Event Sponsor: Women's Hospital at El Camino Hospital

OVERVIEW

Join the conversation with our panel of distinguished experts who will share their experience and insights into what we need to know about health plans in 2014.

WHY YOU SHOULD ATTEND

Let's face it: women are CHOs of their domestic families as well as their start-up families. And as Chief Health Officer, you'll need to have a firm grip on "Obamacare" and how developments on the Health Insurance Exchange (HIE) front will impact you in 2014.

It's a $3 trillion health care industry and you can trust to see many more ads and TV commercials between now and January 1, 2014, featuring smiling patients and doctors, all vying for YOUR healthcare insurance business. Since healthcare is personal, you'll be shopping locally and ask friends/colleagues and experts about what health plan provides the best coverage and services, at the most reasonable price for your domestic and/or corporate family. With this event, we will save you some legwork and research by presenting actionable insights of invited healthcare benefits experts, entrepreneurs and institutional partners who will offer a 360-view reducing all HIE 2014-related complexity and anxiety.

Purpose of this event:

- Understand "Obamacare" and take the fear out of 2014 HIEs esp. "Covered California"
- Leave with a check-list of what to do in 2014
- Answer anxiety producing questions:

1. Will healthcare law beget entrepreneurs or chill entrepreneurship?
2. Or should you just pay a 1% healthcare-tax-penalty and forgo healthcare insurance altogether?
3. Will your employer drop your healthcare and opt to pay a fine instead?

Agenda

6:00-6:45pm **Registration and Networking Reception**
6:45-7:00pm **Welcome**
7:00-7:30pm **Nicole Kidd, U.S. trend scout & analyst of Rebmann Research, your moderator** for the evening will start you with an overview followed by
7:30-8:15pm Panel Discussion

Panelists include

- Michele van Zuiden, Exec. Director of the Women's Hospital, El Camino Hospital
- Lynn Caffrey, Principal, Caffrey Insurance Solutions http://www.caffreyinsurance.com/
- Joyce Irby, Vice President of People, LumaSense Technologies

8:15-9:00pm **Networking**

Complimentary appetizers and soft drinks will be served.

Michele van Zuiden, Exec. Director of the Women's Hospital, El Camino Hospital
Caroline Raynaud, Executive Director, German American Business Association
Linda Kotzot Cleary, Chair, GABA Women in Business, Northern California
Nicole Kidd, Moderator, Rebmann Research GmbH (On Twitter:#RebmannResearch)

Table of Content* Quick Facts Overview, see pg 19/20!

"How Is Your Health Plan Changing in 2014?"
"Affordable Care Act": What Does It Mean For You?

Video Introduction Kaiser Family Foundation: http://kff.org/health-reform/video/youtoons-obamacare-video/

FACTS

- The **Affordable Care Act** (also known colloquially as **Obamacare**) is rolling out in the next months in time for the law to take full effect Jan. 1. Obamacare's goal is to make health care affordable to more Americans.
- The U.S. spends approximately **$2.7 trillion per year on health care**.
- The health share of GDP is estimated to have reached 17.9% in 2011 and projected to grow to 19.6% by 2021.
- By **2021, federal, state, and local government health care spending is projected to be nearly 50% of national health expenditures**, up from 46% in 2011, with federal spending accounting for about two-thirds of the total government share. Source: National Health Expenditures, CMS.gov
- **Coverage going into effect on Jan. 1.** Most people must have insurance or pay a penalty. In 2014 the penalty is $95 per person or 1 % of income (whichever is greater), and the penalty rises to $695 or 2.5 % of income (again, whichever is greater) by 2016. Source: Obamacare Webinar: Enrolling American and the Countdown to 2014
- **Starting in October 2013:** Americans who do not get health benefits through their employer will be able to shop for health plans on new Web-based marketplaces created by the Affordable Care Act. Low- and moderate-income consumers will qualify for federal subsidies to offset their premiums.
- **U.S. Health Insurance Challenge**: **Bringing an estimated 48 million uninsured into the fold in 2014**.
    - 17 U.S. States have set up health insurance exchanges. The other 33 states don't have their own exchanges, people will be served by a federal exchange. As of Sept 2013: It's actually 14 state- vs. 36 federal gov-run health insurance marketplaces.

FACTS

- **Employer coverage**
  - In 2011, 58.4 % of nonelderly individuals (under age 65) were covered by an employment-based, health-benefits plan, including 68.3% of workers, 34.7% of nonworking adults, & 54.7 % of children.
  - Roughly 20 million people buy health insurance on their own, though this group is dwarfed by the more than **150 million people who get employer-sponsored coverage**. LA Times, Aug 20, 2013
  - According to Tom Buchmueller, professor of risk mgmt & insurance, University of Michigan: Employers have a comparative advantage in providing health insurance. They can basically purchase it at a lower cost because of
    - **Economies of scales, 2. Employer sponsored groups = stable risk pools, 3. Tax code** subsidizes employer-sponsored health insurance. (Employer premium contributions are not considered taxable income, there's a substantial subsidy!)
    - **Why offer health insurance**? It's an efficient way to attract and retain workers.
    - ACA Act distinguishes between large and small employers, where large employers are defined as those with 50 or more FTE employees. For smaller firms, there's no requirement to offer health insurance but there are some incentives.
    - There's **SHOP (SHOP=Small Business Health Options Program) exchanges**, which are a new insurance option for small employers run as part of the state exchanges. Small employers with low-wage workers can qualify for premium tax credits if they purchase through the SHOP exchange. Covered California SHOP exchange http://www.cahba.com/covered-california/shop.htm
    - And so **both of those factors would lead to tilting the needle in the direction of more small employers offering health insurance.**

What about employers dropping coverage?

