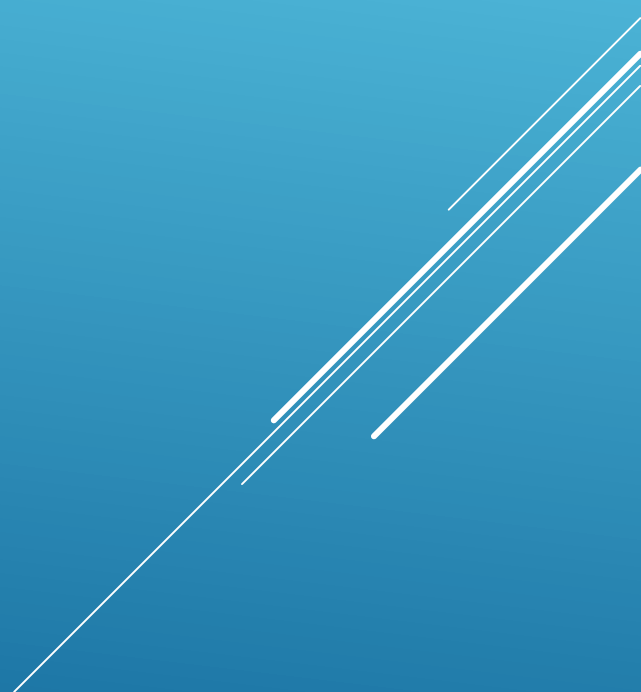


**EASTERN CT HEALTH
INSURANCE PROGRAM
ANNUAL REPORT
2016-17**



ECHIP – RENEWALS AT A GLANCE

Fiscal Year	ECHIP Renewal Average For its Members	Regional Medical, Rx Trends	% Savings for all ECHIP Members
2013-2014	Renewal increases ranged from (-2%) to 19% Group average was 11%	12% to 13%	Averaged 1% savings over expected trend
2014-2015	Renewal increases ranged from (-2%) to 8% Group average was 6.4%	12%	Averaged 6% savings over expected trend
2015-2016	Group average was 2.7%	10%	Averaged 7% savings over expected trend
2016-2017	Renewal increases ranged from (-2.5%) to 7.2% Group average is 2.6%	9.5%	Averaged 7% savings over expected trend
2017-18	Renewal increases ranged from (-0.1%) to 21.9% Group average is 9.6%	12%	Our first challenging year but still managed to be 1% under trend

CD INVESTMENT

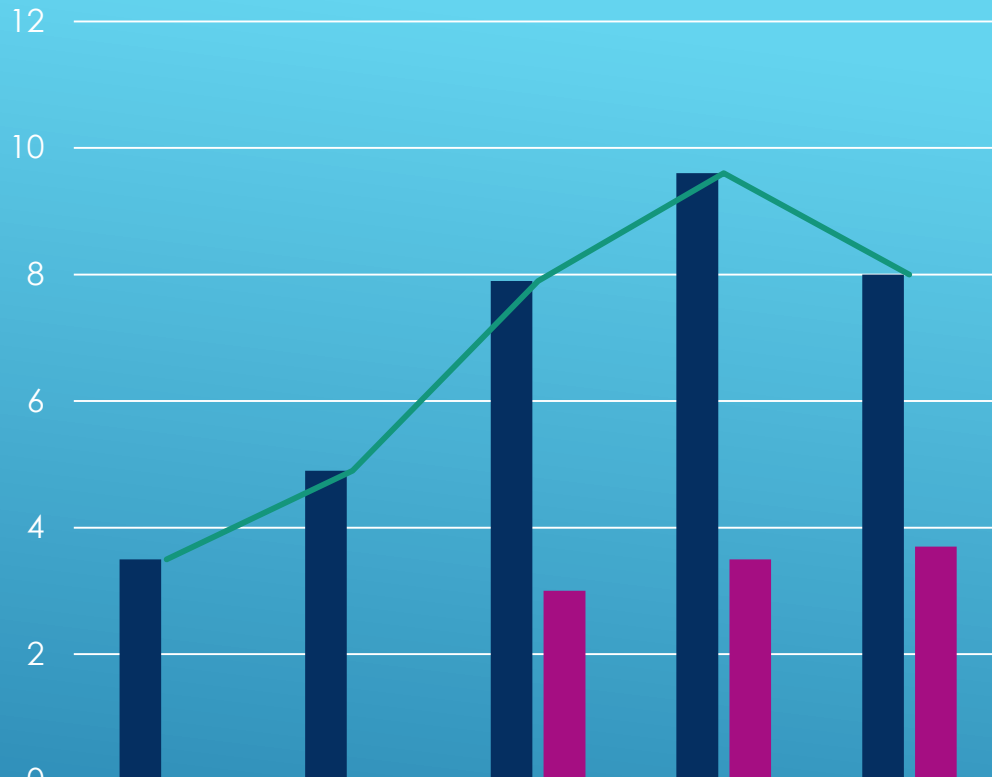


ECHIP's CD investments, beginning with \$3M in October 2014 have earned \$90K in interest income above and beyond what would have been earned if these funds were left in the operating cash account

