THE HERTEL REPORT

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AZ EXCHANGE ADDS PLANS, HIGHER PREMIUMS

Open enrollment for marketplace plans begins in less than three weeks, and insurance filings indicate Arizona consumers will have more choices and face a slight increase in average premiums.

The Arizona Department of Insurance (DOI) has received and approved filings from 13 insurance carriers, including three newcomers: All Savers Insurance Co., a UnitedHealthcare affiliate; Phoenix Health Plans Inc.; and Time Insurance Co.

The DOI said premium information is not yet available, but a PricewaterhouseCoopers analysis of Arizona filings shows the average premium — before subsidies — will be $317, a 6.3 percent increase from last year. However, plans have proposed a range of premiums — from a 25 percent decrease to a 25.5 percent increase. For example, Cigna wants to increase rates an average of 14.4 percent and Humana, 25.5 percent.

The 2015 open enrollment period (OEP) is Nov. 15, 2014 – Feb. 15, 2015. Consumers may also qualify for a special enrollment period (SEP) within 60 days of certain life events that involve a change in family status (marriage, birth of a child, etc.) or loss of other health coverage.

BANNER PIONEER ACO EARNS TOP MARKS

For the first time, the Centers for Medicare & Medicaid Services (CMS) published individual results for the Pioneer accountable care organization (ACO) program, and Banner Health Network demonstrated impressive savings.

Of the 32 Pioneer ACOs nationwide, Banner's Pioneer ACO ranked second for performance, with more than $19M in gross savings and $13.4M in earned shared savings its first year (2012). In 2013, Banner Pioneer posted more than $15M in gross savings and $9.2M in earned shared savings. Montefiore ACO in New York led the nation with gross savings of $23.3M in 2012 and earned shared savings of $14M. In 2013, Montefiore reported gross savings of $24.6M and earned shared savings of $13.4M.

The Pioneer ACO program is designed to test new models of healthcare delivery and payment and provide Medicare beneficiaries with higher quality care, while reducing expenditures through enhanced care coordination.

AZ HEALTH CENTERS GET FEDERAL FUNDS

The Health Resources and Services Administration (HRSA) recently awarded more than $295M in Affordable Care Act (ACA) funds to increase primary care at health centers nationwide. In Arizona, 19 programs received awards totaling about $4.9M.

This funding will allow Arizona centers to hire 85 new full-time employees and provide services to 26,492 additional patients. The funding will also allow centers to stay open for longer hours and to provide new services, including oral health, behavioral health, pharmacy and vision.

In 2013, 17 Arizona health center programs received HRSA grants; together they served more than 438,000 patients.

Go to www.thehertelreport.com to see the full listing of health center awards.

There are several types of health centers, but not all receive funding from HRSA's Health Center Program (Section 330 of the Public Health Service Act). HRSA-supported health center programs meet the following criteria:

- Located in or serve high-need communities, e.g. medically underserved areas/populations.
- Governed by a community board, the majority of whose members represent the population's patients.
- Provide comprehensive primary healthcare services and supportive services (education, translation, transportation, etc.) that promote access to healthcare.
- Provide services available to all, with fees based on patients' abilities to pay.
- Meet federal performance and accountability standards.

While health centers are receiving billions in ACA funding this year, they face possible funding decreases at the end of this fiscal year. This is the last year that funds have been appropriated unless Congress takes action to extend it. Federal funds comprise roughly 20 percent of the typical health center budget.

VOTERS TO DECIDE MIHS FUNDING

On Election Day, Maricopa County taxpayers will be asked to approve Proposition 480, which would fund a $935M bond for expansion and renovation of the aging Maricopa Integrated Health System, a publicly funded hospital system that serves as a safety net for the underinsured and uninsured.

The ballot measure raises the question of whether the ACA will reduce dependence on safety-net facilities. Will enough of the uninsured gain coverage through the marketplace and receive care through the private sector instead of safety nets like MIHS? How long will this take? In the meantime, will the safety net be adequate without renovation?

If passed, the $935M breaks down as follows:

- $571M for inpatient facilities, including a new Maricopa Medical Center with a Level 1 trauma center and the Arizona Burn Center
- $226M for a new behavioral health hospital and other behavioral health facilities
- $138M for new outpatient health facilities and to renovate existing clinics

The bond would cost homeowners $13.74 a year per each $100,000 of a home's assessed value.

NEW PLANS ENTER MEDICARE ADVANTAGE MARKET

With Medicare's annual enrollment period (AEP) underway, some Arizona beneficiaries will have up to four more plans to choose from.

In June, The Hertel Report ranked the following top 11 Medicare Advantage plans that were preparing to compete for the business of more than 1 million Arizonans eligible for Medicare: Aetna, Banner Health/MediSun, Care More, Cigna, Health Choice, Health Net, Humana, Mercy Care, Phoenix Health Plans, SCAN and United Healthcare/Pacificare.