- **Not much evidence that many employers are dropping coverage now** -- 57% of firms with at least 3 employees offered health benefits in 2013. It's "statistically unchanged" from 2012, when 61% of employers offered health benefits, and 2011, when 60% of employers did so.
- Well, there have been a few big names who have switched over their retires to private exchanges and/or add specialty retailer Trader Joe's to the list of employers who will cut health-care benefits to its part-time workers — but it's not untethering those workers completely. … had been heralded for offering benefits to its part-time employees, will now give those workers $500 to help buy themselves coverage on health exchanges (Huffington Post, Sept. 12, 2013)
- Roughly 20 mio people buy health insurance on their own, though this group is dwarfed by the more than **150 mio people who get employer-sponsored coverage**. LA Times, Aug 20, 2013
- **Future changes?** According to Tower Watson survey -98% of employers report that they will keep "active plans for 2014 and 2015." Heritage Foundation found that **92% of employers said they'd like to change their health insurance options by 2018**, the year the law's "Cadillac" tax on high-cost plans takes effect…." Source: PBS Newshour, Sept 9, 2013

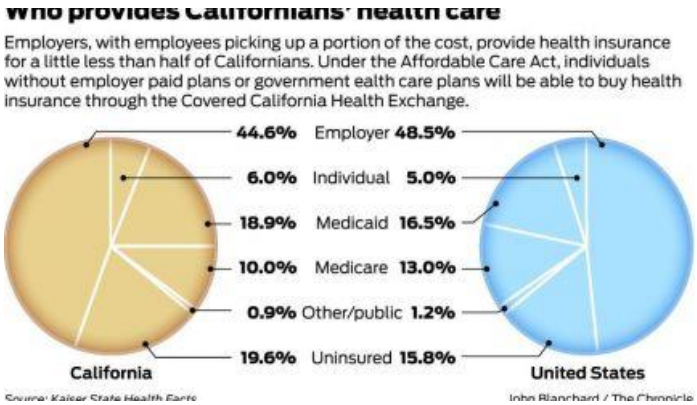
FACTS

U.S. Health Insurance Challenge: Bringing an estimated 48 million uninsured into the fold in 2014.

- 17 U.S. States have set up health insurance exchanges. The other 33 states don't have their own exchanges, people will be served by a federal exchange. Sept 2013: 14 States vs. 36 gov-run HIEs.

Situation in California

- 38.6 mio Californians, projected population by 2014 of which 19.1 mio have employer-paid health care.
- Covered California Exchange is **seeking to enroll 5.3 mio**, with an estimated 2.6 mio of those people eligible for subsidies to help them afford insurance.
- The Covered California exchange is projected to spend $86 million on advertising placements through April 2015.



For a quick overview, check out chart (above) of the **new health care landscape for 38.6 mio Californians (the state's projected population by 2014, when Obamacare kicks in).**

Total Population: 38.6 million
Covered California with subsidies: 1.2 million
Covered California without subsidies or individual private market: 1.7 million
Employer-paid health care: 19.1 million
Medi-Cal: 7.7 million, Medicare: 4.6 million, Other public programs: 0.6 million
Uninsured: 3.7 million Sources: UC Berkeley School of Public Health; Health Benefit Exchange Board;

- Under Obamacare, **individual premiums in California would rise 9%** –on average. (Although RAND survey is contradiction hike statements-see it for more details).
- A Kaiser Family Foundation survey in April 2013 found that **59% of Americans with household incomes under $30,000, a group more apt to be uninsured**, were unaware that the Affordable Care Act and its insurance requirement were the law of the land.
- **Coverage going into effect on Jan. 1**. Most people must have insurance or pay a penalty. In 2014 the penalty is $95 per person or 1 % of income (whichever is greater), and the penalty rises to $695 or 2.5 % of income (again, whichever is greater) by 2016.
- Source: Obamacare Webinar: Enrolling American and the Countdown to 2014

Women = Chief Health Officers (or "*Family Medical Officers*" as El Camino Hospital likes to call women)

- ✓ Women account for $7 trillion in consumer and business spending in the U.S., and over the next decade, they will control two thirds of consumer wealth!
- ✓ Women make or influence 85% of all purchasing decisions, and purchase over 50% of traditional male products, including automobiles, home improvement products and consumer electronics.
- ✓ **Women make 80% of healthcare decisions** and 68 % of new car purchase decisions
- ✓ Source: http://thenextweb.com/socialmedia/2012/01/24/the-top-30-stats-you-need-to-know-when-marketing-to-women/

Healthcare Costs

- $ The U.S. spends approximately $2.7 trillion per year on health care.
- $ Growth in that spending has slowed over the past three years, but it has continued to outpace both inflation and economic growth – and the rate of growth is expected to nearly double in 2014.
- $ The U.S. spends more on health care than any other nation, **$8,500 per person per year**. Multiply that by 300 million people and try to grasp the vast sum of $2,5 trillion.
- $ The **typical cost to cover a family of four now exceeds $22,000**, including the amount paid in insurance premiums and out-of-pocket costs, according to the latest Milliman Medical Index for 2013.
- $ Milliman calculates that **employers pick up the bulk of the costs, paying nearly $13,000 of the overall tab**. The employee pays the remaining $9,000, divided between the worker's share of premiums and that worker's out-of-pocket costs.
- $ **For example**: **Individuals earning up to about $46,000 a year and couples making up to $62,000 are eligible for subsidies to buy insurance**. In some cases, the subsidies could cover the full cost of plans. Higher-earning customers can also buy insurance on exchanges but will pay the full price of premiums. Most people who choose not to carry insurance will face penalties for the 2014 tax year.

Healthcare Cost Drivers

- $ Cancer, heart disease, diabetes, and other chronic conditions account for $3 out of every $4 spent on health care, or an extra $6,100 per person per year.
  - In California, two in five adults have at least one chronic condition.
  - Obesity in California is expected to double by 2030, increasing obesity-related health care costs by 15.7%.
- $ **Prescription drug** spending in California nearly doubled from 1991 to 2009, reaching $24.4 billion (10.5% of all health care spending).
- $ As much as 30% of the nation's health expenditures go to **unnecessary tests, treatments, hospitalizations, and drug**s. $810 Billion in 2011 OF 2.7 TRILLION HEALTH CARE DOLLARS.
- $ **Expensive new technologies**: Advancements in medical technology account for 40%-60% of the growth in medical costs.
  - Robotic-assisted hysterectomies (RAH) cost 33% more than other types of hysterectomy surgery.
  - Sources: Infographic: http://www.calhealthplans.org/pdfs/FactSheetHealthCareCostDrivers071013.pdf
  - Source: http://bucks.blogs.nytimes.com/2013/05/22/family-medical-costs-still-rising/?emc=tnt&tntemail0=y
  - http://kaiserfamilyfoundation.files.wordpress.com/2013/08/8465-employer-health-benefits-20131.pdf

Healthcare Costs: Consumer Response

2011: Consumers also adjust their health care utilization when facing higher health care costs:

- 74% of U.S. adults try to take better care of themselves
- 69% choose generic drugs when available
- 64% talk to the doctor more carefully about treatment options and costs
- 59% go to the doctor only for more serious conditions or symptoms
- 44% delay going to the doctor
- 36% switch to over-the-counter (OTC) drugs
- 34% look for cheaper health insurance
- 31% look for cheaper health providers
- 25% skip medication doses or don't fill prescriptions.