Our current investment sits at \$3.7M using a laddering approach that will span interest growth until February 2019

ECHIP CD Timelines						Investment Earnings Projection				
	Tier 1	Tier 2	Tier 3	Tier 4	Total		FY14/15	FY15/16	FY16/17	
10/23/14 Investment										
Principal	1,500,000	1,500,000			3,000,000	Tier 1	12,925	12,142		
Term	16 mths	16 mths				Tier 2	12,925	12,143		
Rate	1.25%	1.25%				Sub-total	25,850	24,285		
2/22/16 Investment										
Principal	875,000	875,000	875,000	875,000	3,500,000	Tier 1		6,175	17,500	
Term	32 mths	16 mths	12 mths	3 mths	Total Increase	Tier 2		4,331	12,002	
Rate	2.00%	1.40%	0.60%	0.40%	of \$500,000	Tier 3		1,877	3,372	
						Tier 4		881		
						Sub-total		13,264	32,874	
5/22/16 Investment										
Principal				875,000		Tier 4		373	508	
Term				3 mths						
Rate				0.40%						
8/22/16 Investment										
Principal				875,000		Tier 4			8,595	
Term				15 mths						
Rate				1.15%						
2/22/17 Investment										
Principal			1,125,000			Tier 3			5,976	
Term			16 mths							
Rate			1.50%							
			\$250,000 Increase							
Current Status										
Principal	875,000	875,000	1,125,000	875,000	3,750,000	Total	25,850	37,922	47,953	
Term	32 mths	16 mths	16 mths	15 mths		Cumulative	25,850	63,772	111,725	
Rate	2.00%	1.40%	1.50%	1.15%						
Expiration Date	10/24/18	6/24/17	6/24/18	11/22/17						
						CD Earnings vs Standard Bank Account (.25%)				
						3,000,000	10/23/14 - 2/21/16 =	10,000		
						3,500,000	2/22/16 - 2/21/17 =	8,750		
						3,750,000	2/22/17 - 6/30/17 =	3,320		
							Sub-total		22,070	
ECHIP's Operating Cash Balance for Preceding 30 Day Period as of May 12, 2017 (excluding CD's):										
Range of Daily Balances: \$4.0M - \$5.5M						Favorable Investment Variance				89,655

MILLION



■ YE Bank Bal	3.5	4.9	7.9	9.6	8.0
■ CD Investments	0	0	3.0	3.5	3.7
— Track	3.5	4.9	7.9	9.6	8.0

■ YE Bank Bal ■ CD Investments — Track



ECHIP BANKING

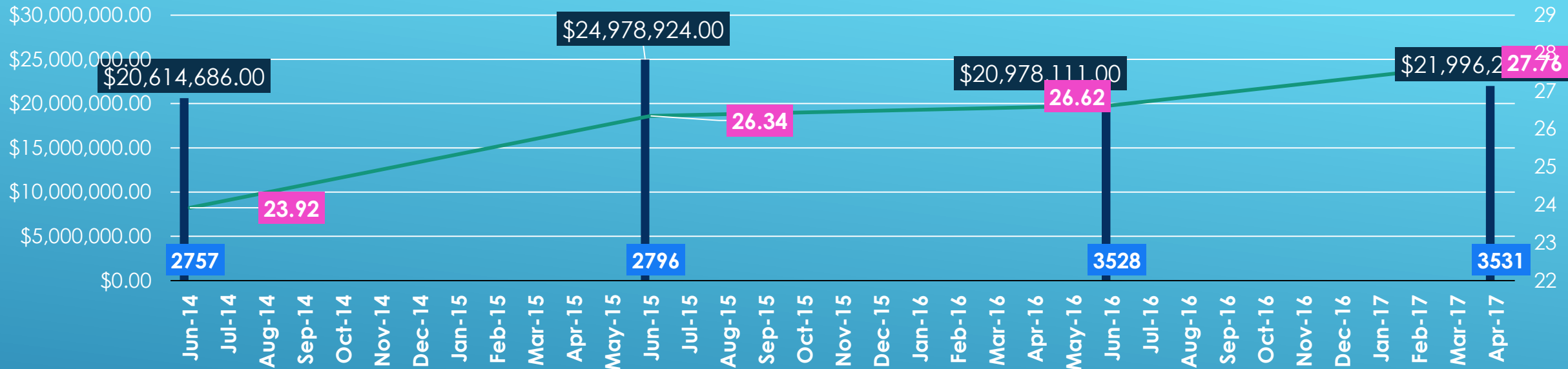
ECHIP's bank account has held a margin since 2013.

