

Blue Cross Blue Shield Association - Sr. Benefits Consultant at Holmes Murphy & Associates

Interview conducted on April 27, 2023

Topics

Rural Healthcare, Healthcare Benefits, Insurance Carriers, Access to Care, Primary Care, Healthcare Costs, Telehealth, On-site Clinics

Summary

A Tegos Client expresses concern about the lack of solutions for employers with sizable employee bases in rural areas and asks a Sr. Benefits Consultant at Holmes Murphy & Associates about the industries of employers in rural areas and the split between self-insured and fully insured employers. The consultant explains that most employers in rural areas tend to be fully insured and that their firm has developed a network optimization product that identifies the highest-performing doctors for specific procedures. The Tegos Client also asks about the attitudes of employers towards insurers in rural markets, specifically Blue Cross, and the consultant explains that there is a respect for Blue Cross due to their name, but there is also hesitation from employers who believe that other insurers may not have the same network strength. The consultant emphasizes the importance of educating employees and incentivizing them to select a primary care physician to manage chronic conditions and reduce ED visits. The Tegos Client also asks about the differentiation in access issues for potential on-site or near-site clinics in rural areas, and the consultant suggests that employers need to manage the risk by fostering a culture of wellness and chronic condition management. The consultant also discusses the challenges of providing value-based care in rural areas, including an aging population and a culture of self-care. The Tegos Client expresses interest in funding and staffing a primary care facility, but the consultant explains that on-site or near-site clinics are typically only feasible for large employers and suggests that partnering with other businesses and ensuring adequate staffing may be necessary for smaller employers.

Expert Details

Sr. Benefits Consultant at Holmes Murphy & Associates, a customer and user of Garner Health and evaluator of Accolade.

Sr. Benefits Consultant at Holmes Murphy & Associates, a customer and user of Garner Health and evaluator of Accolade. The expert advises and assists in the procurement of all products related to employee benefits for mid to large employer groups. The expert plays a critical influencing role in the evaluation and selection process for their clients and helps oversee the implementation and onboarding process.

The expert can speak to the customer perspective of Garner as well as the evaluation/selection process/implementation/onboarding process of Accolade and other solutions in the space.

Q: Health Benefits Execs: Can you speak to any under-addressed healthcare challenges of your employees in your rural sites?

A: Yes, I have several clients in Rural AZ, including Lake Havasu City, Sells, Prescott Valley, and Rio Rico.

Q: Health Benefits Execs: Are you undertaking any particular strategies to improve the healthcare of employees at rural sites? Please describe very briefly.

A: Yes, one consideration is on-site clinics. However, mental health access continues to be an issue. Happy to elaborate during the call on the key considerations

Q: Health Benefits Execs: Are you able to partner effectively with your health plan or benefit administrator to

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address rural healthcare issues or is there white space for new solutions?

A: We are constantly working with payers to improve access through contracting and expanded virtual health.

Q: Health Benefits Execs: Can you speak to your company's process for selecting partners in health benefits?

A: Yes, I'm a Sr Benefits Consultant and advise dozens of clients on the selection of vendors.

Tegus Client

Hi, thanks for speaking with me. I am seeing a fair amount of distress in rural health care delivery and it got worse. And I'm seeing some efforts to try to rectify that investor-backed like plays to focus really on the Medicare Advantage world. But I am wondering what's going on in the commercial world, the employer world, because my sense is there are a lot of employers that have quite sizable employee bases that are essentially long-term anchored in some of these rural geographies, just can't up and move. And so in some sense, they're "stuck" with the health care system that's locally available and sometimes that may be one's that's trying very hard just overwhelmed.

I mean it may not be available. In some cases, you might have some people who are not necessarily like happy to see like the ED admissions and things like that. So I want to get a sense for what the commercial perspective there is, the employer perspective.

To the extent they're looking to create solutions, where are they going? Are the and the TPAs able to providing the paying? Are they having to look on their own? Or what are they doing? And then maybe explore a little bit with you if somebody did want to talk to employers about doing something creative, what would be the right way to go about that?

And what would the offer have to be I'm not thinking about something digital, something virtual like everybody else. I'm more thinking of something like standing up some clinics or making some real primary care available. Could you maybe just start off, just give me a little bit of a thumbnail in terms of your base of employer contacts? And which of those are involved? What types of involvement? Are they're really exposed to rural health care delivery?