Health care costs are eating into peoples' savings contributions: 56% of people say they have decreased contributions to other savings due to health cost increases, and 33% have difficulty paying for other bills beyond health care. Source: Jane Sarasohn Kahn, Disruptive Women, Employee Benefit Research Institute's (EBRI) 2011 Health Confidence Survey: Most Americans Unfamiliar with Key Aspect of Health Reform.

Speaking of Costs - Transparency in health care pricing & having "THAT" conversation

National Findings

- Massachusetts and New Hampshire were the only states to earn an "A" in health care pricing transparency, while 29 states received an "F" grade for having practically no transparency requirements.
- Seven states -- including **California -- received a "D" grade.**
- According to the report, many U.S. consumers are not aware of the steep pricing variation for health care services (Mitchell, "Capsules," *Kaiser Health News*, 3/18).

California Findings

- The report noted that California law requires pricing information to be reported to the state and that such data must be made available to individuals upon request. In addition, health care pricing data is posted on a state website.
- However, California does not issue a publicly available report on health care pricing information, according to the report.
- In addition, the report found that the state lacks transparency on the amounts actually paid for the health services rendered (Catalyst for Payment Reform report, 3/18). De Brantes said that voluntary efforts have failed to significantly boost pricing transparency and that more laws are necessary (*Modern Healthcare*, 3/18).

Healthcare Costs: Consumer Response continued…

Another elephant in the room: Patient don't want to deal with costs

- In recent years, consumers have increasingly been encouraged by employers and insurers to help control rising health care costs. **That may be by avoiding unnecessary tests, buying generic drugs and reducing visits to the emergency room,** among other things.
- Such "patient engagement" efforts assume that patients welcome the opportunity–or at least are willing–to get more involved in their own care. But as a study, published January 2013 in the journal Health Affairs found, a **majority of patients didn't want to factor costs into their medical decisions, nor did they want their doctors to do so.**
- Researchers say the finding could **pose issues for insurers and employers** as they try to curb health care spending.
- Question to you: When was the last time you discussed treatment costs you're your doctor?? Are you like these patients who don't want to deal w/ costs?

Why NOT has that "cost" conversation with your physician?

- The participants, researchers said, **did not generally understand how insurance works** (or can't/want to comprehend the complexity of reimbursements schemes!) and **felt little personal responsibility for helping to solve the problem** of rising health care costs. They were unlikely to accept a less expensive treatment option, even if it was nearly as effective as a more expensive choice. Why? "One of the beliefs people expressed was that **you get what you pay for**, that more expensive care is by definition better."

- **Another reason**: "One of the (many) things that separates the business of medicine from so many other industries is the complexity of healthcare reimbursement. The healthcare reform process in the United States is shining an unrelenting spotlight on the **price variances between identical services and the seemingly inscrutable way that providers set their fees**. Since a large portion of the services rendered are negotiated and paid for by a third party, medical managers deal with a different set of challenges and require a specialized understanding of how payment mechanisms operate." Mary Pat Whaley, FACMPE, CPC, Physician Advocate, www.managemypractice.com

- Source: Health Affairs Study: http://content.healthaffairs.org/content/32/2/338.full.pdf+html
- Patients Don't Want To Factor Cost Into Care Decisions, March 14, 2013 www.californiahealthline.org/articles/2013/3/14/patients-dont-want-to-factor-cost-into-care-decisions
- Source: "Consumers Don't View Curbing Costs as Their Job in Treatment Choice, Study Finds" (Andrews, *Kaiser Health News*/"State of Health," KQED, 3/13).
- Source: http://www.linkedin.com/today/post/article/20130725035035-15345987-understanding-health-insurance-plan-models

Understanding Health Insurance Plan Models

Health Insurance Plan Models

Indemnity plans (often called 80/20 plans): These plans typically have a deductible – the amount the patient pays before the insurance company begins paying benefits. After the patient's covered expenses exceed the deductible amount, benefits are paid as a %age of actual provider charges, often 80 %. These plans usually provide the most flexibility in choosing where and from whom to get healthcare.

Preferred Provider Organization (PPO) plans (also called a network plan): In these plans the insurance company enters into contracts with selected hospitals and physicians to furnish services at a discounted rate. Patients may see a provider within the network without a referral. Patients with this plan may be able to seek care from a doctor or hospital that is not a preferred provider (considered "out-of-network' providers) but the patient will have to pay a higher deductible or co-payment. Exceptions exist if covered medical services are not available inside the network.

Exclusive Provider Organizations (EPOs): Very similar to HMOs, EPOs may limit coverage to providers inside their networks, however EPOs do not generally require referrals to see in-network specialists. EPOs are often the insurance plan of choice for self-insured hospitals and large medical systems.

Health Maintenance Organization (HMO) plans (also called gatekeeper plans): These plans have patients choose a primary care physician (PCP) from a list of HMO providers. The PCP is responsible for coordinating all healthcare for their HMO patients. If patients need care from any network provider other than the PCP, the PCP usually must provide a referral. Only care provided by a participating HMO provider will be paid. Treatment received outside the network is usually not covered, or is covered at a significantly reduced level. HMO plans often have the lowest premiums, deductibles and co-pays, but can be restrictive on when and where patients can get care.

Point of Service (POS) plans: These plans are a hybrid of the PPO and HMO models. They are more flexible than HMOs, but do require patients to select a primary care physician (PCP.) Like a PPO, patients can go to an out-of-network provider and pay more of the cost. However, if the PCP refers you to an out-of-network doctor, the health plan will pay the cost.

