State and Public School Life and Health Insurance Board Benefits Sub-Committee Minutes August 5, 2011

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on August 5, 2011 in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present	**Members Absent**
Beck Walker	Lloyd Black
Janis Harrison	Gwen Wiggins
Carla Wooley	Jeff Altemus
Bob Alexander	

Jason Lee, Executive Director, Employee Benefits Division (EBD).

Others Present:
John W. Baker, MD, FACS, American Society for Metabolic & Bariatric Surgery (ASMBS)- Baptist Health; John Colberg, Gaelle Gravot, Cheiron; George Platt, Michelle Hazelett, Marla Wallace, Lori Eden, Latryce Taylor, Shannon Roberts, Sherry Bryant, Sherri Saxby, Florence Marvin, Cathy Harris, EBD; Sarah Frith, Rhonda Hill, ACHI-EBD; Ron DeBerry, Kathy Ryan, David Bridges, Shirley Pinchback, Health Advantage; Wayne Whitley, Ronda Walthall, AR Highway & Transportation Department; Andra Kaufman , QualChoice; Steve Singleton, AR Retired Teachers Association, Sharon Marcum, LifeSynch; Marc Watts, AR State Employee Association; John Greer, Greer Consulting; Richard Ponder, Johnson & Johnson; Diann Shoptaw, USable; Shonda Rocke, InformedRx; Bryan Meldrum, NovaSys; Courtney Elms, Baptist Health

Call to Order
The meeting was called to order by Becky Walker, Chair

Approval of Minutes
A request was made by Walker to approve the July 15, 2011 minutes. Alexander made the motion to adopt. Harrison seconded. All were in favor. Minutes approved.

BARIATRIC CENTER OF EXCELLENCE *by Jason Lee*
Lee referenced one of the requirements for participation if the Bariatric pilot program; *6. The procedure must be performed at a fully approved (not provisional) in-network bariatric surgery center of excellence.* Lee said the Board has instructed the committee to review the credentialing process for the surgeon.

John W. Baker, MD, FACS addressed the committee. Dr. Baker provided a presentation on quality surgical care for Centers of Excellence Programs.

The committee was satisfied with the credentialing process conducted by the Centers of Excellence.

Alexander made the motion not change their earlier recommendation. Harrison seconded. Motion carried.

Lee said the Board was also concerned that the one year requirement to be on the plan before bariatric surgery might interfere with HIPAA provisions for preexisting conditions. Lee informed the committee the Board directed him to consult with Cheiron and ICE Miller. Lee said he was informed that the one year exclusion period might have an impact on preexisting conditions; however a 6 month requirement would not be a problem.

Alexander made the motion that members must complete the preauthorization process for 6 months prior to surgery. Harrison seconded. Motion carried.

MEDICARE ADVANTAGE *by John Colberg, Cheiron*
Cheiron presented a Medicare Advantage feasibility analysis for the plan's Medicare Retiree population.

The committee was concerned that members could not opt out of Medicare Advantage and enroll in other plans.

Cheriron said they would research the issue and report their findings back to the committee.

No action was taken by the committee.

Meeting adjourned.

The following pages were made available to the attendees of the meeting.

AGENDA

State and Public School Life and Health Insurance Board

Benefits Sub-Committee

EBD Board Room - 501 Building - 5th Floor

August 5, 2011 9:00 a.m.

1. **Call to Order** ..... *Becky Walker, Chair*
2. **Approval of Minutes** ..... *Becky Walker, Chair*
3. **Bariatric Center of Excellence** ..... *Jason Lee, Executive Director*
4. **Medicare Advantage** ..... *John Colberg, Cheiron*
5. **Director's Report** ..... *Jason Lee, Executive Director*

Upcoming Meeting
October 7

ASMBS American Society for Metabolic & Bariatric Surgery

Quality Surgical Care
Centers of Excellence Programs

John W. Baker, MD, FACS

Sub-committee hearing on Bariatric Surgery benefit

August 5, 2011

AMERICAN SOCIETY FOR METABOLIC & BARIATRIC SURGERY
Bariatric Surgery CENTER OF EXCELLENCE®
SURGICAL REVIEW CORPORATION

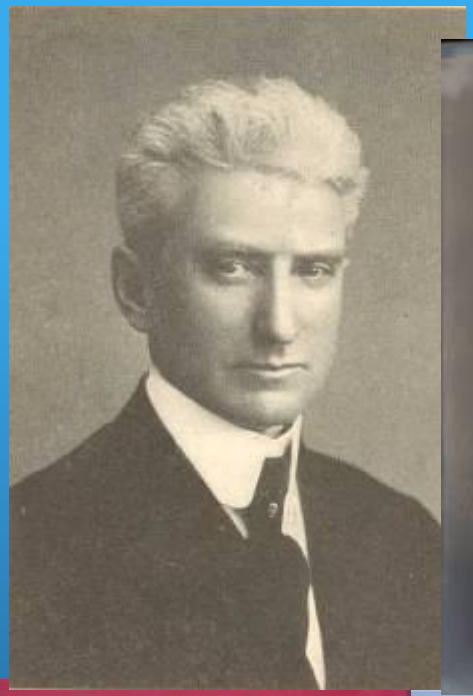
ACS BSCN
AMERICAN COLLEGE OF SURGEONS
BARIATRIC SURGERY CENTER NETWORK
ACCREDITATION PROGRAM