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. So I'm a senior benefits consultant with, I would call it, a regional firm mostly throughout the Midwest. And that market is pretty much, we kind of live in the mid-market. So by mid-market, I would tell you that that's probably 50 to 500 employees, somewhere in that neighborhood, that's really what kind of Arizona is.

If you're outside of the Phoenix Metro or Tucson and maybe a little bit of Flagstaff, it can get fairly rural fairly quickly. So we've got our share of those customers that are in the very west side of the state, down in the south of the state and even up in the north of the state, where access to care can be a challenge.

So network is always something that we're talking about with those particular customers. And so their options seem to become a little bit more limited than if you were in the Phoenix Metro area where that's never really been an issue. So this is something that we deal with, with those particular customers kind of on an ongoing basis.

Tegus Client

Could you just give me a little bit of color on what the industries those particular employers are in that are in those more rural areas?

Sr. Benefits Consultant at Holmes Murphy & Associates

It's kind of all over the board. Down in the south, we've got a customer that's in produce. So they're picking produce. And then we have a couple of nonprofits and a bank out in the West in the Lake Havasu area. We've got some education customers. We do a lot of business in the charter school.

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We are the charter school consultant for the Arizona Charter School Association. So we work with probably 40 different charter schools around the state. There tends to be a lot of them that are in rural areas just because it's growing, charter school is growing. That movement is growing in our state.

Tegus Client

Like rural everywhere.

Sr. Benefits Consultant at Holmes Murphy & Associates

So we don't focus on one particular industry, really. It's kind of all over the board.

Tegus Client

And the 50 to 500 employees, are any of those like self-insured? Have they made that plunge? Or are they all basically fully insured?

Sr. Benefits Consultant at Holmes Murphy & Associates

Arizona is a pretty heavily fully insured market. And I would tell you that most of those employers in the rural areas tend to be fully insured. It's not ideal for us just because of kind of our expertise. But I would tell you that 75% of our business in Arizona is fully insured and then 25% of it is self-funded.

We're always trying to move them down that spectrum, to get them to self-funding. So we do have quite a bit of customers that are kind of in that mid-market size that are level funded. So kind of a hybrid model between fully insured and self-funding.

Tegus Client

Yes. So just help me understand like where is level funded? Is that in the 25% that you classify as kind of self-insured? Or is that in the 75% classified as fully insured? Or what share of it just is.

Sr. Benefits Consultant at Holmes Murphy & Associates

No. I would say that 50% of our groups are completely fully insured, 25% are hybrid and 25% are self-funded.

Tegus Client

Because when I think of self-insured or level-funded as potentially creating more of incentive to more proactively invested. It's fully insured, then you're like, "Uh, it's insurer's problem." You make a few things, but not too much.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. If you're fully insured, the insurer is taking on all the risk, if you're level-funded, you're sharing in that. And so you've got an opportunity to win. If you have a good year, then you'll get money back.

Tegus Client

And in terms of the actual insurers across your book, what would you say is the split between the Blue Cross Blue Shield of Arizona? I know what's out there. There's United, Aetna. What does that look like?

Sr. Benefits Consultant at Holmes Murphy & Associates

I would tell you it's probably pretty close to 25% Blue Cross, 25% United, 25% Cigna and 25% Aetna. It's the CUBA of the world, Cigna, United, Blue Cross and Aetna. Those are the four carriers that are in this market. And that's just kind of the way it is. I would tell you, though, in the rural areas, you're going to have much more on the Blue Cross Blue Shield as a carrier because 30, 35 years ago or something, I can't remember how long ago it was, but Blue Cross Blue Shield wrote the state of Arizona. And so they had to make a real concerted effort to enrolling providers in the rural areas.

So there's this business perception that if you've got a rural customer that, more than likely, Blue Cross Blue

Shield is their carrier because of their network strength. I think that has dissipated a little bit in this market because now Cigna and United and even Aetna have had bits and pieces of the State of Arizona as a customer over the last 10 or 20 years.

Tegus Client

On a clearly separate note, and then we'll get back on track and roll. I'm just curious, Cigna has been going around saying they've been reoptimizing their network and getting somewhere like a 2% to 3% or more unit cost reduction. And they're kind of working their way across the country. Have you seen anything like that in Arizona?

Sr. Benefits Consultant at Holmes Murphy & Associates

We do, but I wouldn't tell you that it was specific to Cigna. My firm, in particular, we've looked at developing sort of a network optimization product where utilizing claims data, we can identify the highest-performing doctors for, let's just say, a knee surgery or something like that.