Our bank account has dipped for the first time in 5 years.

This correlates with having our first challenging renewal year.

Current margin position is **17.8%**

ECHIP Claims 2014 to April 2017



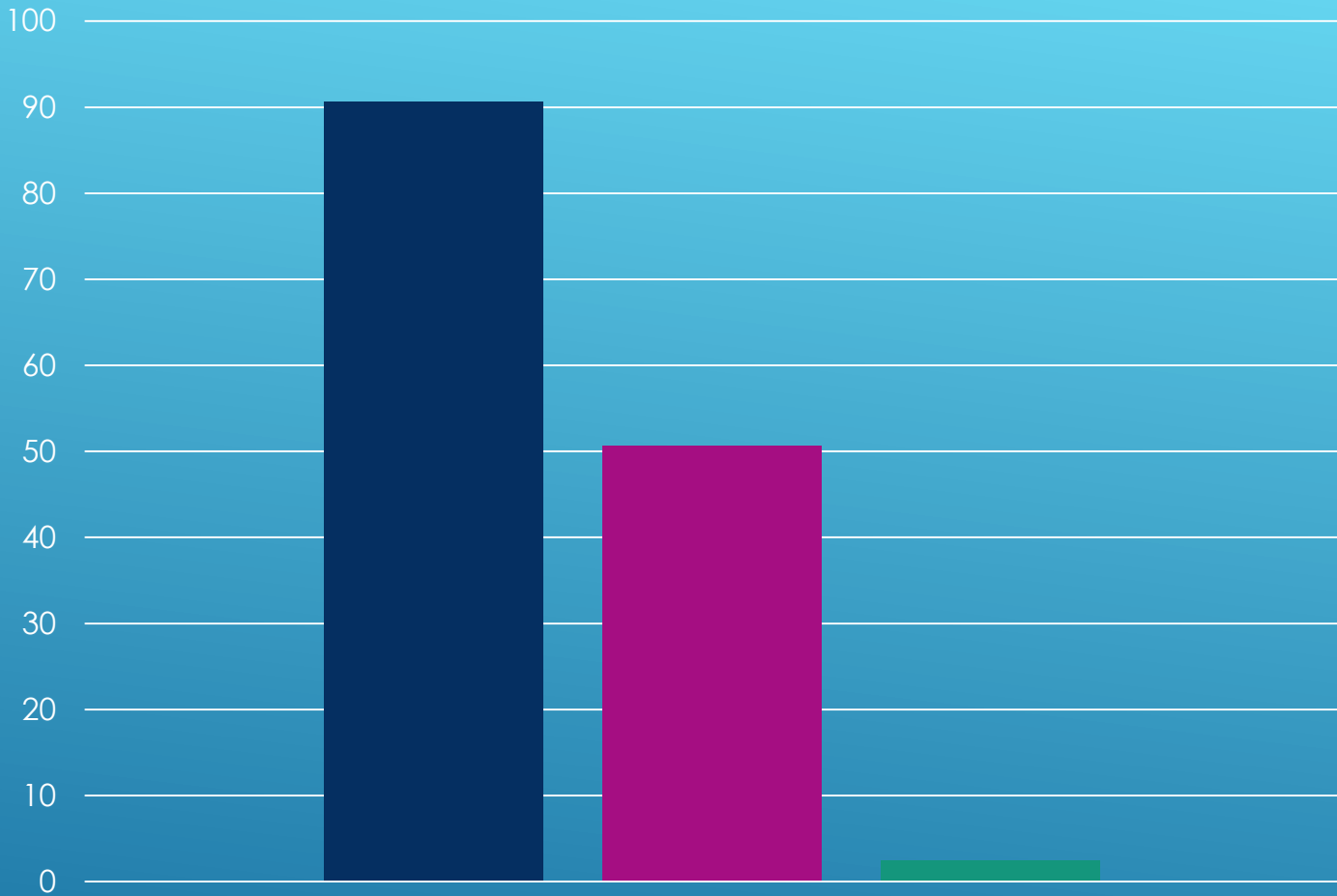
	Jun-14	Jun-15	Jun-16	Apr-17
Total Claims	\$20,614,686.00	\$24,978,924.00	\$20,978,111.00	\$21,996,236.00
Members	2757	2796	3528	3531
PMPM	23.92	26.34	26.62	27.76