Catastrophic Health Insurance Plan: A catastrophic health insurance plan covers essential health benefits but has a very high deductible. This means it provides a kind of "safety net" coverage in case patients have an accident or serious illness. Catastrophic plans usually do not provide coverage for services like prescription drugs or shots. Premiums for catastrophic plans may be lower than traditional health insurance plans, but deductibles are usually much higher. This means patients must pay thousands of dollars out-of-pocket before full coverage kicks in.

Some patients are combining catastrophic health insurance plans with **Direct Primary Care (DPC),** where for a monthly fee, a primary care physician provides office visits and some additional care such as lab tests and flu shots.

Consumer-Driven Health Plans (CDHP): CDHP describes a wide range of approaches to give patients more incentive to control the cost of either their health benefits or health care. Patients have greater freedom in spending health care dollars up to a designated amount, and they receive full coverage for in-network preventive care. In return, they assume significantly higher cost sharing expenses after having used up the designated amount.

Health Reimbursement Arrangement (HRA): Health Reimbursement Arrangements are a common feature of Consumer-Driven Health Plans. They may be referred to by the health plan under a different name, such as Personal Care Account. They are also available to enrollees in High Deductible Health Plans who are ineligible for

an HSA. HRAs are similar to HSAs except an enrollee cannot make deposits into an HRA, a health plan may impose a ceiling on the value of an HRA, interest is not earned on an HRA, and the amount in an HRA is not transferable if the enrollee leaves the health plan.

Health Insurance Plan Models continued…

Health Savings Account (HSA): A Health Savings Account allows individuals to pay for current health expenses and save for future qualified medical expenses on a pretax basis. Funds deposited into an HSA are not taxed, the balance in the HSA grows tax-free, and that amount is available on a tax-free basis to pay medical costs. To open an HSA, you must be covered under a High Deductible Health Plan and cannot be eligible for Medicare or covered by another plan that is not a High Deductible Health Plan or a general purpose Health Care Flexible Spending Account (HCFSA) or be dependent on another person's tax return. HSAs are subject to a number of rules and limitations established by the Department of Treasury.

High Deductible Health Plan (HDHP): A High Deductible Health Plan is a health insurance plan in which the enrollee pays a deductible of at least $1,250 for individual coverage or at least $2,500 for family coverage. The annual out-of-pocket amount (including deductibles and co-payments) the enrollee pays cannot exceed $6,250 for individual coverage or $12,500 for family coverage. These dollar amounts are for 2013.

Source: Mary Pat Whaley is a Physician Advocate and Consultant who blogs at *Manage My Practice;* her *LinkedIn Group* by the same name is for those interested in healthcare management. *marypat@managemypractice.com*. *http://www.linkedin.com/today/post/article/20130725035035-15345987-understanding-health-insurance-plan-models*

Types of California Health Plans

California health plans are dedicated to providing comprehensive and coordinated care to their members while seeking to reduce the cost of care. Among their many innovations to reduce costs and improve Californians' health are:

- **Managed care model** – comprehensive, coordinated care services for a group or individual with a fixed premium and moderate co-pays and out-of-pocket costs.
- **Preventive services** – physicals, health screenings, mammograms, immunizations, and weight management programs.
- **Disease management programs** – case management, coordination of care between providers, and assistance in obtaining medical supplies and adhering to medications.
- **Wellness Programs** – premium discounts, cash rewards, gym memberships, and other incentives to promote healthy lifestyle changes.
- **Bundled provider payments** – pre-determined "lump sum" payments to doctors and hospitals for all costs associated with a specified episode of care (e.g., hip replacement) rather than separate payments for surgeon, anesthesia, drugs, hospital stay, etc.

Source: http://www.calhealthplans.org/pdfs/FactSheetHealthCareCostDrivers071013.pdf

For example**: Individuals earning up to about $46,000 a year and couples making up to $62,000 are eligible for subsidies to buy insurance.** In some cases, the subsidies could cover the full cost of plans. Higher-earning customers can also buy insurance on exchanges but will pay the full price of premiums. Most people who choose not to carry insurance will face penalties for the 2014 tax year. Source: WSJ: Sept 19, 2013 Pricing Glitch

Where do I shop in California?

- California's **new health exchange, Covered California**, which is the marketplace where Californians not covered by other plans can buy health insurance. (http://www.coveredca.com/)
- Some Californians will be eligible for government subsidies to help pay for their insurance; some will not.
- Covered California is a **marketplace for small employers and individuals**, who in the past had difficulty buying affordable health insurance because they did not qualify for group rates.
- Through Covered California, **Californians can begin purchasing insurance plans on Oct 1** that will resemble employer-provided coverage. Plans will go into effect Jan 1, 2014.
- **About 3 million Californians will be looking to buy health insurance through Covered California.**
- Most Californians will continue to receive health care through their employer-paid (with employee contribution) health care plan.
- Even though Obamacare makes health care accessible for more Californians, **some 3.7 million Californians will remain uninsured after the law goes into effect.**

Where do small California business owners enroll?

- Covered California **SHOP (Small Business Health Options Program**). The SHOP, a small business health insurance marketplace, will make it easier to offer employees a broad selection of health plans and coverage options usual only available to large employers. Currently limited to **employers with fewer than 50** employees but will expand to accept larger groups later.
- **Find a licensed health insurance agent**: Find-a-Pro application will make it easy for consumers to connect with a local agent who will be a trained, certified, and contracted with Covered California. A consumer can read the agent profile and contact the agent directly by phone, e-mail, or agent website. Any business the agent writes is 100% his or hers. CAHBA does not share in the commission.

