



State Government Finance Committee

MMB Department Overview

State Employee Group Insurance Program (SEGIP)

January 25th, 2011

State Employee Group Insurance Program (SEGIP)



120,000 lives insured covering
Judicial, Executive &
Legislative Branches

\$750M Yearly Spend

Largest employer group in
the state

1,200 clinics

55 care systems

90% Union

Highlights/Plan Design Features

- Medical
- Dental
- FSA
- HRA
- Long-Term/Short-Term Disability
- Long-Term Care
- Life Insurance
- Employee Assistance
- Health Assessments
- Tiered Networks
- Medical Therapy Management
- Disease Management
- Case Management
- Centers of Excellence
- Pay for Performance
- ePrescribing
- Convenience Care Clinics
- 2006/10/11 – 0% premium increase
- Innovations in State Government Award
- Member of multiple purchasing groups
- 1st & only public member to launch BTE in Minnesota
- Depression (DIAMOND) Initiative

Coalition Insurance Negotiations

- Mid-80's reached agreement on insurance with AFSCME – largest State Union.
- Other bargaining units wanted varying benefits.
- Management wanted consistent benefits.
- Result was the creation of Joint Labor-Management Committee on Health Plans.

Coalition Insurance

- Membership includes:
 - Management representatives;
 - Union representatives; and,
 - Subject matter experts.
- Collaborative forum to discuss insurance trends.

Advantages to One Plan Design

- One set of system rules
- One set of premiums
- Minimizes issues related to:
 - Region
 - Business unit
 - Multiple jobs
- Adverse selection
- Simplifies Call Center

Cost and Quality Vary

Provider Group	PMPM Cost	Provider Group	PMPM Cost	Provider Group	PMPM Cost	Provider Group	PMPM Cost
A	\$332.27	N	\$377.92	BB	\$417.18	OO	\$456.87
B	\$346.70	O	\$386.02	CC	\$418.23	PP	\$457.16
C	\$347.74	P	\$386.23	DD	\$428.78	QQ	\$462.86
D	\$349.75	Q	\$386.66	EE	\$429.48	RR	\$472.02
E	\$350.07	R	\$389.44	FF	\$432.37	SS	\$481.37
F	\$358.75	S	\$393.03	GG	\$438.77	TT	\$482.52
G	\$360.19	T	\$393.81	HH	\$440.27	UU	\$483.27
H	\$361.70	U	\$394.77	II	\$443.05	VV	\$513.06
I	\$362.85	V	\$396.22	JJ	\$443.29	WW	\$516.58
J	\$368.40	X	\$402.05	KK	\$443.74	XX	\$530.94
K	\$371.09	Y	\$403.15	LL	\$446.47	YY	\$552.48
L	\$372.33	Z	\$405.66	MM	\$447.26	ZZ	\$562.98
M	\$374.33	AA	\$410.97	NN	\$449.16	AAA	\$575.40

Level 1

Level 3

Level 2

Level 4

Incent the Member

Minnesota Advantage Health Plan 2008 – 2009 Benefits Schedule

2008-2009 Benefit Provision	Cost Level 1 – You Pay	Cost Level 2 – You Pay	Cost Level 3 – You Pay	Cost Level 4 – You Pay
A. Preventive Care Services <ul style="list-style-type: none"> ● Routine medical exams, cancer screening ● Child health preventive services, routine immunizations ● Prenatal and postnatal care and exams ● Adult immunizations ● Routine eye and hearing exams 	Nothing	Nothing	Nothing	Nothing
B. Annual First Dollar Deductible (single/family)	\$50/100	\$140/280	\$350/700	\$600/1200
C. Office visits for Illness/Injury, for Outpatient Physical, Occupational or Speech Therapy, and Urgent Care within the service area <ul style="list-style-type: none"> ● Outpatient visits in a physician's office ● Chiropractic services ● Outpatient mental health and chemical dependency 	\$17/22* copay per visit annual deductible applies	\$22/27* copay per visit annual deductible applies	\$27/32* copay per visit annual deductible applies	\$37/42* copay per visit annual deductible applies
D. Convenience Clinics	\$10 copay	\$10 copay	\$10 copay	\$10 copay

