some of the high level objectives. We must find a way to provide coverage and better access to healthcare for the millions of uninsured Americans. Locally we have a crisis in terms of the number of uninsured and families without a “medical home”. I have been Co-Chair of an initiative funded by the Health Foundation of Greater Cincinnati, called Access Health 100. It is a broad based community effort to develop more primary care capacity and create mechanisms to ensure everyone in the Tri-State area has access to primary medical and dental services. We cannot reform healthcare by just focusing on coverage - we must also address the delivery system by reducing inefficiencies (such as inappropriate ER usage) and creating more primary care capacity.

Kenneth C. Page was named President/CEO of HealthSpan Inc., a provider sponsored PPO Network, Care Management, and Wellness Company in 2008. HealthSpan is a for profit subsidiary of Catholic HealthCare Partners which is based in Cincinnati and operates healthcare facilities in five states.

Mr. Page has over 35 years of healthcare experience with emphasis in the areas of managed care, health services administration, and healthcare policy. Mr. Page is also very active in the Southwest Ohio community serving on numerous Boards, including the St. Joseph Orphanage, Hospice of Cincinnati, Mercy Professional Services and a start-up non profit organization, Health Care Access Now (HCAN).

Rx’n Go: A Solution to the Rising Cost of Prescription Drugs

HORAN is pleased to announce a new prescription drug program exclusive for HORAN clients and prospects in our geographic region. Rx’n Go supports your cost reduction strategy through direct-to-consumer pricing of generic drugs. The cost savings to an employer, based on a review of claims and actual case studies, is as much as 50%.
Participation in the plan is open to all employees, family members of employees, part time, and seasonal employees—even if they are not enrolled in the group medical plan. There is no cost to an employer to enroll employees in the program and there are no enrollment fees for the employee.

Rx’n Go provides, through mail order, 90-day supplies of over 1,000 generic medications at flat copay rates of $25, $50, $75, or $100, depending on the medication.

The program facilitates affordability and access to maintenance drugs often taken for health conditions that have the greatest effect on claims. In a May 2009 study of a HORAN client’s prescription claims analysis, 145 of the top 200 most used drugs could be fulfilled by Rx’n Go.

Those 145 drugs represented $857,000 in annual prescription spending. By converting those drugs to 90-day mail order supplies, the annual spending would be reduced to $174,175, saving the client and the employees $682,825 on prescription claims per year. An added bonus: prescriptions filled through Rx’n Go will not count against the claims on the client’s medical claims insurance.

Rx’n Go is also compatible with a High Deductible Health Plan (HDHP), allowing employees with a Health Savings Account to use those tax-free dollars on generic medications in the program. It is especially helpful for groups on a HDHP or groups with high prescription claims.

As prescription drug copays become increasingly more expensive, Rx’n Go provides an affordable option for many medications. It is available to everyone with no restrictions, requirements, or pre-qualifications. It’s a win-win for employers and employees looking for a creative solution to curb the rising cost of prescription drugs.

For more information and to register, contact Julie Highley at 513.587.2722 or julieh@horanassoc.com.
Changes to Ohio Health Insurance Provisions
Prepared for HORAN by Robert W. Quirk, Issues & Answers, Inc.

The new budget bill signed by Governor Strickland on July 17, 2009 includes six changes to health insurance laws:
1. scope of dependent coverage;
2. mandate for employer cafeteria plans;
3. expansion of the claims denial review process;
4. finalization of mini-COBRA changes;
5. easing of eligibility for the state's Children's Buy-In Insurance Program; and
6. expansion of carriers' open enrollment available to uninsurable individuals.

Extension of Dependent Coverage
Dependent coverage currently offered under fully insured plans can continue up to a "limiting age," usually 25. For any plan that covers dependents and starts or renews on or after July 1, 2010¹, a carrier must cover an unmarried dependent until the child's 28th birthday. This new provision does not require that the plan sponsor offer dependent coverage or pay for the extended coverage after the child has reached the "limiting age" listed in the plan document.

For coverage to be extended, all of the following conditions must be met:
- The parent covered under the employer’s plan must request the extension.
- The child is the natural, adopted child or stepchild of the covered employee. [The extension does not include any “dependent of a dependent.”]
- The dependent is not employed by an employer that offers a “health benefit plan” for which the child would be eligible. This term “health benefit plan” is broadly defined to include any group health coverage offered by an insurer and excludes limited scope policies such as cancer, vision, dental or supplemental coverage. The new Ohio definition also includes any plan “regulated under ERISA.” [This could lead to a court challenge of this provision because ERISA “pre-empts” any state law that relates to an employee benefit plan². This preemption has been interpreted by Federal Courts to include any state mandated health benefit.]
- The child is a resident of Ohio or a full-time student at any accredited institution of higher education.
- The child is not eligible for Medicare or Medicaid.

Mandatory Cafeteria Plans
Any employer with 10 or more employees must adopt and maintain a cafeteria [Section 125] plan. This plan will allow employees³ to pay for "health insurance coverage" through a pre-tax salary reduction. The bill directs the Superintendent of Insurance, after consulting with Federal regulators, to issue regulations that will implement this requirement. The effective date of this mandate varies depending on the size of the employer and when the Superintendent issues the regulations.