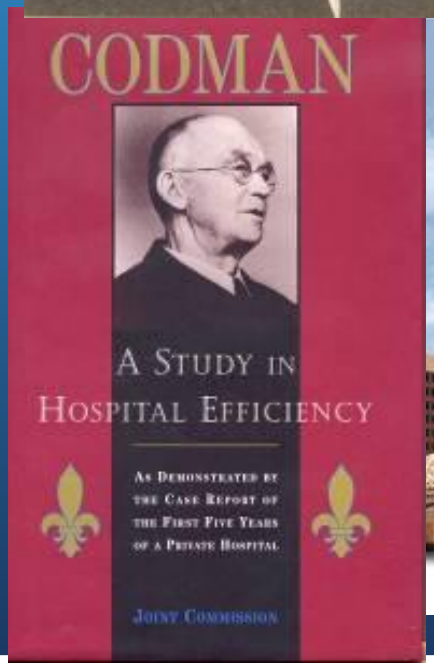
Disclosures

- Senior Past President, American Society for Metabolic and Bariatric Surgery ASMBS
- Baptist Health, Medical Director, Medical Weight Loss program, Co-director for Bariatric Surgery
- One year on Board of Directors Surgical Review Corporation(SRC) as President –Elect ASMBS
- One year on the Bariatirc Surgical Review Committee (BSRC)
- Ethicon Endosurgery, Consulting honoraria
- Covidien, Consulting honoraria

Surgeons, Our Heritage

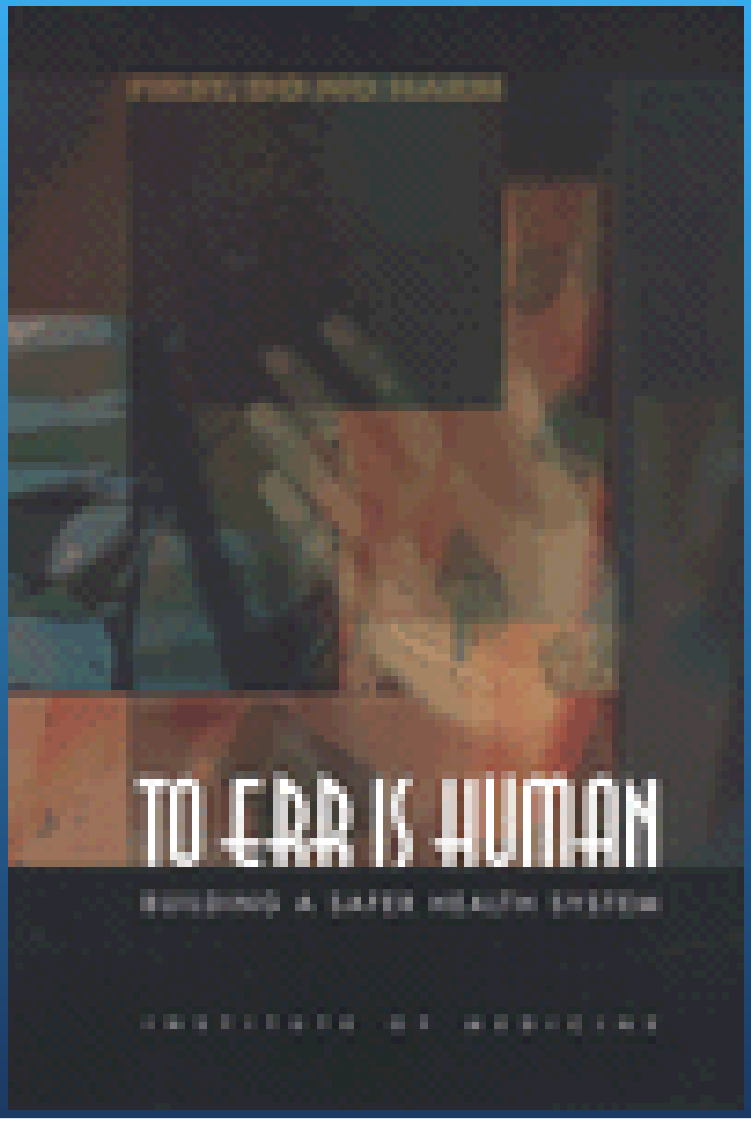
- Martin and Murphy
  - Clinical congress and education model
  - Standards for surgeons
- Codman
  - Public reporting of results
  - First hospital reviews- results burned