■ Total Claims
 ■ Members
 — PMPM

APRIL 2017 - CLAIMS HAVE INCREASED 4.6% OVER THIS TIME LAST YEAR INCREASING OUR PER HEAD COST OF \$26.62 UP BY \$1.14 TO \$27.76

CLAIMS PROJECTION FOR NEXT TWO MONTHS IS \$4.4M POTENTIALLY KEEPING US UNDER BUDGET BY \$1.7M

2016-2017 ECHIP BUDGET WAS SET AT \$28,143,071



Preventative Care

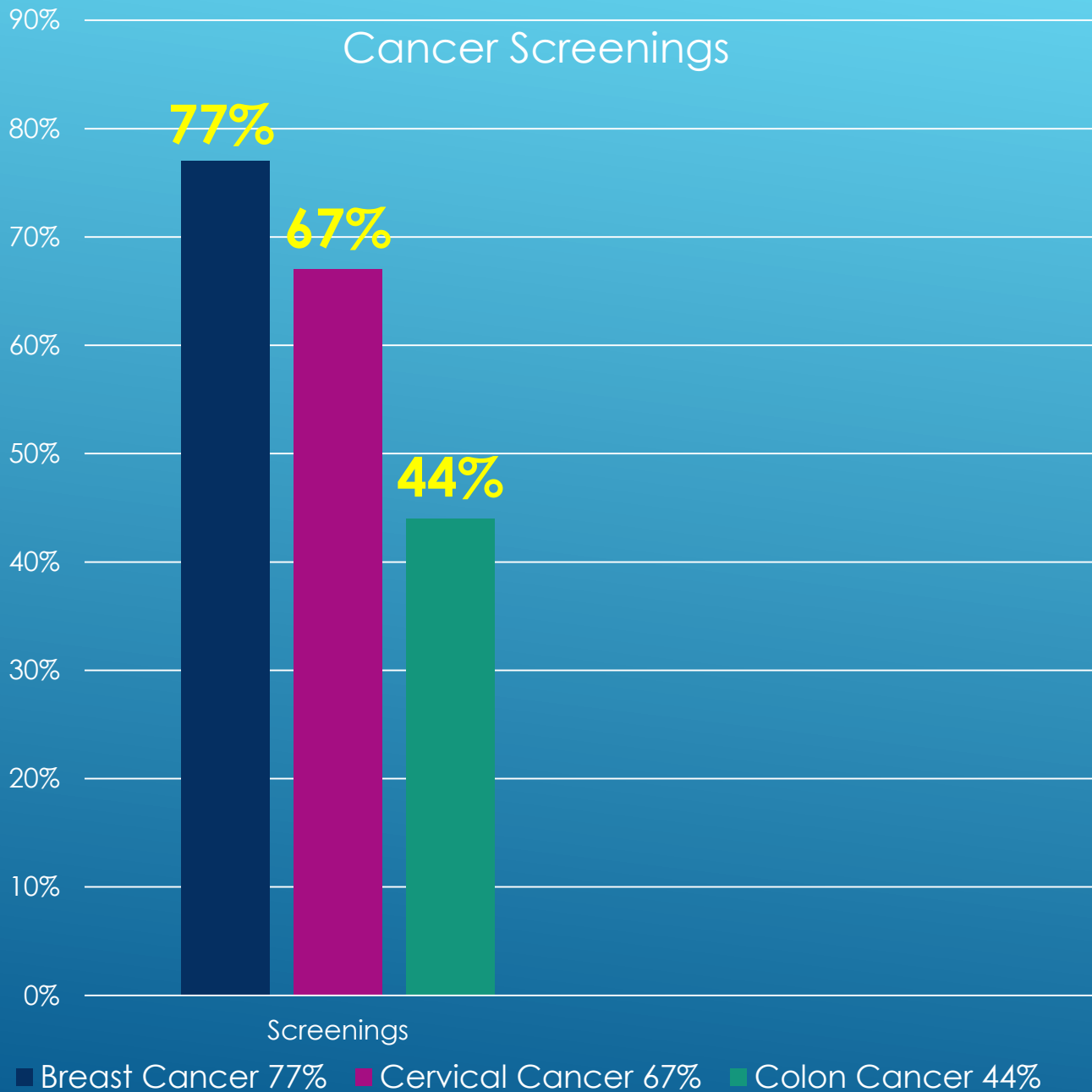
- Pediatric 90.6%
- Adult 50.6%
- Preventative Total Spend 2.4%

WHAT IS DRIVING UP COST?