The following plans have also joined the fray in select counties:

- University Care Advantage: Cochise, Gila, Graham, Greenlee, La Paz, Pima, Pinal, Santa Cruz and Yavapai.
- AARP Medicare Complete: Cochise, Graham, Maricopa, Pima, Pinal, Santa Cruz and Yavapai.
- Blue Cross Blue Shield of Arizona (formerly Banner/MediSun): Maricopa, Pima and Pinal.
- Bridgeway Health Solutions: Maricopa and Pima.

Medicare's AEP runs through Dec. 7. People who are unhappy with their Medicare Advantage plan can leave their plan and switch to Original Medicare during the disenrollment period, Jan. 1 – Feb. 14.

EMPLOYERS TURN TO REFERENCE PRICING, RESULTS MAY DISAPPOINT

In an effort to control healthcare costs, many large, self-funded employers plan to cap what they pay for certain medical procedures and require people who choose medical facilities that exceed the cap to pay the difference. However, it's uncertain the extent to which it will reduce healthcare costs.

Usual and customary rating (UCR) is a long-standing way for employers to limit their liability. Tiered prescription benefit plans that put consumers at risk for high costs have been around for years. This approach, whatever you call it, is not new.

For example, many generic drugs are covered at 100 percent, with members paying the difference for brand-name drugs. Studies by pharmacy benefit managers show reference pricing typically leads to lower costs, without decreasing health outcomes or increasing physician visits.

Recently, the California Public Employees' Retirement System reported the use of reference pricing for hip and knee replacements resulted in a 19 percent savings without any decrease in quality. While only about 10 percent of employers currently have such programs, about 68 percent say they plan to add them, according to a study by Aon Hewitt.

A new study from the National Institute for Health Care Reform suggests employers may be unimpressed by the overall savings generated by these programs. The study simulated what would happen if reference pricing were applied to claims submitted by 528,000 autoworkers. It analyzed the effect of reference pricing on selected claims, not including emergency room and costs for procedures that could not be reasonably compared in advance. The study found that reference pricing would save only about 5 percent.

Consumer groups are concerned reference pricing might lead to confusion and patients could end up paying more unless the program was well-explained and well-understood. In addition, the Department of Health and Human Services, the Department of Labor and the Internal Revenue Service are concerned reference pricing might produce limitations on coverage that are prohibited by the ACA, without ensuring access to quality care and an adequate provider network. Earlier this year, the federal government allowed these pricing programs to go forward and opened up such concerns to public comment. Recently, these departments announced they will continue to evaluate the impact of reference pricing, particularly as it applies to network adequacy, maximum out-of-pocket limits and consumer disclosures and education.

The Hertel Report
29455 N. Cave Creek Road
Suite 118 Box 453
Cave Creek, AZ 85331
602-679-4322
Publisher: Jim Hammond
Managing Editor: Paula Blankenship
Editor: Amy Fletcher
Contributors: Paul Berteau
Rand Hinrichs
Steve Rees

SAVE THE DATE!
THR State of the State Meetings
Tucson: Tues., Jan. 27
Phoenix: Fri., Jan. 30

COMINGS & GOINGS

Hope Levin, formerly market practice leader for Humana, is now Arizona regional president of Johnson Bank.

Fort Mohave, Ariz.-based Valley View Medical Center has appointed **Fred Capozello** CEO. Capozello was interim CEO after serving as the hospital's CFO.

Dr. Mario-Luis Islas has been promoted to medical director at Native Health. He oversees the medical and dental clinics at two sites.

Pat Walz has resigned as CEO of the Yuma Regional Medical Center. Camie Overton, vice president of clinical service lines, is serving as interim CEO.

NEWS BRIEFS

Gilead Sciences' new drug, Harvoni, gains FDA approval and joins blockbuster Sovaldi as a single pill that can cure most hepatitis C patients without requiring other medicines. The cost is estimated at $94,500 for the most typical patients, who will be treated for 12 weeks. The high costs of these drug are challenging commercial payers as well as government programs. It is estimated that about 18,000 AHCCCS members have hep C.

Lifeprint, now going by the name Optum Medical Network, announced it has a new deal with SCAN, effective Jan. 1, 2015, to manage patients who are enrolled in the SCAN Classic Medicare Advantage plan. Optum Medical Network joins Health Care Partners and Arizona Integrated Physicians as at-risk networks that manage SCAN patients.

Cigna Healthcare of Arizona is teaming with Banner Health and Scottsdale Lincoln Health Network to market a health plan directly to Valley businesses. CIGNA Local Plus is an example of Cigna's collaborate accountable care model that rewards provider groups for managing costs and exhibiting quality improvement. Edward Kim, president and general manager of Cigna Healthcare of Arizona said that these plans "may save employers up to 15 percent in medical costs compared with Cigna's traditional health plan designs."