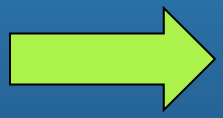


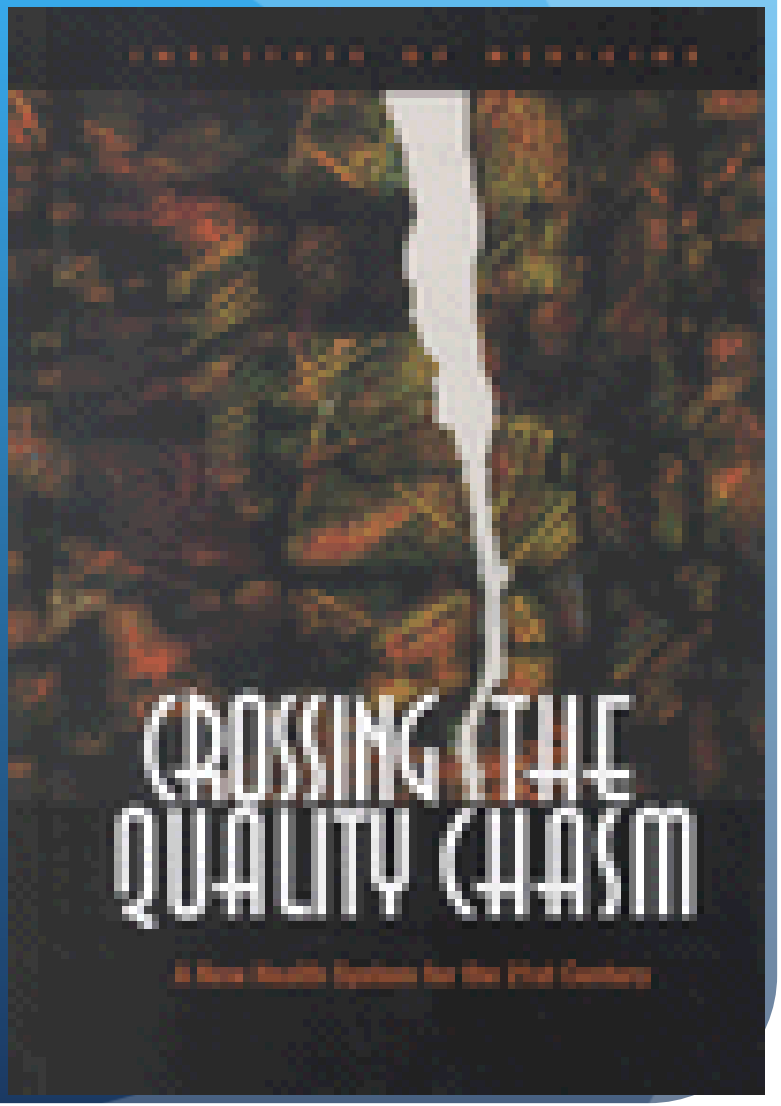


1918

Major Changes last forty years







Policy Experts

- Joint Commission was started by the American College of Surgeons

Many Multi-Stakeholder Quality Measure Development Groups Have Formed

AQA

HOSPITAL QUALITY ALLIANCE
Improving Care Through Information

CQA
CANCER QUALITY ALLIANCE

SURGICAL QUALITY ALLIANCE

THE NATIONAL QUALITY FORUM

IHI.org
A resource from the Institute for Healthcare Improvement

SCIP
Surgical Care Improvement Project
A National Quality Partnership

AMA
AMERICAN MEDICAL ASSOCIATION
The Physician Consortium for Performance Improvement®