Chronic Disease claims have increased by +1.7%

Our Preventative Care engagement is only up 0.1%

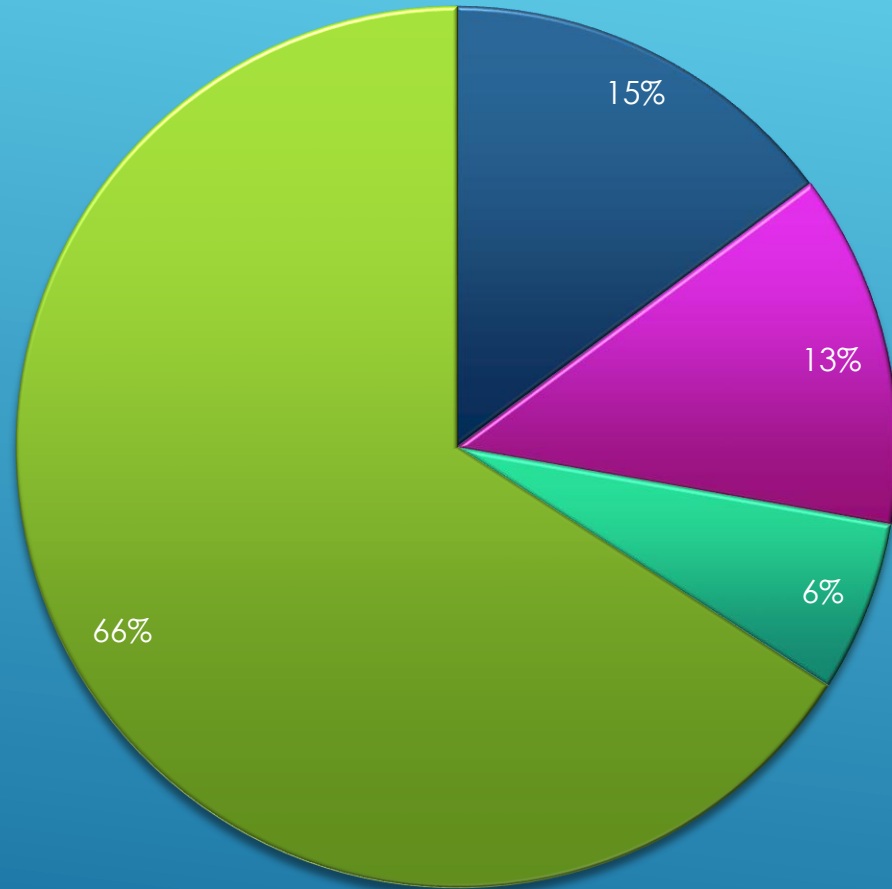
In adults we are missing opportunities to engage early and treat chronic and potentially catastrophic outcomes



PREVENTATIVE CANCER SCREENINGS
MANY TIMES CAN CATCH THE TOP 3 EARLY

ECHIP is coming in 8% below the national average of 52% for colon cancer screenings

Speciality Medical and Pharmacy Impacts



- Specialty RX Costs 14.8%
- Specialty RX Medical Costs 13%
- Speciality Condition Cost 6.3%
- All other RX & Medical Costs

SPECIALTY PHARMACY & MEDICAL PLAN SPEND

ECHIP's overall pharmacy spend is up over last year +6.2%

Current pharmacy spend is \$8,879,545

Specialty pharmacy drugs attribute to \$1.3M of our RX spend

308 members (7.7%) are on specialty medications

43 members on specialty medications accounted for \$1.1M towards inpatient hospital stays

128 members on specialty medications visited the ER accounting for \$354,820 toward our total medical spend

PHARMACY SPEND

ECHIP's prescription drug costs are currently up 6.2% from last year

April 2016 pharmacy spend excluding specialty RX cost was \$7,092,873

April 2017 pharmacy spend excluding specialty is at \$7,561,698





PHARMACY COST REDUCTION

RX projections over the next few years show several pharmaceutical manufacturers will be releasing generic versions of their now brand/high cost RX

Anticipated savings could be in comparison to the \$1.63 PMPM we have today in 2017 to \$7.79 PMPM in 2019

Overall ECHIP runs today at 83.2% generic use

DATA SHARE

49.7% of our group is 40+ with the heaviest concentration being ages 52-65

ECHIP's preventative care utilization is only hitting 2.5% of our total plan spend. A group our size should target 4% as a goal.