So it's a buzzword. And we're very, very bullish on it. We, in fact, developed a product that eventually was sold to Meritain, which is Aetna's TPA, on your phone, you can identify in Arizona, who is the best knee surgeon and who has the best outcomes. And so that's something that I suspect all the insurance carriers are looking to do. And I don't know that I trust the insurance carriers to do that because they're going to risk alienating some of their own providers that are contracted with.

Tegus Client

What's the name of that product under Meritain? What do they call it?

Sr. Benefits Consultant at Holmes Murphy & Associates

So SimplePay. We have a clinical technology subsidiary that works on stuff like that. And so we actually developed that productive or six years ago and tried to work with UnitedHealthcare on it. But the insurance carriers really didn't like it because it sort of circumvented their expertise. And so we ended up having to sell it to, I think, Blue Cross Blue Shield of Minnesota and then Meritain bought it from them or something like that. So we partnered with a different technology vendor to develop our kind of our own little product.

Tegus Client

Got it. But it sounds like you brought that up in response to my question about Cigna. It sounds like you haven't seen Cigna do something particularly unique in their networks or their negotiations or providers.

Sr. Benefits Consultant at Holmes Murphy & Associates

I haven't. And we do a lot of business with Cigna. That's not to say that they're not trying to make some tweaks with their networks and steer some members towards particular providers. I'm just not seeing it yet, and maybe Arizona just hasn't gotten there yet. We're talking more about it than the insurance carriers are right now.

Tegus Client

So going back then on the rural focus, it is an interesting question because they're counting that optimization quite a bit. I also don't know if it's a heavy fully insured component. I mean Cigna, I assume, is playing pretty heavily on the level-funded side.

Sr. Benefits Consultant at Holmes Murphy & Associates

It's almost all of our Cigna business is level-funded just because when they purchased Great-West 10 or 12 years ago or however long it was, that was their product. And so really Cigna is focusing on anything 25 to a couple of hundred employees is going to be level-funded for that matter. They're not even writing in the small group under 25.

Tegus Client

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So in rural markets, talk to me a little bit about before I go there, let me just understand. The employer perspective on. like the classic four, as you say, how do they regard them? Because there's quite a number of employers who are really skeptical about whether the insurers are really able to bring the kind of solutions they need. So specifically on the rural side, what's the attitude towards mostly Blue Cross, but maybe with the others.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. I mean there is a respect for Blue Cross because of their name. And so usually, when we're meeting with the customer nine times out of 10 maybe at Blue Cross. And so we try to talk to them about options that they might have. And there's usually some hesitation there because they don't believe that the Cignas and the Aetnas and the Uniteds of the world have the network strength that Blue Cross Blue Shield does.

But for the most part, in the state of Arizona, Cigna, United, Blue Cross and Aetna, their large networks are all going to have the same hospitals. So your hospital in Kingman or down in Casa Grande or Prescott Valley or things like that, for the most part, all four of them are going to have the same network from that perspective.

And really, from a primary care physician standpoint, they're going to be very, very similar within 90% of each other. The challenge that we have on the rural side is more about specialists, really. And so these smaller rural towns tend to have primary care physicians that have been in there forever.

And most of the people who know that, know them and maybe they're overstressed with patients, but they're kind of used to that. I think most of the rural customers are somewhat used to that. And when they have something that's serious, then they usually make the trip to Tucson or Phoenix to have a surgery or something like that.

Tegus Client

So it sounds like from what you're describing, there may be a lot of reason for dissatisfaction, but there actually isn't that much dissatisfaction because that's just kind of taken as kind of par for the course is kind of what I'm hearing.

Sr. Benefits Consultant at Holmes Murphy & Associates

I think there's perception out there that if you're not a contracted provider with Blue Cross Blue Shield, you're either not a very good doctor or you're not contracting with anybody. And what we've found over the last 10 to 20 years is that for the most part, most of these doctors are contracted with all four of the insurance carriers. Now some may be two of four, three of four or something like that. You're going to have your one-offs here and there. But for the most part, everybody's network is fairly comparable, at least when you're comparing their full statewide national networks.

Tegus Client

Yes. When I look at these markets, and it's pretty clear there's a correlation between lack of primary care measured as like just how many people are there for each primary care doc. So a shortage of primary care. And excess ED visits. So when people kind of turn around and like just go to the ED more frequently when they've got various kinds of problems. Is that something that your employer clients feel or perceive? That by lack of access, lack of options the costs are really hitting them hard on the ED visits?