Measuring the quality of America's health care
NCQA

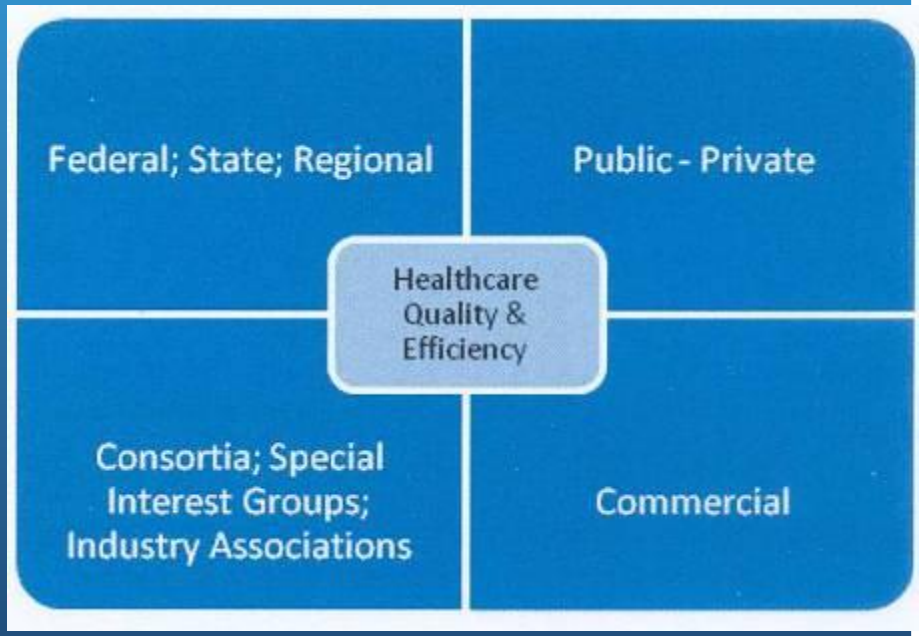
CMS
Centers for Medicare & Medicaid Services

THE KIDNEY ALLIANCE

NQF

Agencies Measuring Quality

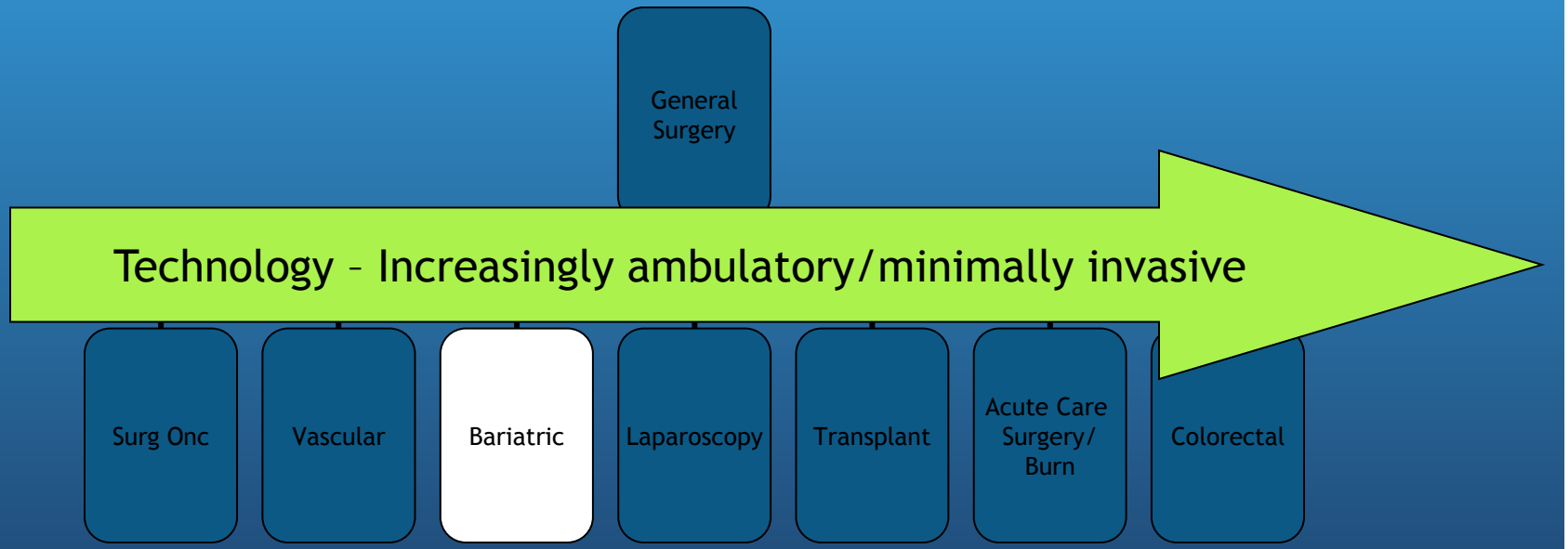
- 118 measuring agencies
  - Physician quality
  - Physician efficiency
  - Hospital quality
  - Hospital efficiency




TAKE A NUMBER
MACK'S
INSURANCE CO.

Surgery Evolution

- Multidisciplinary work groups



- Disease / mechanism of disease focus

Perceived Crisis in Patient Care in Bariatric Surgery

Don’t Put Your Head in the Sand

ASMBS American Society for Metabolic & Bariatric Surgery

- In 2003 Senior leadership in ASBS-Dr. Walter Pories
- A separate organization Surgical Review Corporation SRC
- American College of Surgeons was invited to have 3 seats on the board
- ACS chose later to form its own accreditation program BSCN

The SRC believes that having stakeholders on the board is important: to maintain the credibility of the process and standards by having a group "independent" of surgeons set the rules. This is also the reason given for the separation of the credentialing process out of the hands of the ASMBS.