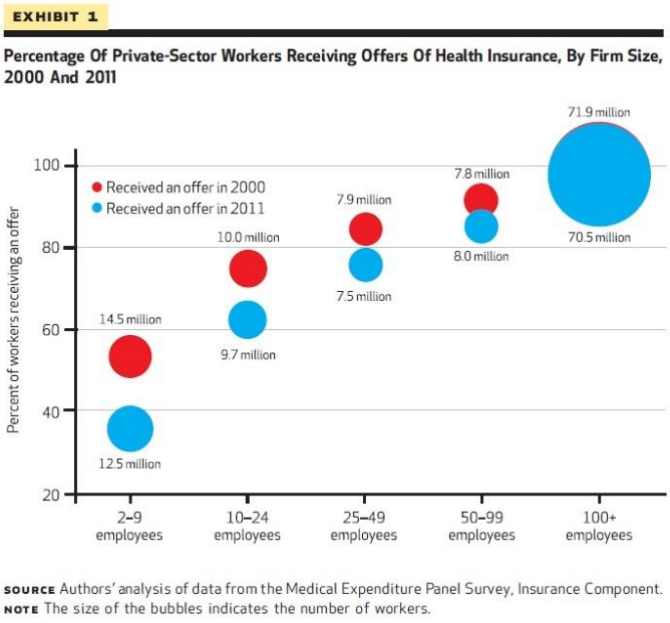
ACA and Entrepreneurs: Chilling effect on entrepreneurs?

Why not just pay penalty and forgoes insurance altogether?

Excerpts of issues:

- Remember big employers benefit because the tax code subsidizes employer-sponsored health insurance. Because employer premium contributions are not considered taxable income, there's a substantial subsidy.
- The ACA distinguishes between large and small employers, where large employers are defined as those with 50 or more full-time equivalent employees.
- For smaller firms, there's no requirement to offer health insurance but there are some incentives. There's SHOP exchanges, which are a new insurance option for small employers run as part of the state exchanges. **Small employers with low-wage workers can qualify for premium tax credits if they purchase through the SHOP exchange**. And so both of those factors would lead to tilting the needle in the direction of more small employers offering health insurance.
- Large firms will face a penalty if they don't offer insurance at all or if they offer insurance but it's not considered affordable to their employees. But most large firms now already offer insurance. **Over 90 % of firms with 50 or more employees offer coverage.** So for most large firms that currently offer coverage, these new penalties are not going to be binding.

ACA and Entrepreneurs: Chilling effect on entrepreneurs? continued…



Source: http://newshour.s3.amazonaws.com/photos/2013/09/06/Exhibit_1_slideshow.jpg

- **How the IRS will assess a tax on people who don't carry health insurance.**
  - The IRS will assess whether people and businesses owe money for not having insurance. And it'll provide income and household data, so the new health insurance exchanges can determine whether people are eligible for subsidies to pay their premiums.
  - IRS has precious little enforcement power if you fail to pay the tax for not carrying insurance. It can deduct the amount from your refund. But it can't dock your wages to get the money.
- Opponents of the health care overhaul say the IRS isn't authorized to collect and share the personal information that's required.
- For full transcript go to source: Aug 2, 2013 http://www.marketplace.org/topics/economy/health-care/how-irs-will-enforce-health-care-tax-penalty

What happens to COBRA (Continuation Coverage) in 2014?

- COBRA was originally intended to bridge coverage for employees who lose their job (or lose health coverage through their job)
- The Affordable Care Act, however, is intended to de-link employment and health care. It does this through (1) prohibiting pre-existing condition exclusions, and (2) creating state exchanges where coverage will theoretically be available to individuals at affordable rates. So starting in 2014, individuals who lose employer-provided coverage will have the choice of either purchasing COBRA coverage or purchasing coverage through the exchanges. While COBRA only allows individuals to elect the coverage in which they were enrolled on the date of the qualifying event, the exchanges will offer a range of options (bronze, silver, gold and platinum coverage levels). It remains to be seen whether coverage through the exchanges will be affordable.
- If it is, employees may be much less likely to elect COBRA continuation coverage. So, COBRA may still exist on the books, but it will likely be less frequently elected by individuals experiencing a qualifying event.
- Source: MidAMGroup, Fall 2012

So, why do employers (and startups) like wellness programs?

- **Wellness Programs:** Premium discounts, cash rewards, gym memberships, and other incentives to promote healthy lifestyle changes among employees.
- Kiplinger suggests that employers should explore wellness incentives as a means for controlling costs.
- According to The Kiplinger Letter, employer-sponsored health care will increase in cost by 7% for large employers, and more than 10% for small employers.

Trending - Wellness and Preventive Care: 80/20 rule applies here too

- 15 to 20 % of a given population is responsible for a majority of health care costs because of underlying chronic conditions or active illnesses, much of which can be prevented or controlled by intensive intervention, education and lifestyle changes. These are the same points that have to be hammered home to employers in a wellness program.

- **When hospitals and employers form wellness partnerships**, everybody wins - 802-bed Mercy Medical Center, Des Moines, Iowa, has helped hundreds of employers stem the rate of increase in their employee premiums. An emphasis on preventive diligence has resulted in millions of dollars in new business flowing back to Mercy hospitals and associated physician practices.
- Louisiana, the Franciscan Missionaries of Our Lady Health System rolled out a similar wellness push just to get its own 10,000 employees to take better care of themselves and, thereby, bring workforce health costs under control at its hospitals in Baton Rouge, Monroe and Lafayette.

- "Close to **100 % of employers now understand that the health of their employees is a major driver of their medical claims costs, and that they need to be doing everything they can to help their employees choose a healthier lifestyle**," says Helen Darling, president and CEO of the National Business Group on Health. For hospital organizations, it's the cue to come running with a well-thought-out wellness plan.
- For example, at Mainstream Living, a 500-employee company actively engaged since 2006 in Mercy's workforce health initiative, the rate of increase for annual premiums declined more than 18% points over five years, to just a 1.4 % increase in 2012, the lowest renewal increase in the company's history.
- Source: Mutual Benefits, by John Morrissey, When hospitals and employers form wellness partnerships, everybody wins
- http://www.trusteemag.com/trusteemag/dhtml/article-display.dhtml?dcrpath=TRUSTEEMAG/Article/data/05MAY2012/1205TRU_coverstory&domain=TRUSTEEMAG
- Kiplinger notes the exchanges under the ACA may help to ease costs for small employer. Source: MidAMGroup, Fall 2012

How does an individual enroll?

Go to **new health care marketplace "Covered California" or** you could use a commercial website to enroll in a health plan by simply typing "health insurance" or "medical insurance" into a computer search engine. Thanks to a largely unnoticed regulation issued last year by the U.S. Department of Health and Human Services, state and federal government website marketplaces can allow a private-sector website to help enroll consumers who qualify for the federal subsidies - at no cost to the government. The private websites must meet the regulation's high, consumer-protective standards.