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. So we talk about that a lot, where we're trying to find alternative points of entry for services. And so that's a communication that we utilize with our employer groups because an ER visit is 10x the cost of a doctor's visit. So we're constantly talking about, first and foremost, and this is not just a rural thing, most people don't have a primary care physician. 30 years ago, everybody had a primary care physician, like your parents, my parents. They know their doctor for 50 years.

Well, that's not the case anymore. And so what we're constantly trying to do is try to educate the end-user and even incentivizing the employer to encourage their employees to select their primary care physician, even though it's not a requirement of a plan, because we know an individual that has a relationship with a

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doctor is ultimately going to be healthier.

They're going to be able to manage a chronic condition better and so on and so forth. But at the same time, what we found too is that there is a segment of our population, and I think in Arizona, it's the Hispanic culture. I don't know why it is, but they tend to utilize the emergency room as their primary care physician. And so we've tried to shift that thinking away from that.

Because do you want to sit in an emergency room for four hours and then get a \$1,100 bill for something that could have been treated with either virtually or in a convenience clinic or a primary care physician? So those are the types of conversations that we're always dealing with, and that's not just our rural customers. It is our rural customers because they have slightly fewer options, but we're really always dealing with.

Tegus Client

So if I hear you right, what you're saying is, yes, it's a little bit, the excess ED utilization is a little bit worse in the rural markets, but it's kind of bad everywhere. So going to an employer, like coming back to like where I want to get to at the end. But going to an employer and saying, hey, we want to try to enhance your primary care to try to address ED utilization, they're going to say, listen, I'm not all that different from anybody else. So this is just kind of the way it is.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. And we talked about the overall well-being of their employee population and the importance of a primary care physician is to that. That if you're consistently getting wellness streams and health risk assessments and you're managing chronic conditions and you've got employee health and wellness coaching and things like that on an ongoing basis, you're going to save money in the long run because your claims are price times use equals cost.

So how many knee surgeries have you had and how much are you paying for them? And so we got to reduce one of those in order for you to ultimately be able to offer competitive employee benefits, so attract and retain employees, especially in this labor market.

Tegus Client

But it sounds like you're talking to them. They're not banging down your door and saying, what the heck is going on with my ED cost? That just surprises me.

Sr. Benefits Consultant at Holmes Murphy & Associates

I would just say, for a typical customer. On a quarterly basis, if they're big enough, it could be monthly; if they're midsize, it might be quarterly; and if they're smaller, it might be kind of a midyear, two times a year deal, where if they're large enough to get credible data, claims data, almost every time we talk to them about what's going on with their health plan, a lot of times, we can identify, hey, this is how many emergency room visits you guys had the past year.

This is where you should have been. This is the percentage of them that were steerable to other points of entry from a provider standpoint. So otherwise, you could have gone to a MinuteClinic for this. You could have done virtual care. You can have Teladoc, whatever.

And this is how much these business cost you. And this is where a typical book of business, this is how many you should expect in a year, and you were over that by 20% or whatever it might be. And so those are the conversations that we have. And pretty much every customer that we meet with, they have higher ER utilization than they probably should.

And so that's an education point for us. And then if it is an access-to-care thing, like in the rurals, then we talk about other things like convenience clinics, MinuteClinic, Teladoc, virtual health and then sometimes even on-site or near-site type clinics that maybe they can utilize.

Tegus Client

Do any of your clients have on-site or near-site that they've taken up.

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Sr. Benefits Consultant at Holmes Murphy & Associates

We have a customer down in Arizona, which is actually kind of on an Indian reservation, that they have an on-site clinic that handles their primary care stuff for them. It gets talked about a lot, but most of the time, the expense that goes along with it is probably a barrier for them.

So then we talk about, well, are there other businesses you can partner with to share in the cost and that sort of thing? And that's more of a difficult conversation for us because we might not have a relationship with whoever the other businesses are. I mean, ideally, we'd like to have a relationship with them and become their consultants, but it doesn't always work that way.

Tegus Client

And if it's difficult for you guys to execute but I guess what I want to ask is, are there a lot of those kind of sort of near-site opportunities where you can pinpoint a few employers that probably are all suffering the same issue like where a near-site clinic.

Sr. Benefits Consultant at Holmes Murphy & Associates

I think so. We struggle though in my industry with status quo. And yes, it takes a lot to get employers to really, really make a fundamental shift in how they're delivering their benefits to their employees. And so it is not something that we just go in and have a meeting and say, okay, well, yes, let's put it in an on-site clinic and a week later.