Improving Patient Safety

- Open source
- Informatics
- Informed consent
- Patient care pathways
- Data analysis
- Outcomes reporting
- Meeting patient and payor expectations

Best Practices

A procedure, technique or methodology that through experience and study has proven to reliably lead to a desired result.

Best Practices ≠ Standard of Care

Standard of Care

"The degree of learning and skill ordinarily possessed by practitioners of the medical profession in the locality".

Best Practices Exceed the Standard of Care

By definition if you consistently engage in best practices you will consistently be exceeding the standard of care.

Best Practices = Better Outcomes

The 10 Requirements for a COE

1) Institutional commitment to excellence
2) Surgical experience and volumes
3) Designated medical director
4) Responsive critical care support
5) Appropriate equipment and instruments
6) Surgeon dedication and qualified call coverage
7) Clinical pathways and standard operating procedures
8) Bariatric nurses, physician extenders and program coordinator
9) Patient support groups
10) Process for long-term follow-up, including BOLD

Credentialing & privileges

- Current signed/dated delineation of general surgery and bariatric surgery privileges for each applicant bariatric surgeon

- Documented bariatric surgery privilege guidelines
  - ASMBS offers an example of Guidelines for Granting Privileges in Bariatric Surgery at http://www.asbs.org/Newsite07/resources/asbs_granting_privileges.htm
  - Documentation of formal adoption of bariatric privilege guidelines

- List of ALL non-applicant surgeons who have had bariatric surgery privileges at the hospital during the past 5 years, including surgeons no longer practicing bariatric surgery

Are clinical pathways required?

- Ten of the following 11 clinical pathways are required:
  - Indications
  - Contraindications
  - Initial patient instruction
  - Patient evaluation
  - Laboratory studies
  - Imaging studies
  - Patient education/consent
  - Admission workup and evaluation
  - Preoperative and postoperative nutrition regimen
  - Wound care management
  - Pain management

BOLD

- Collects outcomes data on live patients
- Looks prospectively … Goal is five years minimum
- Some data points are PHI under HIPAA

BOLD Oversight

- Research Advisory Committee (RAC)
  - Guides how the database is utilized for analysis and clinical studies
- Bariatric Surgery Review Committee (BSRC)
  - Provides clinical opinions on the evolution and administration of BOLD
  - Governs how the database is used for compliance purposes
- Data Access Committee (DAC)
  - Reviews and approves requests for BOLD data
- Data Dissemination Committee (DDC)
  - Reviews and approves manuscripts, presentations and other works containing data from BOLD

Outcomes Reporting and Data Analysis

- Aggregate analysis
- Not an administrative database
- Risk adjusted as best can be done
- Reduce the burden of data collection
- Identify what works best at reducing complications.

Hot Issues

- Data Protection
  - How is the data protected?
    - Peer-review statutes vary from state to state
    - Through court decisions some have been rendered meaningless
    - There is no federal peer-review statute directly applicable

Hot Issues

- Data Protection
  - How is the data protected?
    - NIH Certificate of Confidentiality issued for BOLD™ August 2008
    - The C of C protects participating Centers from compulsory legal demands such as court orders and subpoenas seeking patient identifiable data