- There are **many health-care-focused websites that could qualify. One example is a California public company, eHealth, in Silicon Valley**. This company has enrolled 3 mio individuals in health care insurance - approximately 40 % of whom report they were uninsured when they found eHealth.
    - **EHealth is a licensed insurance agent and broker in all 50 states and the District of Columbia and -** unlike government navigators - can assist individuals in enrolling in health insurance.
- Under the rules, private websites must display all the health insurance plans that the government website marketplaces do - i.e., the same plans, the same premiums, including, notably, the plans that don't pay agents commissions. In short, there can be no cherry-picking of healthy people by private websites and no competition that could be adverse to the government websites.

- **Go to RESOURCES page of the California Association of Health Plans,** a statewide trade association representing 39 full-service health plans that serve more than 24 million members. On the RESOURCE page, you can calculate your health insurance costs. For more information, go to www.calhealthplans.org.
- **Sources**: http://www.sfchronicle.com/opinion/article/Help-health-exchanges-enroll-uninsured-4487043.php#ixzz2TISrumhE & http://www.sfchronicle.com/opinion/article/Help-health-exchanges-enroll-uninsured-4487043.php

What's different? The devil is in the details.

- Plans will go into effect on Jan. 1st, 2014 and will offer more comprehensive coverage and smaller out-of-pocket expenses for deductibles and co-pays.
- **Pre-existing conditions will no longer be taken into consideration**, lifetime limits are eliminated, and **subsidies will be available for individuals earning up to $46,000 and for families with an incomes of up to $94,200**.
- This will mean that **many individuals will pay less for coverage** than they did before the new federal law, but **some Californians will face higher health insurance premiums.**
- Those on the lowest end of the income scale could see their premiums decline by as much as 84 %, according to a report commissioned by Covered California.
- But **middle- and upper-income Californians who buy their coverage in the individual market and who don't qualify for the subsidies could face premium increases of as much as 30%**, the report said. This could be especially true in San Francisco, with its higher median income and **growing ranks of self-employed entrepreneurs, who will be seeking insurance in the individual market**.
- Among the reasons for the higher premiums for these Californians is the shift of out-of-pocket costs into premiums - that is, Californians will have lower co-pays and deductibles because the premiums will absorb more of the underlying cost of care. This shift ultimately could save money for people who use medical services more frequently. Families earning less than $60,000 a year, for example, could save up to 76% on the cost of care.
- Providing more comprehensive benefits also means **Californians in the individual market may pay more than they have before because the plans contain additional benefits - including benefits they might never use, such as pediatric dental care for beneficiaries who have no children.**

What's different? The devil is in the details - continued…

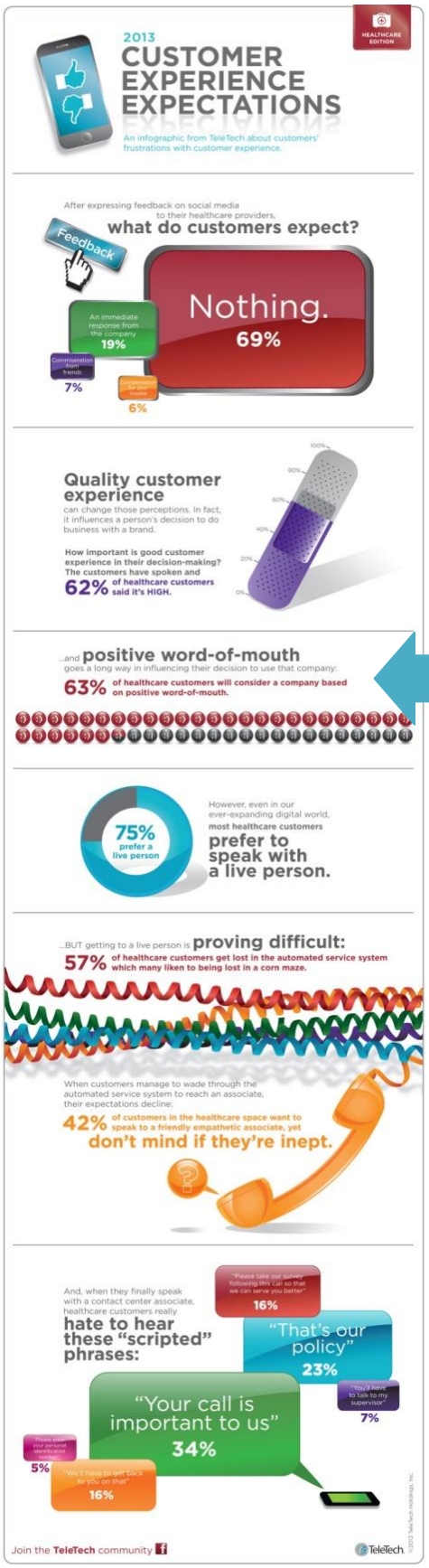
- **Younger people** may also lose some of their price advantage because of changes in the ways health plans calculate benefits. Because they were considered to be healthier, younger beneficiaries previously paid less than older people. Under the new plan, they will still pay less than older Californians but they will pay more than before. **The report estimated these changes would cause Californians under age 25 to face, on average, up to a 25 % higher premium, while older people would see an increase of about 12 % if they don't qualify for subsidies**.

Cost Increases

- The report suggested that on average, **individual premiums in California would rise 9 %** (depends from policy to policy/situation of individual/family).
- While these subsidies will help reduce premiums for some 2.6 million Californians, **they won't reduce the underlying cost of care, which continues to outpace inflation by almost 250 %.**
- These **underlying costs often are outside health plans' control, including the rising cost of hospitalization, doctors' visits, medical tests, prescription drugs and other health care services.**
- **NOTE: That's why President Obama highlighted Kaiser Permanente as a future model –integrated healthcare provider –cost savings premise –based on KP's** electronic medical record system, suggested to be one of the most advanced in the world, having largely eliminated duplicative tests.
- Among the many reasons for the **rising costs are unnecessary tests, procedures and drugs, which experts say consume about $1 of every $3 spent on health care**.