Tegus Client

There's one demographic question I failed to ask. How much turnover is there among your rural employer clients? I guess, just a point being if there's a lot of turnover, then these kind of investments really don't make sense necessarily.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. I think there. I think it's probably higher than our customers that are in the major metropolitan areas. But that's sort of anecdotal. I couldn't tell you exactly, but I do get that feeling that there is a little bit more turnover in them. I think that our rural customers just tend to be lower paid, and those individuals will change jobs, they're mostly hourly workers and they'll change jobs for a \$0.50 an hour raise.

And that is a challenge because we wouldn't want to make that type of investment with a group that has a lot of turnover. And you got to have decent cash flow in order to do something like that. It's not something that you can't finance it, but you've got to have a good balance sheet in order to commit to that.

Tegus Client

I mean the rural, it was good. I mean the other issue with on-site clinics is most of the models there are cost-plus.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes.

Tegus Client

And so that's when you're talking about the funding problem.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. And one other point, too, is that we do a lot in the public sector. In Arizona, our larger employers tend to be government. Everybody's got an office here because people like to spend the winters here, but most people make decisions in other parts of the country. So most of our larger employers that make decisions here are government. And our government employers tend to be hesitant to offer something like this to their employees because their employees do not trust them. There's a privacy security concern there.

Tegus Client

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I guess the question would be when you flagged potential opportunities where an on-site or near-site clinic could be appropriate, are those particular employers that are really suffering from an access issue? In other words, how differentiated is it? Is it basically like kind of across all rural, it's roughly the same, everyone's like 20%, 25% more? Or are there some markets in some populations where it's like double than the ED utilization or like 2.5x? Is there a big differentiation there? Or is everybody kind of in the same boat?

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. I mean I think from our rurals perspective, we have one particular rural customer who is probably a good hour from any real office, they do have a little clinic there that is kind of a primary care clinic. But your preventative health and your cough and flu season, that sort of thing.

They're a good hour from those types of specialties or anything like that. And it's an issue for them. But what's happening is they're tending not to get care. And they cost more. They're run poorly. Their claims run poorly and so they pay more for insurance. And that's just one particular customer that I'm thinking of, but I have a customer out in Havasu, who's very, very similar. And they forgo care. Now part of that is access. But part of that might be just the cost. Their deductible is too high, those types of things.

And so there's a lot of pain points for these rural customers, in particular, because in the metro areas, we can offer the same plan with maybe like a high-performance network, it's going to be cheaper. So it's a smaller network of providers, but that's easy in Phoenix. In the rural areas, we've got to offer the state network, Blue Cross Blue Shield state PPO, which is going to be the most expensive now for you to have.

Tegus Client

Yes, because that's the only way you're going to get any kind of access whatsoever.

Sr. Benefits Consultant at Holmes Murphy & Associates

Correct.

Tegus Client

So if an employee has to take off a day from work to drive into Phoenix to get some visit with a specialist, if I'm the employer, I don't actually have to pay the employee for that if they're hourly. If they have to take time off I'm not paying them.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes.

Tegus Client

I don't necessarily like care that much. I mean care as a human being, but I don't care from a pocketbook point of view if people are taking off. I'll have to figure that out on the day of because I'll need somebody to backfill, but I probably am kind of accustomed to there being a certain percentage of people that, for example, leave take or take off.

So I kind of built that into the cost to doing business that I'm going to have a little bit of duplication in the morning. I want to see who's there and to kind of figure it out from there, who does what is what I'm kind of hearing from you. So from the employer perspective, sure, like I got to pay a lot of insurance, some insurance costs are high, but I got a lot of other things in my mind.

I'm not going to have these people around too much longer just to give them more access. Who knows if actually I'm going to actually get the payoff and all of that. Maybe they're just going to crank up a bunch of specialty care. A lot of them just don't utilize. And if push comes to shove, then they amp an ED, but maybe I'm doing okay with that.

Sr. Benefits Consultant at Holmes Murphy & Associates

The problem is the ones that do utilize, they don't leave. They stay on and they stay at the employer because people that are sick don't change jobs.

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Tegus Client

What share of employees kind of fit that category, would you say, among the rural employees.

Are the employees are, shall we say, kind of locked in because they got conditions, they're sick, so they're going to stay in that job because they've earned through the deductible already and so forth.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. And the old age was that 5% of your population accounts for 50% of your overall spend? And what we've seen in the last 10 years, it's more like 2.5%, 3% are accounting for 50% of your overall spend. Well, those 2.5%, 3%, they don't change jobs.

