

ECONOMIC TRENDS

Healthcare Update

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Welcome!

- Today we'll be discussing
 - Milliman Study Findings
 - Cost of Healthcare
 - Employer Response
 - Current Headlines



Milliman Study 2017 – Key Findings

In 2017, the cost of healthcare for a typical American family of four on an average employer-sponsored PPO plan was

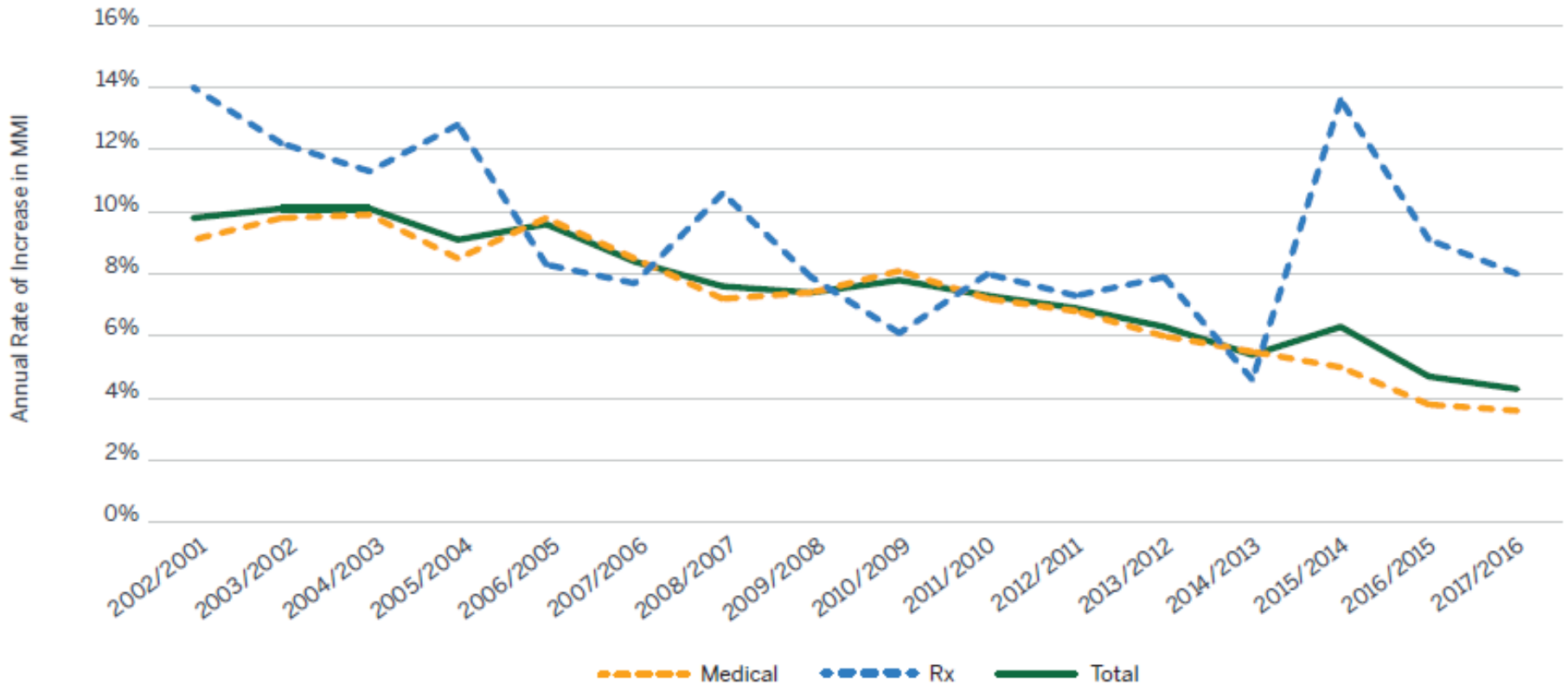
\$26,944