- We are an aging population, and older people have more costly medical needs. Also, about **40 % of adult Californians live with at least one chronic condition, and chronic conditions account for more than 75 % of all heath care costs.**
- Health plans are working to **reduce costs by providing wellness programs**. They offer free counseling for depression, quitting smoking, losing weight, eating healthier and reducing alcohol use. They're also limiting their overhead to about 11 cents out of every $1 in premiums. Plans are also working collaboratively to more closely align quality and payment in medical treatment and to improve cost transparency for consumers.
- The federal Affordable Care Act and state law place tight limits on profits by requiring health plans to spend 80 to 85 cents out of every $1 in premiums on doctors' and hospitals' bills, prescription drugs, tests and other health care services for their members.
- If the plans fall short of that requirement, then they must provide a rebate. California commercial plans exceeded those requirements by spending, on average, 89 cents out of every $1 in premiums on medical care.

- **California health plans' net profit margins are far less than others in the industry, averaging just 3.6 % annually.** Other sectors of health care, such as the pharmaceutical industry, benefited from net profit margins of up to 16.7 %, according to Yahoo Finance data.
- While the federal health care law will expand coverage, increase benefits and make many other changes to help Californians, it does not do enough to address the rising cost of care that continues to drive up the price of premiums.
- The prescription for curing our health care system calls for more cooperation among all of us - elected officials, hospitals, physicians, patients and insurers - to lower the underlying costs of care so that we can ensure coverage is affordable.
- Sources: What Obamacare will mean for Californians by Patrick Johnston and LoisKazakoff, deputy editorial page editor, San Francisco Chronicle, "Obamacare is coming, Part II" http://blog.sfgate.com/opinionshop/2013/05/05/obamacare-is-coming-part-ii/ & http://www.sfchronicle.com/opinion/article/California-insurance-changes-4487047.php Patrick Johnston is the president and CEO of the California Association of Health Plans, a statewide trade association representing 39 full-service health plans that serve more than 24 million members. For more information, go to www.calhealthplans.org.
  Read more: http://www.sfchronicle.com/opinion/article/California-insurance-changes-4487047.php#ixzz2TCNv7w2U & http://www.sfchronicle.com/opinion/article/California-insurance-changes-4487047.php#ixzz2TClHOhAZ



Patients Expectations from Healthcare Industry

What do consumers think about the healthcare customer experience?

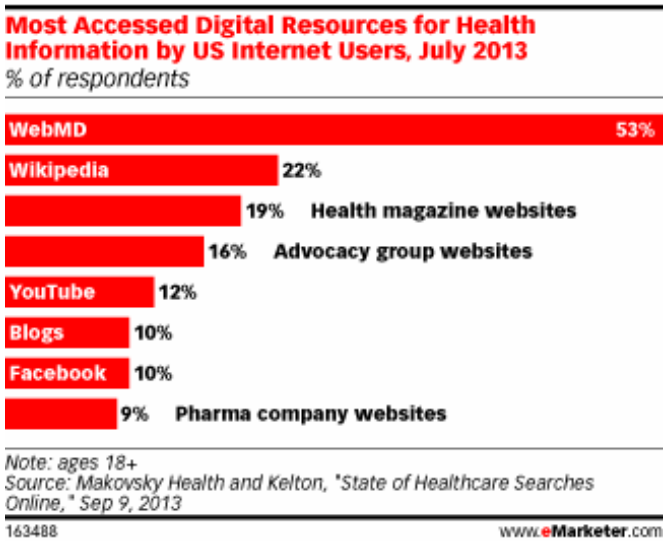
Top-level healthcare executives are focusing on the customer experience to compete for patient loyalty and referrals in today's unstable healthcare market. But, before they begin, they need to understand how customers perceive healthcare companies and how the customer experience impacts their decision-making.

TeleTech® performed an in-depth study of healthcare customers and examined their sentiments about the healthcare experience.

Their findings are reflected in this infographic.

Source: http://hin.com/blog/2013/05/22/infographic-what-customers-expect-from-the-healthcare-industry/

2013: Consumers frequent WebMD for health info above all.



Health Online: Smartphone and Consumer Behavior

Source: The Pew Internet and American Life Project **explores the impact of the internet** and "provides information on the issues, attitudes and trends shaping America and the world." Here are some interesting statistics on internet use, health seekers online activity and Smartphone use by Susannah Fox, Pew Internet: Health July 1, 2013.

Health Online

- 85% of U.S. adults use the internet.
- 72% of internet users say they looked online for health information within the past year.
- 77% of online health seekers say they began their last session at a search engine such as Google, Bing, or Yahoo. (Eight in ten online health inquiries start at a search engine.)
- The most commonly-researched topics are specific diseases or conditions; treatments or procedures; and doctors or other health professionals.
- 70% of U.S. adults obtained information, care, or support from a doctor or other health care professional.
- 60% of adults obtained information or support from friends and family.
- 24% of adults obtained information or support from others who have the same health condition.
- 91% of U.S. adults own a cell phone; 56% of U.S. adults own a Smartphone.
- 31% of cell phone owners, and 52% of Smartphone owners, have used their phone to look up health or medical information.
- 35% of U.S. adults say that at one time or another they have gone online specifically to try to figure out what medical condition they or someone else might have.
- 7 in 10 U.S. adults have tracked a health indicator for themselves or for someone else. Of those, 34% share their health tracking records or notes with another person or group.
- 60% of U.S. adults say they track their weight, diet, or exercise routine.
- 39% of U.S. adults provided care for a loved one in the past 12 months, which could include helping with personal needs, household chores, finances, or simply visiting to check in.