So it's more than just an access issue for them, it's how do we get these people healthier? And we could sit on the phone here for weeks and try to figure that out. So those are the individuals that don't leave. I mean they die on the plan. That's just the reality of it, most of the time.

Tegus Client

And what you're describing, I think, the general attitude among employers is, again, that's kind of a cost to doing business. I know I'm going to have some people that are just going to stick around.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes.

Tegus Client

I'm not going to make a special effort around those employees, try to get them kind of back on track, that's why I have a fully insured product.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. I mean if you're fully insured, you kind of sent that risk off. But we talked to them about, like, okay, can you afford your fully insured rates to go up 10% every year? And then we'll even show them what that would look like five.

Tegus Client

These are experience rated plans.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes, they'll go up. And so if you're not doing anything like from a wellness perspective or anything to manage that risk whatsoever, then there's going to be a breaking point at some point. So that's where we talk things about chronic condition management and network optimization and things like that to try to make sure that those individuals when they do experience illness, are utilizing providers that have the best outcomes.

And that the employer is fostering a culture of wellness. And so a lot of times, that can kind of grow like a wildfire within the employee population and everybody is kind of on board, and hopefully, that people decide to take better care of themselves. But that's easier said than done.

Tegus Client

Yes. And again, just like in your experience, I'm assuming it takes off like wildfire. For those employers that do make that shift, that listen to you and say, okay, let's do this, it's going to be mostly in the fully insured and level-funded, I'm guessing.

Sr. Benefits Consultant at Holmes Murphy & Associates

I would say all of our self-funded customers, if you're self-funded, you better be doing something to manage that risk or else. Because that's your money. So you're paying those claims out on a weekly basis. So if I met with a customer that said they wanted to be self-funded, but they only want to offer benefits to their employees and feel like they have no place in influencing behavior or health or anything like that, then I

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would tell them, well, you should be pulling insurance, my insurance. You should pass that risk off to Blue Cross Blue Shield or United or whoever because a large claim can kill you from a financial standpoint.

Tegus Client

So I guess let me ask you this. So you're saying all of your fully insured, more or less, are doing something extra to try to manage these things. And you've got a few others, though, and the level-funded are getting fully insured.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. All of our self-funded are doing something in one way or another. It just depends on how comprehensive or how successful they are in getting their employees engaged. Our level-funded customers, because they have some skin in the game, they're doing something, too. Usually, it's driven by the carrier.

The carrier will have various different programs they can participate if the employees go and get their wellness trainees, they can get \$50 or things like that. So all of our level-funded groups are doing something like that, too. I have a rural customer that's got 50 employees out in Lake Havasu. And they're in a pool, but they're fully insured.

It looks and feels like a fully insured product, and I can't even get them to do a free on-site biometric screening on an annual basis because they don't think that they'll have enough people that would want to participate or that will do it. And so the fully insured market is a challenge for that, and that's kind of why you see fully insured trend at 8%, 10% every year and continues to get worse.

Tegus Client

Is Blue Cross thinking about this at all? Or are they basically saying, all right, trends are going up, I still kind of I don't want to pin it on them, but the incentives are trend goes up, I'm still making my percent. So I'm not going to undertake kind of active efforts beyond a little bit of like some wellness programs here and there and maybe some like digital stuff that'll sort of win there. Or do you see them actually trying to figure out how to address access issues more fundamentally?

Sr. Benefits Consultant at Holmes Murphy & Associates

The insurance carrier.

Tegus Client

And certainly around this issue of ultimately of like kind of bringing more providers out into rural markets. Tell me what the insurance carriers are doing about this.

Sr. Benefits Consultant at Holmes Murphy & Associates

On a global perspective, I don't know that they care that much just because they look at the population centers and they're like, each one of the carriers and the four carriers will look at the state of Arizona and they'll look at the major employers and they'll be like, okay, how can we get a piece of this pie?

And for the most part, those are going to be concentrated in Phoenix and Tucson, but almost 90% Phoenix. And so they're always interested in growing their network. So if I bring them a customer that's in the rural and we have some concerns about the network, I can pick up the phone and say, "Hey, do some outreach to some of these providers?"