Key BOLD Statistics

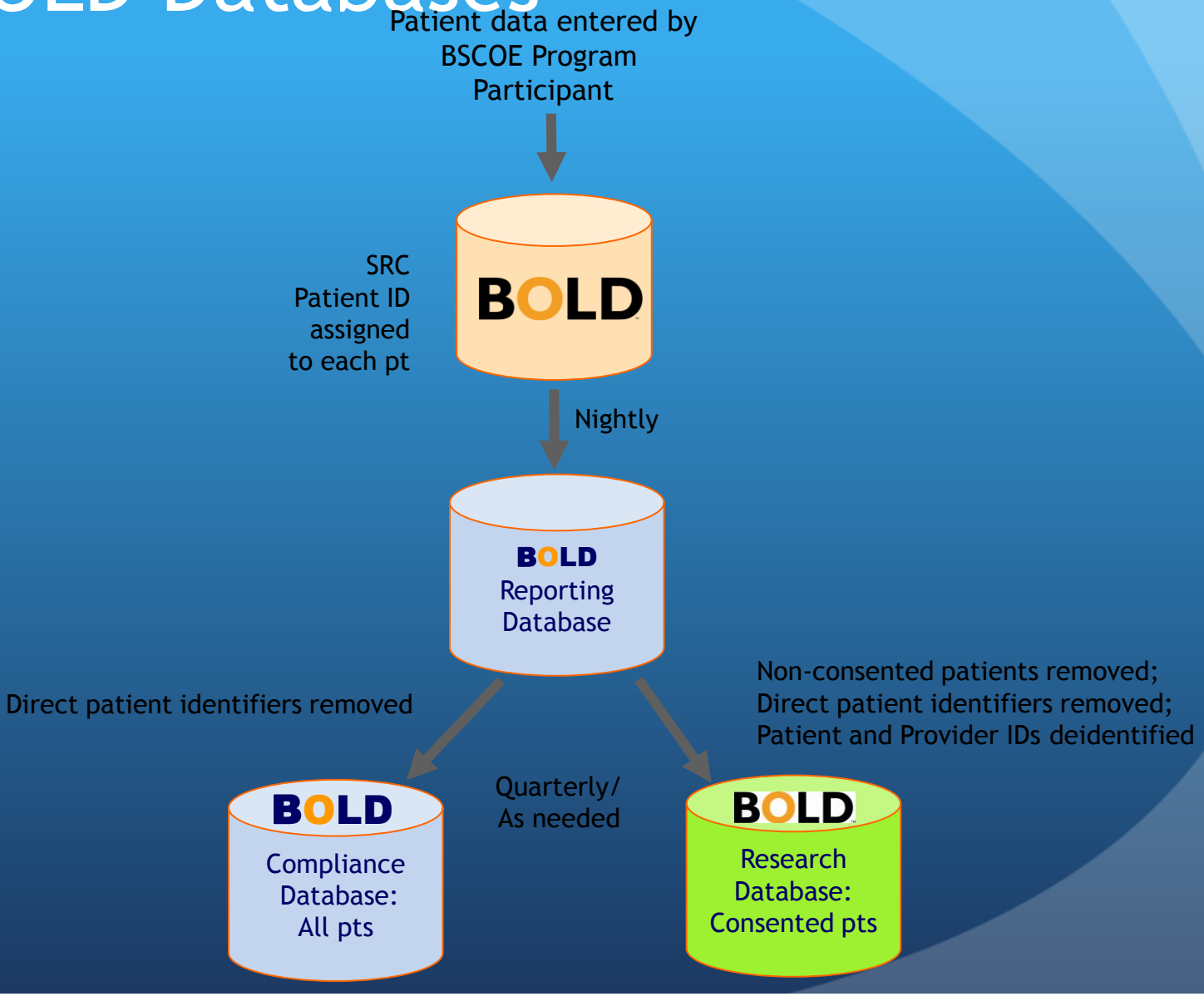
• Total patients in BOLD	324,528
• Accrual rate	~12,000 pts/month
• Practices entering data in BOLD	610
• Hospitals with data in BOLD	881
• Surgeons with data in BOLD	1,147

As of 11/3/10

NSQIP BSCN

- 25,000 patients
- Hospitals 112 both Level 1 and level 2
- Cost prohibitive to most small practices and hospitals
- Requires full time RN trained in data collection.
- The BSCN was the first program within NSQIP to record outcomes on all patients in the facility.

BOLD Databases



CENTERS within 4 hour Drive of little Rock

MEETING EXPECTATIONS

Thank you

Arkansas State Employees Health Benefits Program

Medicare Advantage Feasibility Analysis

John Colberg, FSA, MAAA
Gaelle Gravot, FSA, MAAA

August 5, 2011

Topics

- How ARHealth Medicare Benefits Work Now
  - Types of Medicare Providers
- How Medicare Advantage Works
- Feasibility Analysis

Appendices

A. Assumptions & Methods

B. Star Rating for Little Rock Organizations

How ARHealth Medicare Benefits Work Now

- Each claim is submitted to Medicare.
- Medicare pays its portion of benefits.
- Plan then pays its portion of benefits.

Example: $1,000 Claim

- Medicare pays 80%
- Plan pays remaining balance

	Coinsurance	Allowed	Paid
Medicare	20%	$ 1,000	$ 800
Plan	0%	$ 200	$ 200

Types of Medicare Providers

- Medicare Accepting – Bill & receive payment directly from Medicare; accept Medicare reimbursements.
- Medicare Participating but Non-Accepting – Do not bill Medicare directly; limited to 15% above Medicare.
- Not Medicare Participating – Charge not limited.