Health Status

20% members = 77% of cost

Well

- No Disease
- No Injury

- Prevention
- Screenings

At Risk

- Obesity
- High Cholesterol
- Physical Inactivity

- Health Risk Assessment
- Targeted Risk Reduction Programs
- Risk Modeling

**Acute Illness/
Discretionary Care**

- Doctor Visits
- Emergency Visits

- Nurse Advice Line
- Web Tools
- Consumer Directed Health Services

Chronic Illness

- Diabetes
- Coronary Heart Disease

- Disease Management
- Incentive Design
- Self Management Training
- Patient Advocacy
- Best in Class

Catastrophic

- Head Injury
- Cancer

- Case Management
- Decision Support
- Predictive Modeling
- Patient Advocacy
- Best in Class

80% members = 23% cost

Prevention Care Model

- In 2007 average costs for Preventative Services

\$184.32 per Year

- In 2007 average costs for Hospital Admission

\$13,257 per Episode

Incentive: Waive co-pay and no 1st dollar deductible

Medical Therapy Management

The state of MN initiated a diabetic MTM program in July 2007.

- ◆ 776 members joined the program
- ◆ Administered by Health Partners and Fairview
- ◆ 39% fewer ER, 24% fewer hospital admissions
- ◆ Waive co-pay for drugs, office visits, etc.

Diabetic measurements (first 6 months):

20.4% to 34.9% (compared to 20.7%)

State Employees' Group Insurance Program (SEGIP)								
Self funded Medical Plans - Plan Year Basis								
Labor/Management Financial Report								
No Change in Cost Sharing								
2 % increase in Claims Paid by SEGIP - "Dependent Age 26" - 01/01/11			(Dec '10)	(Dec '10)	(Dec '10)	(Dec '10)	(Dec '10)	(Dec '10)
	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/13	12/31/14
Prem Increase	6.7%	3.5%	0.0%	0.0%	8.0%	17.0%		7.2%
Income (Premiums)	570,711,698	596,965,546	599,867,712	599,867,712	647,857,129	757,992,841		812,568,325
Expenditures								
Claims Paid & Incurred	487,647,098	523,266,630	561,210,158	604,912,601	650,964,386	701,006,621		754,695,098
Claims Paid & Incurred as % of Premiums	85%	88%	94%	101%	100%	92%		93%
Admin & Reinsurance (Paid to Carriers)	33,664,288	30,517,856	30,840,104	31,765,307	32,718,266	33,699,814		34,710,809
(Includes Risk Mgt Programs)								
Admin & Rein. As % of Prem.	5.9%	5.1%	5.1%	5.3%	5.1%	4.4%		4.3%
Gain or (Loss)	49,400,312	43,181,060	7,817,450	(36,810,196)	(35,825,523)	23,286,406		23,162,418
Gain (Loss) as % of Prem.	8.7%	7.2%	1.3%	-6.1%	-5.5%	3.1%		2.9%
Other Expenses , Settlements, and Adjustments								
Employee Health Account	(16,318,750)	0	(9,500,000)					
Add Claims Expenses - Dependent Age 26 (2%)				(12,098,252)	(13,019,288)	(14,020,132)		(15,093,902)
Consulting, EAP, and Other Costs	(432,814)	(424,841)	(1,100,000)	(1,200,000)	(1,200,000)	(1,300,000)		(1,300,000)
Prior years -Settlements Received (Paid)	4,260,598	(569,263)	(2,200,000)	(1,500,000)	(1,300,000)	(1,400,000)		(1,400,000)
Total - Other	(12,490,966)	(994,104)	(12,800,000)	(14,798,252)	(15,519,288)	(16,720,132)		(17,793,902)
Adjusted Gain or Loss Before Interest Income	36,909,346	42,186,956	(4,982,550)	(51,608,448)	(51,344,811)	6,566,274		5,368,516
Adj. Gain (Loss) as % of Prem.	6.5%	7.1%	-0.8%	-8.6%	-7.9%	0.9%		0.7%
Interest Income	8,092,692	5,178,986	3,800,000	3,900,000	3,300,000	2,700,000		2,600,000
Gain or Loss After Interest Income	45,002,038	47,365,942	(1,182,550)	(47,708,448)	(48,044,811)	9,266,274		7,968,516
Contingency Reserves - End of Plan Year	167,186,626	214,552,568	213,370,018	165,661,576	117,616,759	126,883,033		134,851,549
Contingency Reserves as % of Next Year Claims	32.0%	38.2%	35.3%	25.4%	16.8%	16.8%		16.5%

Note: The above Income Statement(s) have not been Independently Audited.
The Information is for "Internal Use" Only.

For more information

Website

- MMB: <http://www.mmb.state.mn.us/pay-bene/ins>

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