I'll even give them the names and all that to see about contracting because this employer group, ultimately, this will be a critical decision for them. And these doctors in the network are important or I don't know that you'll get that business. And so they'll make those efforts, but those are more of an on a case-by-case basis. And these rural customers, they just tend to be a little bit smaller. And so the insurance carriers' perspective is that, well, we'll make an effort to contract with these doctors, if it's a group that we want to do business with. Otherwise, it's not that big a deal to us.

And it will come around every so often when there's a big government bid in Arizona. Just for example, when

the state of Arizona goes out to bid every five or seven years or however often it is, it's usually around that time, then everybody will make a networking contracting push so that they can get a bigger piece of that pie.

Hey, we've got a great network in this rural county and maybe the state has a few hundred employees that are in that county. They'll make that effort. But it's really kind of on a case-by-case basis. And so Blue Cross Blue Shield, they're not going to try to expand their network in Mohave County, Arizona to write a bunch of small group that they don't want to be in the small group business to begin with. None of them do. So I mean they don't. They really don't. And unfortunately, those rural businesses tend to be smaller. And at the same time too.

It really takes two to tango. So there are doctors out there in the rurals that just don't want to accept insurance still. I mean in 2023, they don't want to accept insurance. And if they do, it might be a Blue Cross Blue Shield, but that's because they've had a relationship, what, 50 years with them. But the doctor has to accept the reimbursement rate that the insurance carrier is offering.

Tegus Client

It just strikes me that this is an environment you're describing as crying out for your classic kind of value-based care kind of solution, the classic PCMH, educate patients, be available after hours, engage with them on the basics, get them on like the maintenance meds, manage their chronic conditions, be available and be around, be embedded.

And it feels like that could be a real moneymaker given the excessive ED utilization and all of that. Moneymaker from the provider side, moneymaker from insurance side. Not a moneymaker for the hospitals, but that's okay because you get better outcomes and it just does not seem to be happening.

My impression of the rural docs, and you may tell me a little bit it's different in Arizona, I don't know, given the attractions, but my impression is that they're all aging out. None of the young docs are going in there, taking over these practices. When they retire, they don't really have anybody instilled and so it's sort of more or less closing shop. And that's the situation we face when there's money on the table and all those ED visits and avoidable inpatient admissions.

Sr. Benefits Consultant at Holmes Murphy & Associates

I agree with you. I think a provider, just on a global perspective, that doctors are burned out earlier. I mean we've got nurses shortages and things like that. And so they're not going to med school for seven years and then moving to Rio Rico, Arizona to open up a primary care physician office. They're not doing that.

And so yes, that problem is going to get worse. I think what the insurance carriers are doing to try to combat that is to expand things like virtual care, telehealth and that sort of thing. That's their answer to it because it's relatively inexpensive and you can build that network out pretty easily. And so I think that's what their response has been. And I think that will just continue to kind of grow.

Tegus Client

What's your impression though of telehealth utilization among rural versus the rest of your book?

Sr. Benefits Consultant at Holmes Murphy & Associates

I don't know that.

Tegus Client

Theoretically, it should be higher because of access and all of that.

Sr. Benefits Consultant at Holmes Murphy & Associates

It should be higher, but there's sort of a culture in the rurals about taking care of yourself as much as there might be in the major metro areas. And that's just kind of anecdotal from my perspective. I like telehealth, I like virtual care because it's easy and it's convenient. I think once a person starts utilizing it, they're going to

be hooked on it for a long time, and will use it as much as they possibly can. But at the same time, what's driving insurance cost are your large claimants.

And what telehealth is going to do is it will have some chronic condition management and some compliance maybe from a diabetes perspective or something like that. But for the most part, it's your cough and your sneeze. And maybe somebody has got a GI infection or whatever, and those are great and they're convenient. But nobody's health insurance goes up every year because too many people are getting colonoscopies and pink eye. I mean that's just the reality of it. It's not.

That's not the reason that it's becoming unaffordable. It's because of large claimants. And I mean I can talk for days about that and who's at fault for that. I think that telehealth and virtual health has its place. But I don't know that it's going to be a huge win from a cost perspective for employers.

Tegus Client

Do you deal with Medicare Advantage at all? Or you're just employer?

Sr. Benefits Consultant at Holmes Murphy & Associates

Just employer, yes. I mean I refer out any stuff that's on Medicare Advantage.

Tegus Client

Some of the plans we've seen that have been a bit more proactive about working with some of the newer players that are focused on rural markets, they always start with Medicare Advantage because you have the risk adjustment kind of windfall and typically, there's more of an immediate response, there's more chronic conditions to manage well, put it that way, than you have in a commercial population.

