

PIPE INDUSTRY HEALTH AND WELFARE FUND OF COLORADO



Multiyear Trend Management Case Study

Population facts

- › 5,087 participants
- › Multiple local unions, multiple work locations
- › Self-funded medical, pharmacy, behavioral health
- › 30% of individuals driving the majority of health costs
- › Total annual medical spend/trend was increasing each year

Actions

- › Implemented Your Health First® program to engage chronic population and help improve their health
- › Implemented Personal Health Solutions Plus (PHS+) to better manage outpatient spend, specifically advanced radiology procedures (MRI, CT, PET)
- › Moved to a Medicare-based maximum reimbursable charge methodology to contain out-of-network claim costs
- › Further encouraged generic utilization by putting a low copay on generic tier and a substantial differential between the second and third tiers on the pharmacy plan. Also implemented a fourth tier for specialty injectables to better manage the exploding costs of specialty drugs.
- › Changed deductible, coinsurance, copay, out-of-pocket maximums
- › Implemented Health Reimbursement Account in 2015 to incent participants to make informed decisions
- › Added Cigna Pharmacy Management's Narcotic Therapy Program to provide a comprehensive support system by giving physicians the information and resources they need to manage patient treatment

Cigna worked closely with representatives from the Fund and its consultant to identify and implement changes that would create substantial savings and help the Fund lower its medical claims spend.

Outcomes

- › Personal Health Solutions (PHS+) reduced medical plan spend by \$564,763
- › Decreased combined medical/pharmacy plan spend by 9.8%
- › Medical plan spend decreased by \$599,521 by implementing Medicare-based maximum reimbursable charge for out-of-network claims
- › Lowered unnecessary emergency room utilization, increased utilization of urgent care, convenience care and doctors' office visits
- › Increased generic prescription utilization rate from 83.8% to 85.4%
- › Member Assistance Program experienced 7.2% overall utilization; high resolution rate and integration with Cigna's Mental Health/Substance Abuse program resulted in fewer inpatient and outpatient visits and reduced MHSA costs
- › Medication Safety Program reduced utilization and costs within the Narcotic Analgesics therapeutic class

For the past five years, Cigna and the Pipe Industry Health and Welfare Fund of Colorado have worked together to develop and execute a multiyear trend management plan designed to engage Plan participants in the effort to reduce health care costs, and improve the long-term stability of the Health and Welfare Fund. As part of this plan, members were taught how to become better health care consumers, and were provided multiple clinical advocacy programs and health improvement tools. In 2014, this collaborative effort resulted in a per-member-per-month (PMPM) plan spend trend of 1.3% for combined medical and pharmacy.

A Cigna client since 2005, the Pipe Industry Health and Welfare Fund of Colorado is the health and welfare trust fund for four local unions in Colorado and one local union in Wyoming. It represents more than 5,000 plumbers, pipefitters, service technicians, welders and their families. Over the years, the Fund had been challenged with the high cost of retirees and catastrophic claims, and increased utilization of the plan.

Together, all the way.®



All statistics are based on a 2015 internal Cigna client study. Individual client results will vary.

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Higher member engagement levels lead to lower cost

In 2008, the Fund and its Cigna account team began trend management efforts with an emergency room steerage campaign. Cigna initiated quarterly mailings to individuals who had emergency room visits that might have been avoided, distributed posters and flyers to the locals, and provided content for the quarterly newsletters to create awareness of emergency room alternatives.

The campaign saw immediate and measurable results, demonstrating to Fund Trustees that increased awareness and ongoing communication helped members change their behavior. The Trustees later modified the plan, adding tiered copays to incent appropriate utilization of emergency rooms, urgent care centers, convenience care clinics and doctors' office visits.

From there, transparency and education campaigns expanded to focus on other opportunities to manage health care costs.

- › In-network utilization
- › Gaps in Care
- › Generic medication dispense rate
- › Member Assistance Program (MAP) utilization and resolution
- › Outpatient utilization management
- › Utilization of Cigna Care Network® and Centers of Excellence
- › Cigna Collaborative Care
- › Preferred lab utilization