How Medicare Advantage Works

- Plan/insurance company contracts with Center for Medicare & Medicaid Services (CMS) to become a Medicare Advantage Organization (MAO).
  - MA-PD (including prescription drugs)
  - MA only (excluding prescription drugs)
- MAO submits bids (rate filings) to CMS every year.
  - Bid = Amount Per Member Per Month (PMPM) required by MAO to cover Medicare Traditional Benefits. Risk and geographically adjusted.
  - Benchmark = Amount PMPM CMS is ready to pay MAO for covering Medicare Traditional Benefits. Risk and geographically adjusted.
  - Savings = Bid – Benchmark. At expected risk and geographic distribution.
  - MA Rebates = Percentage of Savings
    - Based on "Star" (quality) rating of MAO (e.g. 66.7% for 3-Star MAO, 73.3% for 5-Star MAO in 2012).
    - Used to pay toward benefits provided beyond Medicare FFS.
  - Premium = Portion of the required revenue that is not covered by Bid and MA Rebates. Premium cannot be negative but can be $0.
- Network based product (PPO, HMO, POS, PFFS) ➔ Utilization management savings opportunity.

How Medicare Advantage Works

- Revenue:
  - Medicare Pays MAO Bid amount + MA Rebates monthly.
    - Bid amount varies by:
      - Health of population (risk score)
      - Geography (at county level)
    - MA Rebates are set at time of bid
  - Buyer (Individual, Employer) pays premium for cost beyond Medicare payment.
- Claims:
  - MAO pays claims based on total allowed (include Medicare FFS portion).

Examples

- CMS Payment to MAO

	Expected Bid	Actual Ex # 1	Actual Ex # 2
Star-Rating	3	3	3
Risk Score	1.050	0.900	1.100
Geography	1.000	1.000	0.950
Bid	$ 700.00	$ 600.00	$ 696.67
Benchmark	$ 800.00	$ 685.71	$ 796.19
Savings	$ 100.00	$ 85.71	$ 99.52
Rebates	$ 66.70	$ 66.70	$ 66.70
Payment to MAO	$ 766.70	$ 666.70	$ 763.37

- MAO Claim Payment

	Coinsurance	Allowed	Paid
Plan	0%	$ 1,000	$ 1,000

Medicare Feasibility

- Medicare Advantage more advantageous if buyer's premium is less than Med Supp premium/claim expense.
- Key assumptions:
  - Medicare Allowed Medical cost
  - Risk score
  - Geographic distribution of membership
  - Utilization Management savings
  - MAO Star-rating
  - Admin/profit load in the bid

Results: 2012 Projected Claim Cost

	ASE	PSE	Total
Member-Months	108,417	80,062	188,479
Claim & ASO Cost PMPM	$ 184.32	$ 169.47	$ 178.01
Best Guess			
Risk Score	1.062	0.930	1.021
UM Savings	-8.0%	-8.0%	-8.0%
Est'd Premium + ASO PMPM	$ 166.79	$ 146.99	$ 158.38
Net Gain/(Loss) PMPM	$ 17.52	$ 22.48	$ 19.63
Break Even; Assumed Risk Score			
Risk Score	1.062	0.930	1.021
UM Savings	-5.7%	-4.9%	-5.3%
Est'd Premium + ASO PMPM	$ 184.29	$ 169.49	$ 178.00
Net Gain/(Loss) PMPM	$ 0.02	$ (0.02)	$ 0.01

Results (cont'd)

	ASE	PSE	Total
Lower Risk Score; 4% UM Savings			
Risk Score	1.041	0.897	1.014
UM Savings	-4.0%	-4.0%	-4.0%
Est'd Premium + ASO PMPM	$ 216.79	$ 208.09	$ 213.09
Net Gain/(Loss) PMPM	$ (32.48)	$ (38.62)	$ (35.08)
Assumed Risk Score; 10% UM Savings			
Risk Score	1.062	0.930	1.021
UM Savings	-10.0%	-10.0%	-10.0%
Est'd Premium + ASO PMPM	$ 152.19	$ 134.49	$ 144.67
Net Gain/(Loss) PMPM	$ 32.12	$ 34.98	$ 33.34
Lower Risk Score; 12% UM Savings			
Risk Score	1.041	0.897	1.014
UM Savings	-12.0%	-12.0%	-12.0%
Est'd Premium + ASO PMPM	$ 149.09	$ 139.69	$ 145.10
Net Gain/(Loss) PMPM	$ 35.22	$ 29.78	$ 32.91

Considerations

- Political environment: rules can change at any time.
- Lots of moving parts:
  - Medicare allowed had to be estimated
  - Benchmark rates
  - MAO Star-rating
  - Risk Scores
  - MAO bids components
  - Geographic distribution
- All are reset annually.
- Incentive for MAO to:
  - Maximize Star-rating: higher MA rebates, higher benchmark
  - Maximize risk score: higher bid payment
  - Maximize UM savings: higher MA rebates