Specialty pharmacy medications that can be received via mail order and administered at home versus in/outpatient can drive large savings

MS, arthritis, asthma, diabetes and cancer treating RX are the highest cost Specialty RX being administered



DATA SHARE



Emergency room costs increased significantly per visit up from \$1,419 to \$1,528 a difference of \$109 year over year and \$233 over the national average of \$1,295

Our ER costs increased from \$31.37 PMPM to \$33.68 a difference of \$2.31 per head

ER utilization was down from 265.3 per thousand to 264.5 but over the national average of 229.9

Urgent Care utilization is up from 124.2 to 146.1 but still low compared to the national average of 270.1 per thousand

Average Urgent Care cost is \$153 in comparison to average ER visit at \$1,727 in Connecticut *

Average Spend by Relationship Tier	Base	Current	% Change
Employee	\$742	\$744	.3%
Spouse	\$850	\$914	7.5%
Dependent	\$260	\$296	13.8%

YEAR OVER YEAR ECHIP'S PRIMARY CLAIM SPEND HAS NOT BEEN ON THE EMPLOYEE, IT HAS BEEN ON THEIR SPOUSE THIS YEAR WE ALSO SAW AN INCREASE TO THE DEPENDENT'S AVERAGE SPEND - ACA POSSIBLY/AGE 26ERS

OUR WELLNESS INITIATIVE WILL CONTINUE TO WORK ON LEVERAGING THE SPOUSE'S PARTICIPATION

ECHIP's TOP 5 Offenders

Q. What can we do to identify and minimize the top 5?

A. Promote Preventative Care, Screenings and
Clinical Interaction

DIABETES
DEPRESSION
MUSCULOSKELETAL
ASTHMA
CANCER

CUTTING COSTS

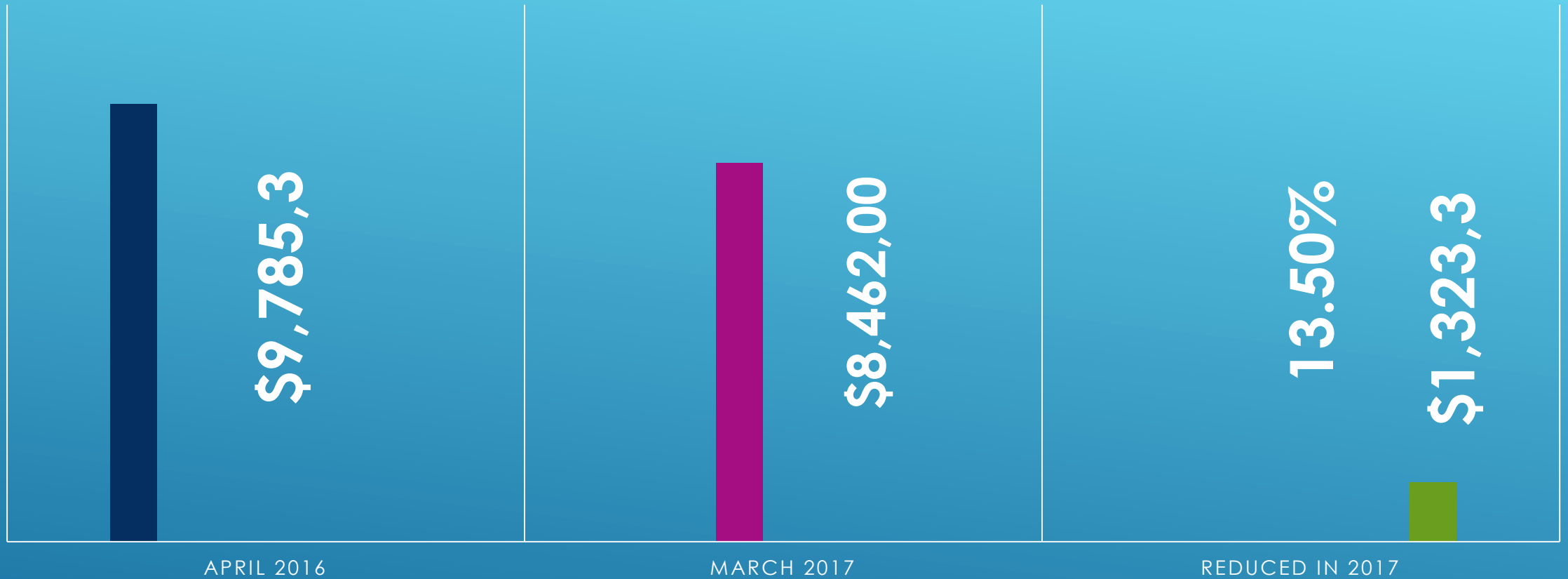
CLAIMS OVER \$25K ARE DOWN

48% OF ECHIP'S HIGH CLAIMANT POPULATION WAS IDENTIFIED FOR COACHING/DISEASE MANAGEMENT PROGRAMS

46% OF THOSE HIGH CLAIMANTS ARE NOW INVOLVED IN CIGNA'S COACHING/DISEASE MANAGEMENT PROGRAMS!