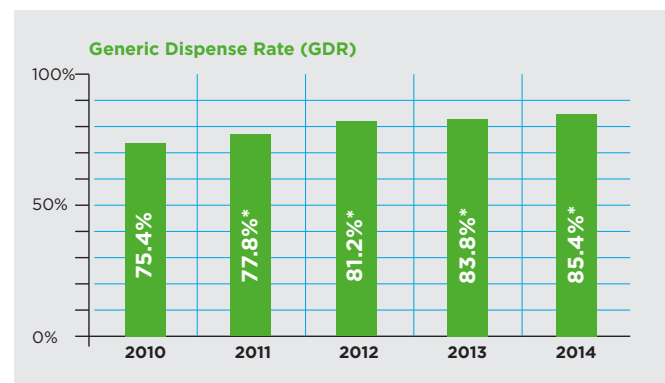
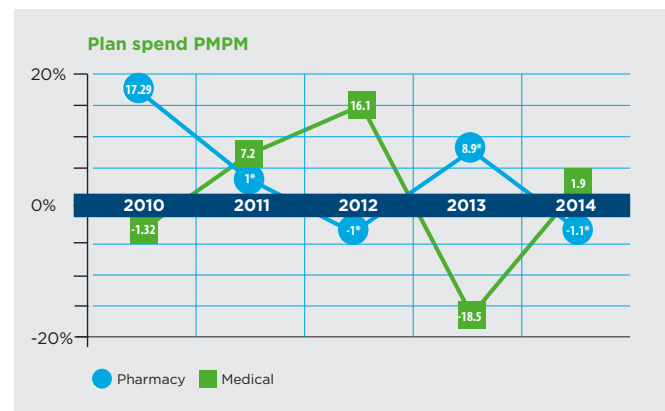
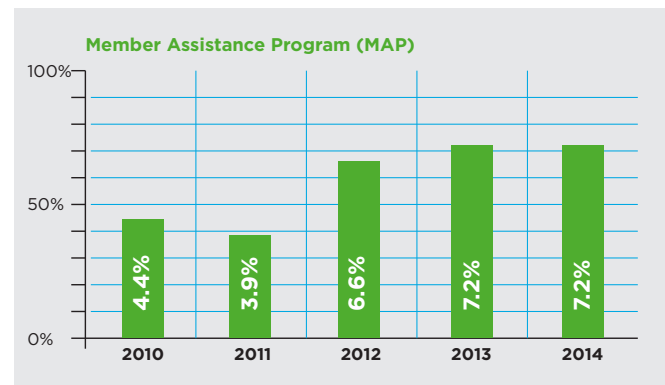
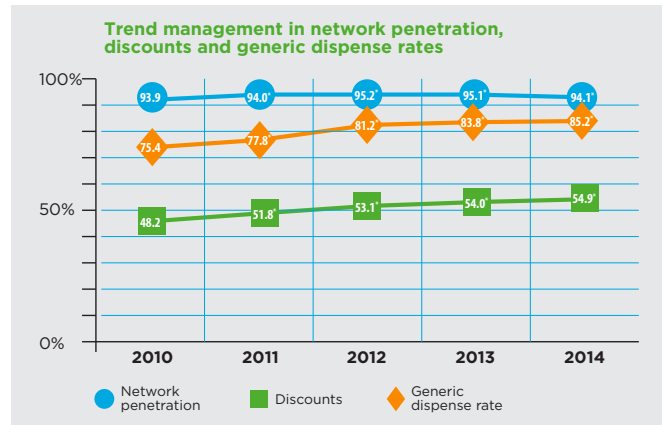
The value of integration

By integrating pharmacy and medical products, Cigna was able to help the Fund improve its Gaps in Care closure rate, to promote healthier, more productive members, resulting in lower medical costs. The medication adherence compliance rate is 86%. Pharmacy gaps are a key contributor to Gaps in Care savings. Specifically, the Fund benefited from \$56,815 in savings from 189 credited closures tied to an intervention by Cigna Health Advocacy programs.

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Strength in numbers: The success of the Fund's trend management plan*

* 2014 performance using claims incurred between Jan 2014 and December 2014 paid through March 2015.



Generic dispense rate

The Fund's generic prescription utilization rate increased from 83.8% to 85.4%, compared with a norm of 82.3%. The difference between brand and generic costs per prescription resulted in a reduction of \$288,344 in pharmacy claim spend. Year-over-year increases in generic dispense rate is largely attributed to repetitive and frequent communications via Cigna's Rx Savings Messenger program and through the Fund's newsletter and other member communications.

A strong, successful partnership

Fund Trustees and the Cigna account team attribute the Plan's success to their ability to come together and benefit from each other's strengths.



Strong leaders

Individually, the Fund Trustees all possess strong leadership skills. Together, they take their fiduciary responsibility a step further with a collaborative commitment to understanding the components driving trend on their Plan. When presented with trend management recommendations, they consistently come to consensus, make decisions quickly and communicate those decisions with specificity and clarity. As a result, the Fund Union Trustees have been successful in aligning expectations, inspiring action, and spreading their vision to their members.



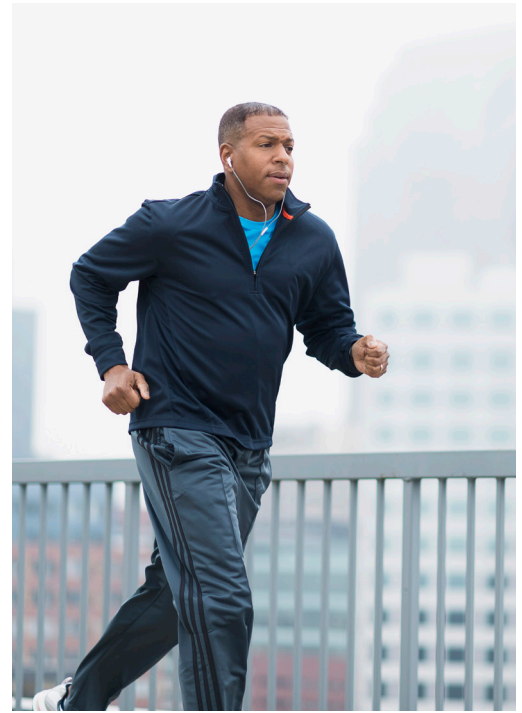
Integration

Cigna's ability to provide integrated reporting across medical, pharmacy, lab and behavioral health products provides Trustees and plan professionals with a complete view of all of the components impacting health care trend. This integrated view is critical to enabling Cigna to help them find the right trend reduction opportunities, making specific recommendations, and empowering the Trustees with the information required to make quick decisions.



Communication

Cigna works closely with Trustees and plan professionals to develop a wide variety of communications to support the trend management plan. In addition to robust member education coming from regular newsletters and flyers, Cigna regularly joins the Trustees and local union staff at member meetings and social functions. Together they educate and engage membership, ultimately, helping them become better health care consumers, and find ways to establish and achieve their own personal health improvement goals.



Leading by example

Fund Trustees don't just encourage plan members to get more engaged in their health. Many of them are actively practicing what they preach.

- › One Trustee practices yoga for ongoing chronic low back pain.
- › After 30-plus years, another Trustee quit smoking.
- › Several others are working with their primary care physicians to get appropriate health screenings and develop plans to improve their health through lifestyle changes.



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