Appendix A – Assumptions & Methods

- Risk Score (RS) assumptions based on relationship of ASE/PSE claim cost to Ingenix Benchmark claim cost.
  - Raw RS = ASE(PSE) paid claim/Benchmark paid claim
  - Best Guess/Default RS = (Raw RS)^0.75 if Raw RS > 1, (Raw RS)^(1/0.75) if Raw RS < 1

Assumptions (cont'd)

- UM Savings assumptions:
  - Default set so that Medicare Advantage and Med Supp are equivalent
  - Best Guess = 8% UM Savings
  - High Assumption = 12% UM Savings
  - Low Assumption = 4% UM Savings

	UM Savings			Risk Score		
	ASE	PSE	Total	ASE	PSE	Total
Best Guess	-8.00%	-8.00%	-8.00%	1.0623	0.9302	1.0215
Default	-5.66%	-4.90%	-5.30%	1.0623	0.9302	1.0215
Low Assumption	-4.00%	-4.00%	-4.00%	1.0411	0.8971	1.0143
High Assumption	-12.00%	-12.00%	-12.00%	1.0411	0.8971	1.0143

Assumptions (cont'd)

- Geographic Distribution:
  - 100% in Pulaski County (Little Rock area)
    - ➔2012 Benchmark at 1.00 Risk Score = $745.08
- Star-Rating: 3
- Admin load in bid: $90 (PMPM)
- Profit load in bid: 5% of required revenue
- Current ASO Admin Costs (PMPM): $20.95 ASE; $24.72 PSE
- ASO Admin Costs under MA (PMPM): $1.29 ASE; $0.49 PSE

Methodology

- Using 2010 incurred claims from the ARK Claim Database, we calculated the ME medical experience (allowed and paid) for CY 2010.
- We then projected 2012 Plan Allowed and Paid using the same benefit assumptions and trends (7%) as presented on 7/19/2011.
- We used Ingenix model to estimate the total Allowed and Paid (Medicare + Plan).
- We calibrated our projections so that the Plan paid match 2012 projected claim cost PMPM for ME retirees.
- Using Ingenix distribution of claims by service category, and CMS Bid Pricing Tool (BPT) spreadsheet, we estimated the "member premium" for each UM savings/Risk Score combination.
- We then added to the member premium, the ASO cost (PMPM) for NME spouse and dependent, and compared the sum to the projected 2012 claims + ASO cost PMPM.

Cheiron's Disclaimer

- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data.

- Cheiron's presentation was prepared exclusively for the State of Arkansas for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Cheiron's work product (other than the Fund's auditor, attorney, third party administrator or other professional when providing professional services to the Fund) who desires professional guidance should not rely upon Cheiron's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

Appendix B – Star Rating as of October 2010 for Organization with Plans in Little Rock

Organization	Plan Name	Overall Rating
Arkansas Blue Cross - Medi-Pak Advantage	AR Blue Cross - Medi-Pak Advantage MA (PFFS)	Plan too new to be measured (1)
	AR Blue Cross - Medi-Pak Advantage MA-PD (PFFS)	Plan too new to be measured (1)
Arkansas Blue Cross and Blue Shield	Medi-Pak Advantage . St. Vincent (PPO)	Plan too new to be measured (1)
Care Improvement Plus	Care Improvement Plus Medicare Advantage (PPO)	Not enough data (1)
	Care Improvement Plus Medicare Advantage (Regional PPO)	Not enough data (1)
Humana Insurance Company	Humana Gold Choice H8145-120 (PFFS)	Plan too new to be measured (1)
	Humana Gold Choice H8145-122 (PFFS)	Plan too new to be measured (1)
	HumanaChoice H7188-003 (PPO)	3 out of 5 stars
	HumanaChoice H7188-005 (PPO)	3 out of 5 stars
	HumanaChoice R5826-010 (Regional PPO)	2.5 out of 5 stars
	HumanaChoice R5826-067 (Regional PPO)	2.5 out of 5 stars
Mercy Health Plans	Mercy MedicareADVANTAGE AR (PPO)	4.5 out of 5 stars
Sterling Life Insurance Company	Sterling Partners (PPO)	Plan too new to be measured (1)
Windsor Medicare Extra	Windsor Medicare Extra Diamond Plan (HMO)	2.5 out of 5 stars
	Windsor Medicare Extra Emerald Plan (HMO)	2.5 out of 5 stars
	Windsor Medicare Extra Gold Plan (HMO)	2.5 out of 5 stars
	Windsor Medicare Extra Silver Plan (HMO)	2.5 out of 5 stars

(1): New Plans or plan with not enough data are granted 3 Stars

Sources: CMS 12/17/2010 Landscape files and Part C Report Card Master Table Summary as of 10/14/2010