Like most hospitals, Hoag was facing two challenges not uncommon to the health care industry: Rising employee benefits costs and decreasing revenue. In 2010, they turned to their benefits consultant and Cigna for help and found a custom-designed strategy that not only reduced their benefit costs, but also helped improve their revenue stream.

In just three years, Hoag achieved phenomenal results: over the three year period, trend (PMPY) fell by 4.4%.

By having access to meaningful information regarding their employee population, Hoag was able to make better strategic decisions around domestic utilization, health management and benefit design – ultimately leading to higher engagement, lower health risks and more than $1.5 million dollars in overall program savings.

**Here’s how we help them do it.**

**Collaboration to improve performance and costs**

Like most hospitals, Hoag faced unique challenges when it came to employee health. Emotionally and physically demanding work – coupled with easy access to care – meant they were facing higher than average employee benefit costs. Cigna and the benefits consultant helped them create a benefit program tailored to their unique needs and goals, helping them improve the performance of their business so they could gain a competitive edge.

**Population Facts**

- 4,096 employees/8,579 total customers
- 43% male/57% female
- 10+ facilities spread out across Southern CA
- Top health risks: weight complications, targeted conditions, low back, diabetes, asthma
- Top chronic conditions: hypertension, metabolic/immune disorders, psych/neurotic disorders
- Top cost drivers: musculoskeletal, neoplasm, circulatory, pregnancy

**Actions**

- Comprehensive wellness plan with incentives
- Moved from Fully Insured to ASO funding
- Introduced Choice Fund CDHP
- Implemented client-specific network
- Deployed integrated benefit design: medical, behavioral, dental, pharmacy, disability, life, vision and employee assistance program (EAP)
- 24/7 flexible enrollment meetings in English and Spanish

**Outcomes**

- Higher health engagement
- Decrease in health risks
- Decrease in high-cost health claims
- Increase in domestic claim utilization
Understanding cost drivers
Initially Hoag had little if any claim or clinical data to understand what was driving their rising costs.
In 2011, Hoag implemented a company-wide health assessment and onsite biometric screening program – and provided employees with an incentive to complete both. Data collected through these tools continue to provide Hoag with real-time insight into the health status of their population – and allows us to identify the individuals – and the health risks – most likely to be high-cost drivers both today and in the future.

By gaining a better understanding of their top cost drivers, Cigna and the benefits consultant have been able to help guide strategic decision making to help Hoag create a benefit program custom-fit to their unique needs and goals.

Improve employee engagement and lower costs
Research proves that costs are lower for employees who are more actively engaged in their health and health spending. However, when Hoag came to Cigna, their benefit program was doing little if anything to get employees engaged. A comprehensive benefit program was designed to get more employees actively participating in health improvement programs – and more conscientious about their health spending.

Since 2010, Hoag has implemented several benefit design changes to meet these goals:

**Added Cigna Choice Fund consumer-directed health plan** as one of their employee benefit options in 2011, creating pricing incentives to make this the “more attractive” option for employees. In 2012, the incentives were increased, attracting more employees to choose this consumer-directed option.

**Deployed integrated benefit design, including medical, behavioral, dental, pharmacy, disability, life, vision and EAP coverage.** Through this more holistic health support program, we helped ensure Hoag employees received comprehensive medical, social and behavioral support, and that they had access to important health support services to support 100% of their population – healthy, at-risk, chronic and acute.

**Introduced health improvement programs with incentives** – targeted to their employees’ unique health risks and needs – including disease/condition management to address the needs of individuals with ongoing, chronic health issues, as well as wellness programs to halt the production of disease among individuals at-risk.

### Engagement in health improvement

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disease management participation</td>
<td>12.7%</td>
<td>18%</td>
<td>20.6%</td>
</tr>
<tr>
<td>High-risk maternity participation</td>
<td>0%</td>
<td>10.4%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Acute specialty case management</td>
<td>7%</td>
<td>1.4%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Acute utilization/ case management</td>
<td>1.3%</td>
<td>4.2%</td>
<td>TRIPLED</td>
</tr>
</tbody>
</table>

**Significant growth in CDHP participation**

<table>
<thead>
<tr>
<th>Year</th>
<th>CDHP participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>143</td>
</tr>
<tr>
<td>2012</td>
<td>376</td>
</tr>
<tr>
<td>2013</td>
<td>643</td>
</tr>
</tbody>
</table>

