

EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST

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TO: **All Executive Committee, Board of Managers Members, District Superintendents and Bookkeepers**

FROM: Jeff Dosier, Chair, Matt Klosterman, Vice-Chair
Tom Dahncke & Leo Hefner, Consultants to the Trust

RE: **Quantum Health – An additional consideration for the May 9, 2012 Board of Managers Meeting**

The Benefits Committee recommendations for premium and benefit changes were previously sent to member districts and included a premium increase of 8.5%, a decrease in drug copays for the Silver and Bronze plans, a change to CVS Caremark for prescription services, the continuation of the Consult A Doctor program, the implementation of changes required by the new healthcare law and the new dental and vision premiums.

In addition to the above recommendations, a presentation from Quantum Health will be made at the May 9th meeting. Quantum Health provides coordinated health care services for programs and plans like the Trust offers. There are two main advantages to working with Quantum Health: improved customer service and reduced medical cost trends due to improved coordination of care. One phone number contact would be made for all member services, whether the question was about a claim, a pre-certification, or a prescription. In other words, Quantum Health would take over customer service for HealthLink, CVS Caremark, and for Meritain Health. Egyptian Trust members would have one phone number to call to obtain pre-certification, prescription drug information, benefit information, or questions about a claim. This could be very helpful to members and provide less confusion on who the member is to call to obtain information or to get any other service they need. Meritain would continue to pay the Trust's claims and HealthLink would continue to be the contractor for network hospitals and other network providers.

The second benefit Quantum Health offers is that they guarantee a reduction in the ever increasing medical trend costs. The following information, provided by Quantum Health, details how they deliver savings to their clients:

1. Reorganizing benefits delivery so Quantum's Care Coordinators are involved in members' health, benefits, and treatment. The one phone number contact allows Quantum to turn every call into an opportunity to intercept the member and provide effective, real-time care coordination.
2. Quantum creates a "Virtual Medical Home" for the employees with a technology platform that aggregates all essential data from multiple resources including benefits, eligibility, claims and clinical information augmented by real-time conversations with physicians and patients allowing the Care Coordinators to do a much better job of connecting with Egyptian Trust members.
3. The Quantum Care Coordinators make the connections between primary and preventive care as well as between specialists and hospitals.
4. Quantum helps employees make sense of the connection between their medical care, out of pocket expense, HRA or HSA accounts, and wellness benefits.

5. The result is an easier, more rewarding experience for members that provides coordination and guidance before, during and after health care events, and helps employees understand what they need to know before they make decisions that could lead to unproductive, unnecessary and costly care.

Quantum offers several fee options, including an option that puts all of Quantum's fees at risk if the projected savings are not realized, a fixed fee per member per month, and hybrid options that combine a minimum fixed fee plus an additional fee based on a percentage of savings.

References, provided by Quantum, were checked and found to be very positive, especially regarding customer care satisfaction and impacting the medical trend increase. All references reported trend increases less than what was agreed upon and less than years prior to Quantum's involvement. One of the references was a large self funded k-12 school group in New York, organized very similarly to the Egyptian Trust. Two other references were independent college and university organizations in Tennessee and Wisconsin. The fourth reference was the Oshkosh Corporation. The Executive Directors of the school groups and the HR contact for Oshkosh were all very positive about Quantum Health and indicated their members were very satisfied with the services provided.

Quantum can also work closely with the Trust in organizing and implementing wellness initiatives, such as biometric screenings which can identify and help members manage critical health care issues. The Benefits Committee has studied wellness initiatives for a couple of years now, but has yet to come up with a satisfactory model.

Quantum normally recommends some minor benefit enhancements to encourage cost-effective care. As a start, Quantum recommends that the Trust charge a lower co-pay for specialist visits when members obtain referrals from their primary care physicians. As an example, someone who felt they needed to see a specialist would have a lower specialist co-pay, \$30 rather than \$40, if their primary care physician referred them to a specialist. If the member did not want their primary care physician to refer, the member could always self-refer to the specialist and pay the current \$40 specialist copay.

As indicated above, representatives from Quantum Health will attend the Board of Managers meeting on May 9th, to provide a more detailed explanation of their services and how they would plan to provide the customer service and reduce the increased medical costs each year going forward. Should the membership decide that contracting with Quantum Health would be in the Trust's best interests, the Board could tentatively approve entering into a contract with Quantum Health, subject to final review and negotiation with the Trust's attorney and actuary, Ruth Hays and Jim Drennan, respectively.

Should the membership approve and should contractual matters work out satisfactorily, the anticipated start date with Quantum Health would be September 1, 2012, coinciding with the Trust's new plan year.

Questions or comments prior to the May 9th meeting should be directed to Trust Consultants, Tom Dahncke or Leo Hefner.