Moderator and Panelist Bios

Michele Van Zuiden, Executive Director, Exec. Director of the Women's Hospital, El Camino Hospital
Michele van Zuiden is the executive director of the El Camino Women's Hospital and a seasoned healthcare executive with 28 years of experience in both the nonprofit and corporate sectors. She is responsible for managing the financial, service, quality and marketing goals of the Women's Hospital, with facilities in Mountain View and Los Gatos. In addition, she is charge for implementing the vision, goals and strategies of the Women's Hospital Medical Advisory Board and the Women's Hospital Community Advisory Board. www.elcaminohospital.org

Lynn Caffrey, Principal, Caffrey Insurance Solutions, Inc.
Lynn Caffrey is the principal of Caffrey Insurance Solutions, an employee benefits brokerage firm that provides insurance expertise for small companies (less than 50 employees) and individuals seeking Individual coverage. The Oakland, CA-based firm provides a suite of insurance services for Groups and Individuals. Caffrey Insurance Solutions is recognized as a woman owned business, ID 3BN00017. Lynn's son, Gabriel Caffrey, is now part of the business. Together they are committed to guiding small groups and individuals into the new world of the Affordable Care Act. She has been dedicated to providing current and complete services to this always changing market since the 1970's and has been in business on her own since 1999. In 2010, Lynn was voted the "Best Health Insurance Broker" in the Best of Series in the East Bay Express. www.caffreyinsurance.com

Joyce Irby, Vice President, People, LumaSense Technologies
Joyce is the head of humans resources for LumaSense Technologies, a global sensing solutions R&D and manufacturing company headquartered in Santa Clara with offices throughout the U.S. as well as Germany, Denmark, India and China. She is responsible for strategic talent attraction and development, compensation and benefits design, M&A activities, and generally all things HR. Prior to joining LumaSense Joyce owned a human resources and organizational development consulting practice which successfully built HR infrastructure for ground level start-ups, and offered coaching and leadership development services for high-tech, manufacturing, and medical services organizations. www.lumasenseinc.com

Nicole Kidd, U.S. Trend Scout and Analyst, Rebmann Research (Moderator & author of this overview)
Nicole Kidd is a MARCOM consultant and the U.S. trend scout & analyst for Rebmann Research, a German boutique analyst firm focused on healthcare economics. Her previous assignment included director of marketing role for thin-film solar panel manufacturer Nanosolar, where she spearheaded the company's re-branding and website overhaul, interfacing with sales and manufacturing and managing public relations worldwide. Nicole has spent 20 years as a marketing professional and trend researcher for healthcare, publishing and IT companies. She has also been a market researcher and journalist, and has published two books, including one on public relations that compared the role of public relations in the U.S. and Germany. Nicole is fluent in both English and German and conversant in Spanish, having graduated summa cum laude from California State University with a B.A. in Mass Communications in International Marketing and Public Relations. More about Nicole Kidd on LinkedIn: http://www.linkedin.com/in/nicolekidd & www.Rebmann-Research.de Email: Nicole.Kidd@Rebmann-Research.de

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U.S.	California	Related Facts
Population: 300 mio **Healthcare spending: $2.7 trillion** **GDP** %: 17.9% in 2011/19.6% by 2021 **2021:** fed/state/local gov HC spending: nearly 50% of national expenditure	**Population**: 38.6 Mio (projected pop by 2014)	**Affordable Care Act** aka Obamacare to go into full effect, Jan. 1st 2014 2014 penalty: $95 per person/1% of income 2016 penalty: $695 or 2.5% of income Oct 2, 2013: Uninsured can enroll via exchanges. **Advertising: CA:** The Covered California exchange is projected to spend $86 million on advertising placements through April 2015. Think about that: To bring 5.6 Mio into the fold! That's $15.357 – why don't they just use that money and pay for the insurance of those 5.6 mio for year 1 and 2 and get them hooked.
U.S. Health Insurance Challenge: 48 mio uninsured into fold in 2014 59% of Americans with household incomes under $30,000-group more apt to be uninsured and they were unaware of ACA!!!	**CA Health Insurance Challenge:** Seeking to enroll 5.3 mio of which 2.6 mio eligible for subsidies.	
Health Insurance Exchanges: **36** states (**32 Mio uninsured live in those states**) where the fed government is running all or part of the exchanges	**Health Insurance Exchanges:** Yes, **state run Covered California,** part remaining 14 states that are running separate marketplaces with their own software	
Employer Coverage 150 mio get employer sponsored coverage 2011: 58.4% under 65 covered by employment based health benefit plan Ca. 20 mio buy health insurance on their own. Firms with >50 FTE employees must offer HC Smaller firms don't have to. **Future:** 98% of employers said they'd like to change their health insurance option by 2018: Why? It's the year the law's Cadillac tax on high-cost plans takes effect.	**CA Employer Coverage** **19.1 mio have employer-paid HC** **Small firms can go here:** Covered California **SHOP (Small Business Health Options Program**). **Small employers with low-wage workers can qualify for premium tax credits if they purchase through the SHOP exchange.** Find-a-Pro application will make it easy for consumers to connect with a local agent who will be a trained, certified, and contracted with Covered California More resources: www.calhealthplans.org. On the RESOURCE page, you can calculate your health insurance costs.	
WOMEN and Healthcare **We make 80% of healthcare decisions**	**Women and Healthcare** We make 80% of HC decisions	

U.S. Healthcare Costs

U.S.: $2.7 Trillion or

$8.500 per person per year (x300Mio)

Family of 4: typical costs=$22,000

$13,000 paid by employer/$9,000 by employee (premium/out-of-pocket costs)

Income: Individuals earning up to about $46,000 a year and couples making up to $62,000 are eligible for subsidies to buy insurance**.**

Pricing transparency: MA & NH were the only states to earn an "A" in health care pricing transparency, while **29 states received an "F" grade for having practically no pricing transparency** requirements.

Healthcare Costs in CA

In CA: 2 in 5 adults have at least one chronic condition.

Obesity in CA is expected to double **by 2030, increasing obesity-related HC costs by 15.7%.**

Prescription drug **spending in CA: nearly doubled from 1991 to 2009, reaching $24.4 billion (**10.5% of all health care spendin**g).**

Did you know? **Seven states -- including** California -- received a "D" grade. **CA law requires pricing information to be reported to the state and that such data must be made available to individuals upon request. HC pricing data is posted on a state website.**

Healthcare Cost Drivers

Cancer, heart disease, diabetes, and other chronic conditions account for $3 out of every $4 spent on health care, or an extra $6,100 per person per year!

As much as 30% **of the nation's health expenditures go to** unnecessary tests, treatments, hospitalizations, and drug**s.** $810 Billion in 2011 OF 2.7 TRILLION HEALTH CARE DOLLARS.

Expensive new technologies**:** Advancements in medical technology account for **40%-60%** of the growth in medical costs.

Robotic-assisted hysterectomies (RAH) cost 33% more than other types of hysterectomy surgery.

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