Sr. Benefits Consultant at Holmes Murphy & Associates

You're going to have, in the rurals particularly, like you're going to have an older population anyways. I will tell you that the rurals are going to have a slightly older population in the Phoenix metro area. So you're going to have more opportunities from Medicare.

Tegus Client

But it just strikes me as like, okay, if you're going to set yourself with a doing a primary care, good solid primary care for Medicare Advantage, there's no arm you can't turn around and around and manage some of the higher cost members in your commercial population, too.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes, no doubt.

Tegus Client

And maybe we can say like lower average kind of tech-savvy that makes that initial barrier to adopting virtual approaches in rural markets, at least, we've seen in our discussions, just higher. And while it may make more sense in rural markets, it's actually adoption is not any higher.

I'm not a telehealth fan. Telehealth adoption and utilization among your rural customers versus your urban.

Sr. Benefits Consultant at Holmes Murphy & Associates

I think that it's kind of an employer-by-employer basis. How good of a job your employer does in communicating that type of stuff to their employees? Because you have the potential to have 25 different vendors that all can touch them at some point, whether it's just the medical carrier, but your vision care, maybe you have a case manager, maybe you've got an HSA, say, you've got a bank that you're dealing with.

Maybe you've got supplementary benefits, disability carrier, all these things. And I was having a meeting this morning. Most employees don't know that much about their own benefit plans. And so if you ask, only 4% of Americans know what a deductible coinsurance, co-pay and out-of-pocket maximum are. Only 4%.

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And my response to that was like, well, don't 4% of Americans work in this industry, and still don't know any of this? And so it's a matter of the employer getting engagement from their employees. And so when somebody calls in sick, this is what I tell our employers to do is like, okay, well, when somebody calls in sick, how does that happen?

And they're like, oh, they call such and such. And I'm like, well, okay, you should have the telehealth number on your desk and say, okay, oh, hey, by the way, did you call this number? Do that right now so that we can get more engagement so that we can prevent emergency room visits and things like that. So I would tell you that, yes, you would hope that the rurals would have a higher utilization, but I don't have a feeling that that's necessarily true.

Tegus Client

Are you seeing any like rural hospital closures happening is like one. And point two, is there anything that we didn't talk about with regards to rural health care that.

Sr. Benefits Consultant at Holmes Murphy & Associates

No, I would tell you that we have a rural hospital that's at risk out in Yuma, Arizona. And the reason that is, I don't know that it does have everything to do with their location. And that's just because they've been treating the immigrant population, and they're at a certain financial stress level where they're not going to get paid on a lot of that. And so we do have a hospital that is at a stress level for potential closing.

Tegus Client

Yes. Is there anything more broadly that we didn't talk about with regards to rural?

Sr. Benefits Consultant at Holmes Murphy & Associates

I don't think so. I mean I think that there's been a kind of a push towards, at least from a vendor side, for the development of on-site clinics or near-site clinics and things like that, and that's just been challenging because employers just don't have extra money to really fund or staff those facilities.

Tegus Client

And you can't go to the employer really with the funding stuff I get, but I mean, conceivably you could fund it and staff it and I don't want to say give me a cap, but give me a shared savings, like give me a share. We'll do a share risk deal, rather than a side. I just want to have the primary care and all that, but then you're going to have to go back to the insurer and kind of cut that deal.

Sr. Benefits Consultant at Holmes Murphy & Associates

Yes. And you've got to have enough population to really sustain it. I think what we're seeing on the on-site or near-site clinics type deal is really for the real jumbo employers that are offering you as a perk really for their employees. So like Google and Microsoft and General Motors and Ford or whoever. They do that because they can do it.

Tegus Client

Well, in some cases they do, do it from a cost management perspective, just like Marathon go in, like poultry processing plants where you got like 2,500 employees or 2,000 employees on a site. That sort of thing as we understand, does happen. I totally agree with you about the perk side of things, too. But you got to have that cluster of employees. And it sounds like the rural populations you're dealing with, employers, they will be lucky if they have 500 at a particular site. It's more like 50.

Sr. Benefits Consultant at Holmes Murphy & Associates

That's true. So the options for them is to really partner with other businesses to try to make that happen, if they can even do that. And at the same time, too, you've got to have at least a registered nurse or two or three that are in that particular market that would work there. Staffing is going to be an issue for those people, too.

Tegus Client

Thank you very much for your time. Very helpful, very informative and have a good rest of your day.

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