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<th>Effective Dates</th>
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<td>[Whichever occurs later]</td>
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<table>
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<tr>
<th># of Employees</th>
<th>After Regulations Are Issued</th>
<th>Or By</th>
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<tr>
<td>500+</td>
<td>6 Months</td>
<td>January 1, 2011</td>
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<tr>
<td>150-500</td>
<td>12 months</td>
<td>July 1, 2011</td>
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<tr>
<td>10-149</td>
<td>18 Months</td>
<td>January 1, 2012</td>
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External Review of Claims Denials
Ohio law enables an individual to request an external [i.e. independent] review of a denied health claim. The budget bill expands that external review process by enabling the Superintendent of Insurance to:
- Direct a carrier to pay a claim as a covered benefit if the Superintendent of Insurance determines it is a covered service.
- Require the carrier to initiate an external review without a request from the covered individual.

These provisions are effective October 17, 2009.

Ohio Mini-COBRA Continuation Coverage
When COBRA premium subsidies were authorized, Ohio's mini-COBRA did not meet the maximum benefit allowance available under the Federal legislation. The General Assembly then passed temporary legislation to adapt Ohio's provisions to the benefits available under the Stimulus Bill.

The Ohio budget bill made the following temporary changes permanent:

<table>
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<tr>
<th>Policies Issued or renewed prior to April 2, 2009</th>
<th>Policies Issued or renewed on or after April 2, 2009</th>
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<tr>
<td>Employee has been continuously insured under a group policy during the entire three-month period preceding the termination.</td>
<td>Same</td>
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¹-The budget bill actually listed 2 effective dates for the dependent coverage provisions: January 1, 2010 and July 1, 2010. It appears that the Insurance Department intends to use July 1, 2010. ²-29 USC Sec. 1144 ³-Under IRS regulations, any employer can set the criteria for employee participation in a cafeteria plan. However, Ohio health insurance law specifies that an eligible employee is one who works a “normal work week of 25 or more hours” [ORC 3924.01(G)]

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### Policies Issued or renewed prior to April 2, 2009

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<tr>
<th>Policies Issued or renewed on or after April 2, 2009</th>
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<tr>
<td>Employee is entitled, at the time of the termination to unemployment compensation benefits.</td>
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<tr>
<td>The employee is not, and does not become, covered by or eligible for coverage by Medicare or any other medical insurance.</td>
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### Involuntary termination not included.

### Prescription drugs not included.

### Prior to the Premium Subsidy provisions of the Federal stimulus bill [ARRA], an eligible person could receive a maximum of 6 months of continuation coverage.

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<thead>
<tr>
<th>Policies Issued or renewed on or after April 2, 2009</th>
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<tbody>
<tr>
<td>If the person is covered under a group policy that was issued [for the first time] or renewed on April 2, 2009 or later, then that person can have 12 months of mini-COBRA.</td>
</tr>
</tbody>
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### Open Enrollment for Uninsurable Persons

**Beginning January 1, 2010:**

- The Department of Insurance will place a cap on the premium that carriers charge uninsurable individuals.
- Each insurer must hold an annual open enrollment for individuals who are not eligible for group coverage.
- The budget bill increases the number of uninsurable individuals that a carrier must accept each year and enables insurance agents to help uninsurable individuals select among open enrollment options.

### Validex Provides Employment Screening Services

HORAN is committed to providing information to our clients about quality services which support business needs at competitive prices. We are pleased to share details about employment screening services that are provided by Validex Employment Screening Services, LLC. Validex provides services in the following areas:

- Criminal record checks
- Driving record checks (motor vehicle records)
- Drug testing services
- Social Security validation checks
- Verification services (employment, education & references)

Validex was recognized by the Cincinnati Business Courier in 2009 as one of the Tri-State's largest minority-owned businesses. As a successful company in the employment screening industry, Validex is the current Best Practices Chair and founding member of the National Association of Professional Background Screeners (NAPBS).

Validex and HORAN are dedicated to our clients with representatives responsive to your needs and both maintain client partnerships representing diverse industries. It is our commitment to our clients that has made us successful and we look forward to continued partnerships with such progressive companies throughout the Greater Tri-State Region.

To receive a free Best Value Consultation and compliance audit of your current screening program from a Validex representative, please call 1-800-652-1005 or send an email to experts@validex.com.

### Children's Buy-In Program

Ohio Governor Strickland previously initiated the Children's Buy-In Program. This program enables parents of low income children who do not meet Medicaid eligibility to purchase coverage through Medicaid. The new budget bill eases eligibility requirements for the Buy-In Program, making it available to more low income families. The changes do not have a specified effective date and thus the default date will be 90 days after enactment or October 17, 2009.

A child must meet all of the following criteria to qualify:

- Be younger than age 19.
- Be a US citizen and a resident of Ohio.
- Family income is more than 300% of the federal poverty level.
- Have not had any insurance for 3 months or if both of the following apply:
  - The child's coverage is affected by one of the following conditions: coverage was lost because of a parent’s involuntary unemployment; an involuntary loss of dependent coverage; the child has COBRA coverage; one parent cannot work due to a disabling condition;
  - And any one of the following applies: the cost of available coverage exceeds 10% of the countable family income or is greater than 150% of the premium applicable under the Buy-In Program; the child participates in a program for the medically handicapped; the child has a pre-existing condition or has reached a lifetime limit.

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**Changes to Ohio Health Insurance Provisions**

Prepared for HORAN by Robert W. Quirk, Issues & Answers, Inc.
Please join us in welcoming our new clients!

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Coolant Control Inc.  
Fecon  
G&A Marketing  
Hillsboro Transportation  
Jam Unlimited  
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RL Torbeck  
Security National Automobile Acceptance Corporation  
Standard Textile Co., Inc.  
ThyssenKrupp Bilstein