- 2016 Large Claims over \$25K
- 2017 Large Claims Over \$25K2
- Reduction in 2017
- Large Claims Reduced in 2017



LARGE CLAIMS ARE DOWN 13.5% FROM APRIL 2016 THROUGH MARCH 2017

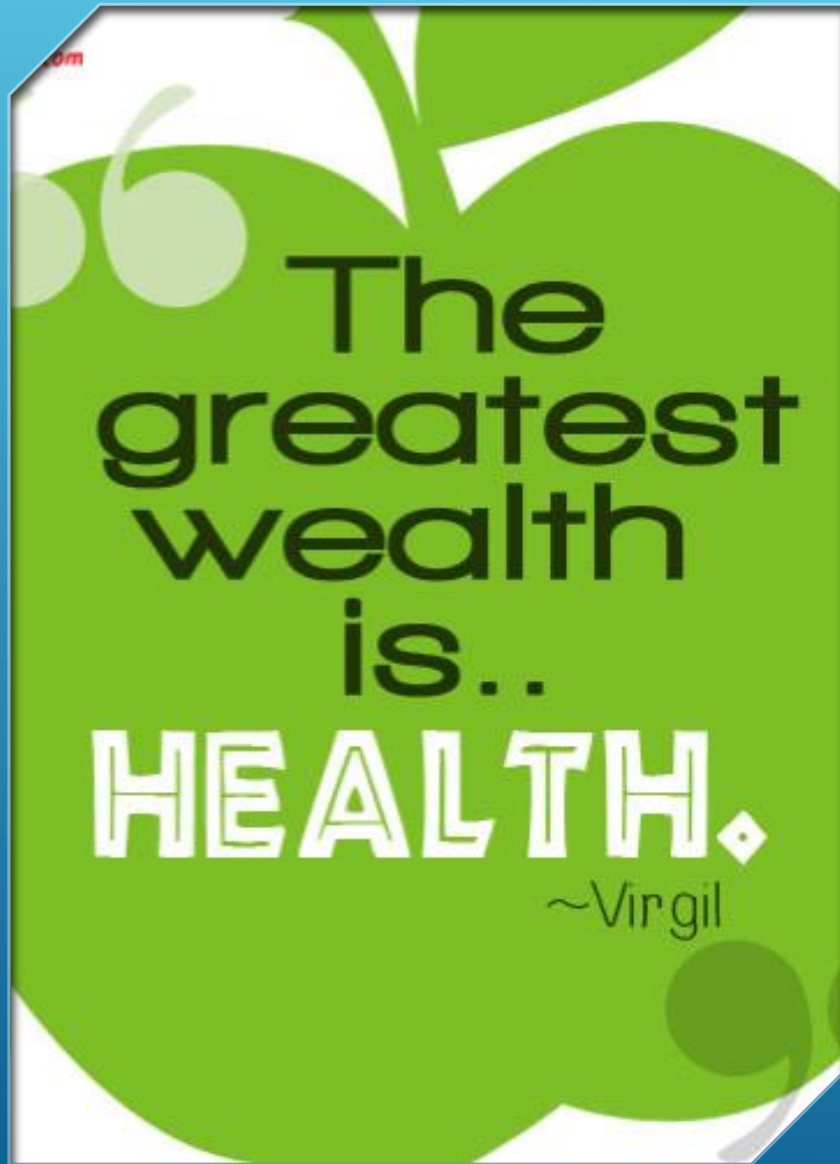
REDUCING THE OVERALL TOTAL SPEND ON HIGH CLAIMS BY \$1.3M

THINGS WE CAN DO TO MAXIMIZE OUR OUTCOMES

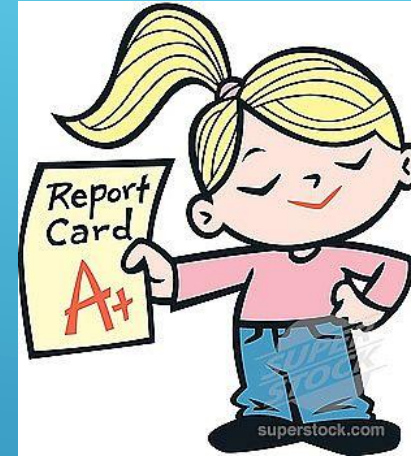
Stronger concentration on promoting preventative health and pre-cancer screenings for employees and their spouses

Suggesting yearly physicals and dental exams

Develop plans to incentivize engagement in more preventative care and screenings



THINGS WE CAN DO TO MAXIMIZE OUR OUTCOMES



KEEPING OUR EMPLOYEES EDUCATED AND WELL INFORMED ON WHAT IS
DRIVING UP COSTS AND WHAT IS LOWERING COSTS

POSSIBLY A QUARTERLY ECHIP NEWSLETTER KEEPING STAFF IN THE LOOP ON
UTILIZATION AS WELL AS WHAT PROGRAMS ARE CURRENTLY BEING OFFERED
THROUGH THE ECHIP WELLNESS INITIATIVE

EDUCATION AND ENGAGEMENT CAN BRING UP OUR GRADES!