Reflects employee participation

62% (under age 40) drive 45% of health plan spend
38% (age 40+) drive 55% of health plan spend

Top health risks: weight complications, targeted conditions, low back pain, diabetes, asthma
Top diagnoses: musculoskeletal, neoplasm, pregnancy
By more actively engaging individuals in relevant and targeted health improvement programs, Cigna has been able to drive measurable reductions in health risks across the population – helping to improve the overall health of Hoag employees and their families, and driving a significant – and sustainable – reduction in health spending.

In addition, 13% of individuals who completed two health assessments over the last two years reduced their overall health risk status. Estimated cost savings from health improvement status shift is an average savings of approximately $2,000 per individual for each risk level shift.

**Significant savings among population in Disease Management**

Overall costs per member per year (PMPY) decreased from $7,044 to $5,040 PMPY – a 28.4% decrease resulting in an overall savings of $1,590,948

**Total costs – study group members (PMPY)**

- Asthma: $3,780
- CHD: $6,848
- COPD: $9,312
- Depression: $14,928
- Diabetes: $6,712
- Other: $5,928

More than $1 million saved

**Compliance with evidence-based guidelines (gaps in care)**

Compliance exceeds the norm for hyperlipidemia, the #3 chronic condition, and obesity, a co-morbidity for several chronic conditions. In addition, we made improvements to depression compliance, a significant accomplishment in that psych/neurotic disorders is the #2 chronic condition reported.
Guide employees to cost-effective care

Hospital employees tend to use hospital-based care at higher rates than the national average – driving high utilization of expensive, and at times, unnecessary care. Cigna and the benefits consultant helped Hoag create a benefit program and customized communication plan to encourage employees to choose care appropriately.

Declining inpatient admissions and bed days

- Inpatient admits per 1,000 declined from 85.7 to 79.6, or -7.1%
- Inpatient bed days per 1,000 fell from 328.1 to 292.1, or -10.9%

Utilization metrics per 1,000 members

<table>
<thead>
<tr>
<th>Utilization rates</th>
<th>2010</th>
<th>2011</th>
<th>ALOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admits per 1,000</td>
<td>68</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Bed days per 1,000</td>
<td>259.8</td>
<td>161.2</td>
<td></td>
</tr>
<tr>
<td>Outpatient surgeries per 1,000</td>
<td>71.5</td>
<td>59.7</td>
<td></td>
</tr>
<tr>
<td>High-tech radiology utilization rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MRI visits per 1,000</td>
<td>17.1</td>
<td>14.6</td>
<td></td>
</tr>
<tr>
<td>CT scan visits per 1,000</td>
<td>22.7</td>
<td>12.5</td>
<td></td>
</tr>
<tr>
<td>PET visits per 1,000</td>
<td>1.9</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>More choose and use care wisely</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Used 24/7 Health Information Line</td>
<td>0.5%</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>Used online cost/quality tools</td>
<td>48%</td>
<td>85.9%</td>
<td></td>
</tr>
<tr>
<td>Chose in-network facilities vs. norm</td>
<td>90%</td>
<td>94%</td>
<td></td>
</tr>
</tbody>
</table>

- Declining office visits and cost per visit
  - Office visits per 1,000 declined from 1,155.5 to 1,076.6, or -6.8%
  - Cost per visit fell from $161 to $148, or -8%
- Pharmacy PMPY costs fell from $803 to $801, or -0.3%
  - Average number of scripts per member fell from 9.3 to 9.1, or -2%
  - Generic Rx utilization increased from 69.7% to 74.4%

Easy, flexible service

Hospital employees don’t work standard hours, and we get that. Cigna provided Hoag with around-the-clock client and customer service, including 24/7 flexible enrollment meetings both in English and Spanish, to accommodate their diverse population.

Looking ahead.

Based on these strong results, Hoag plans to continue on the path they’ve established for benefits – continuing to focus on driving active engagement in health. In 2013, they expect to expand their incentive program and provide Cigna onsite health services. The hospital system will continue to drive participation in the consumer-driven plan option, and has plans to move to CDHP as the exclusive medical plan in the near future.

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