Healthcare Model
I saw a light.....

Devine Presence?
Flash of the Blinding Obvious?
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Flash of the Blinding Obvious?

…and it was the healthcare freight train coming strait at me!
Unsustainable Cost Increase

• Our Net Cost, Per Employee, Had Jumped Around 30% In Just Two Years – 2007, 2008
• Costs Rising
• Unsustainable Trend
• Dick Lacks, Jr. Said, “Fix It!”
Lacks Enterprises, Info (2009):

- Traditional Paternalistic Company
- 2-3 Plan Offerings
- Modest Co-pay/Deductible
- “Magic Card” Priority Health/BCBS/GVHP
- Our Companies Fourth Largest Spend At $22 Million
- 5100 Covered Lives
What were we Looking to Achieve?

• Access To Affordable Quality Healthcare
• Educate Our Employees To Be Consumers (HUGE Job)
• Partner With Organizations That Understand Our Goal And Will Help Us Get There
• Keep Control – We Don’t Want Anyone Else Pushing Our Buttons
• Keep The Pay/Benefit Pie Balanced
The Total Compensation Pie

HEALTH-CARE
Pay:
401k Match, Profit Sharing, Health Savings Accounts, Bonus, Vacation, Holidays

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Steps to Process

- 2009 Research Best Practices
- Wellness
- Education – For My Team And Lacks Enterprises, Inc.
- Consumerism – One Payer In System, Tremendous Cost Shifts Are Coming, Winners & Losers
- Business Partners
Wellness

- Wellness was determined to be a fundamental building block.
- Started a trial wellness program in 2009.
- Went companywide in 2010.
- Jenn Groendyke, Amy Dennis, Sandra Kuhn – architects of our program.
Wellness Program

Earn A Total Of 6 Points To Be “Committed” To Wellness

(2) Points Are Required – Biometric & Health Risk Assessment


Financial Incentive To Being Committed To Wellness
Wellness Program
Annual Wellness Fair (for 5 years)!
700 Employees
2100 Attendees
100 Volunteers

Lacks Enterprises Wellness & Benefits Fair 2015
Consumerism Model

• Put A Plan In Place To End Up With A High Deductible Plan With A Health Savings Account
• 2010-2013 We Reduced Healthcare Choices And Expanded Deductibles, Lowered The Weekly Payroll Contributions To Healthcare As Deductibles Grew
• Introduced A Financial Incentive To Be “Committed” To Wellness, Healthcare Premiums Were Reduced By $15.00 Per Week
• Launched Our High Deductible Plan In 2014 With Priority Health– One Offering $1,250 Single And $2,500 Family
• Employees Committed To Wellness Single = $150 And Family = $400
• Cut Employee Contributions To Healthcare Premiums By 35%
• Strongly Encouraged Employees To Put Some Or All Of Their Savings In To Their H.S.A.
<table>
<thead>
<tr>
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<th>Single</th>
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<tr>
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• In 2014, We Opened (2) Lacks Primary Care Offices, In Partnership With Care ATC
• Provided Prevention And Wellness Services For Free
• Top 25-30 Rx’s Are Available At The Clinics For Free
• Provide Acute Care For A Fair Market Value Co-pay
• Significant Emphasis To Have A Primary Care Doctor – Either With Priority Health Or Careatc.
Lacks Primary Care Clinics

- Clinics Are Very Efficient
- 5-10 Minute Wait Is The Exception
- Doctors Are On A Salary – Freedom To Do What They Are Trained To Do
- Take The Time They Need To Do The Job Right
- 7,500 Visits In 2014
- On Pace For 11,000 Visits In 2015
- 2014 – 2,016 Chronic Conditions Diagnosed. Among 680 Unique Patients
Consumerism/Data Analysis

- Hired HCMS To Analyze Our Claims And Use Their HUEY Score System To Identify The Top 5%, Average Spend Of $51,000 now $37,500. The Next 15% Of The Population Average Spend Was $5,500 now it is $6,400
- Average Person In The Top 5% Band Was On 10 Rx And Had 14 Providers They Were Treating With, 12 Diagnoses, and 46 tests; Majority Had No Primary Care Doctor QB’ing Their Healthcare
- Work With Their Primary Care Doctor At Either Priority Health Or CareAtc To Truly Manage Their Treatment
Hired Knova Solutions to Reach Out to These Top Two Tiers and Work with the Patient and Their Primary Care Doctor on Case Management

We have had Over 150 Individuals Enrolled, 123 are active with Knova Solutions – All Voluntary

All of this is Managed through their Primary Care Doctor and is H.I.P.P.A Compliant

Saw Savings with Knova Solutions, in 2014, of $275,000
Financial Impact

• Claims In 2014 Were Down $4 million
• Claims Savings Were Used To Pay For Clinics, HCMS, And Fund Health Savings Accounts
• Total Cost Per Employee Down 10.4% In 2014
• On Pace To Go Up 2.4% In 2015 (Still Down 8% From 2013)
• Total Cost Of Insurance In 2015 Is Equal To 2013
Business Partners

- Priority Health
- CareATC
- Acrisure
- HCMS/Knova Solutions
What’s Next?

- Allergist, Dermatologist On Staff With Careatc Clinics
- Physical Therapy
- Open A 3rd Clinic, Based On Volume
- Wellness – Begin To Include Spouses And Children
- Plans To Open A Wellness Center In 2017