TEAMWORK

coming together is a beginning
keeping together is progress
working together is success

- Henry Ford

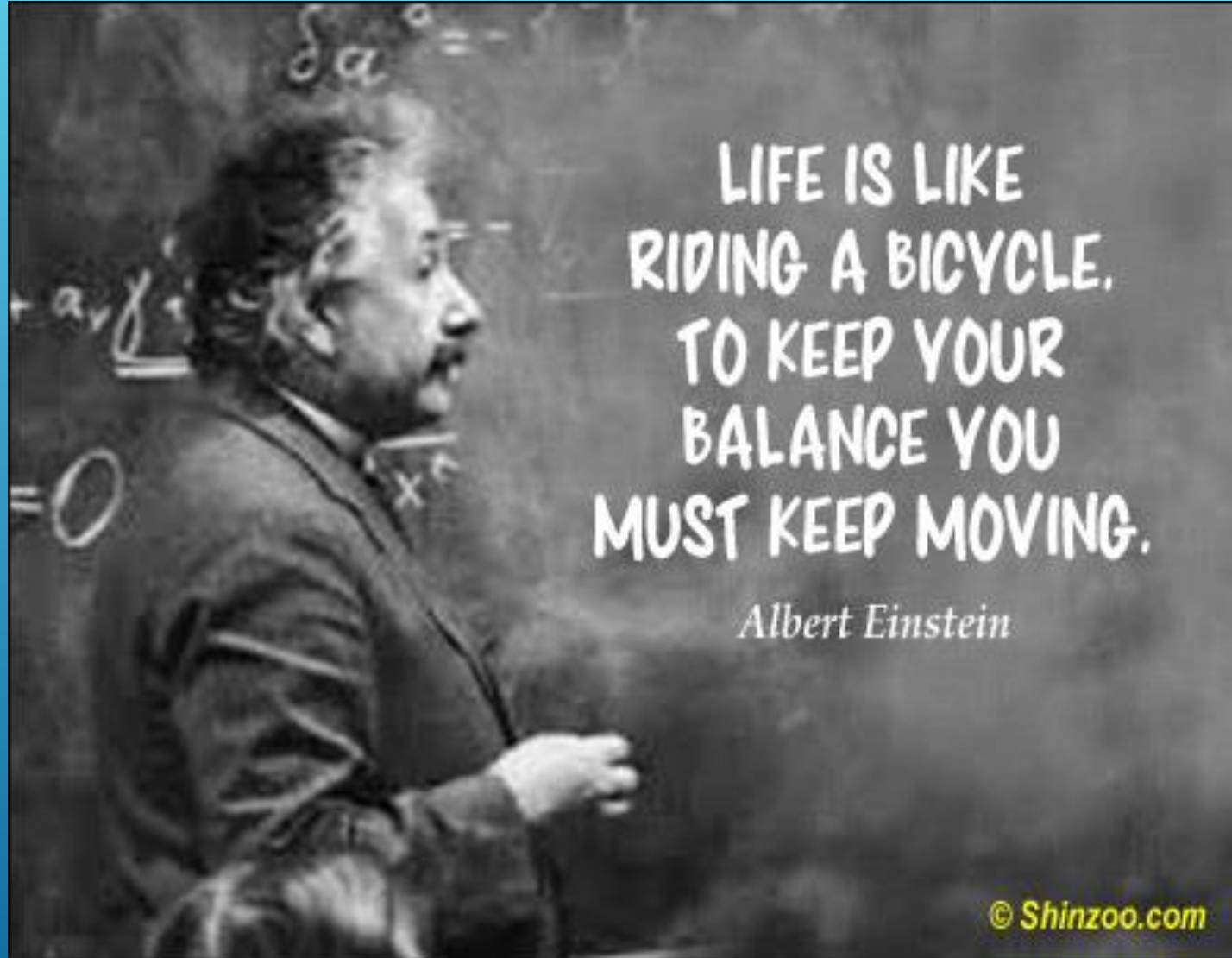
ECHIP A.K.A SUCCESS

We are 5 years in the making and year over year we've grown and continue to strengthen our position.

- Stop Loss carrier changes
- Investments
- RX Rebates
- Dental collaboration
- Wellness

These successes afford us the opportunity to continue being innovative, to save on our costs, and expand through continued collaboration.

That is success and a great story to tell.



LIFE IS LIKE
RIDING A BICYCLE.
TO KEEP YOUR
BALANCE YOU
MUST KEEP MOVING.

Albert Einstein

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**KEEP MOVING
FORWARD**

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