Milliman Study 2017 – Key Findings

The annual rate of increase was 4.3%, with prescription drugs increasing 8%

FIGURE 2: ANNUAL CHANGES IN THE MILLIMAN MEDICAL INDEX

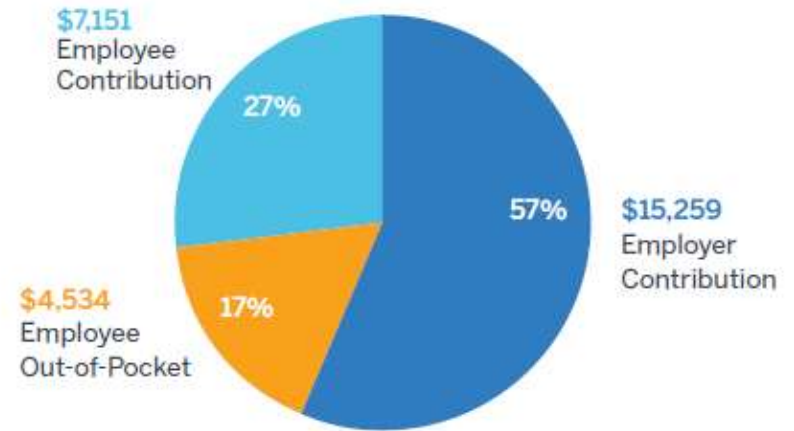


Employer Response

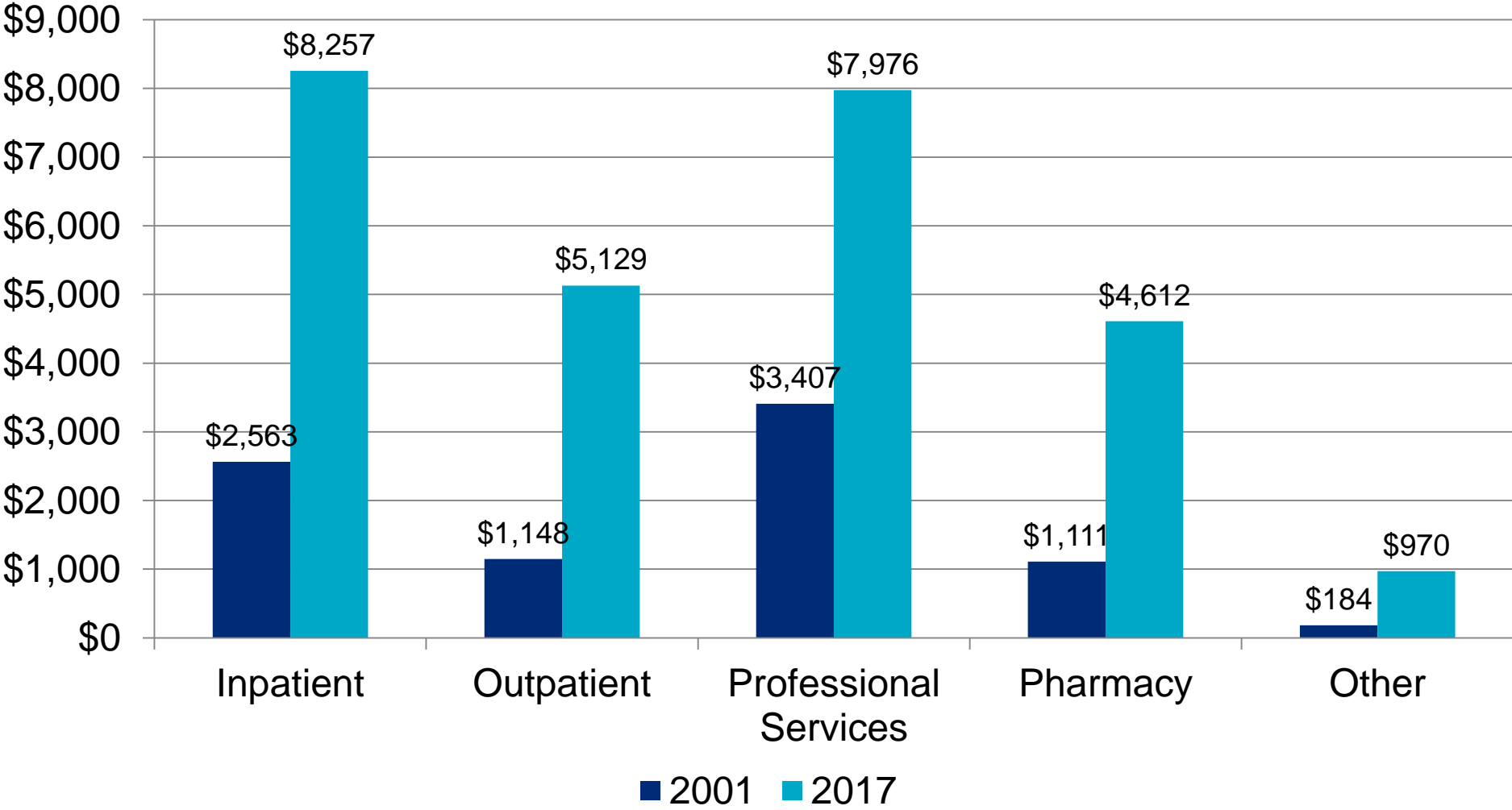


Employer Response

Employees pay a bigger piece of the pie, picking up about 43% of expenses (compared to 2001 when employees contributed 39%)

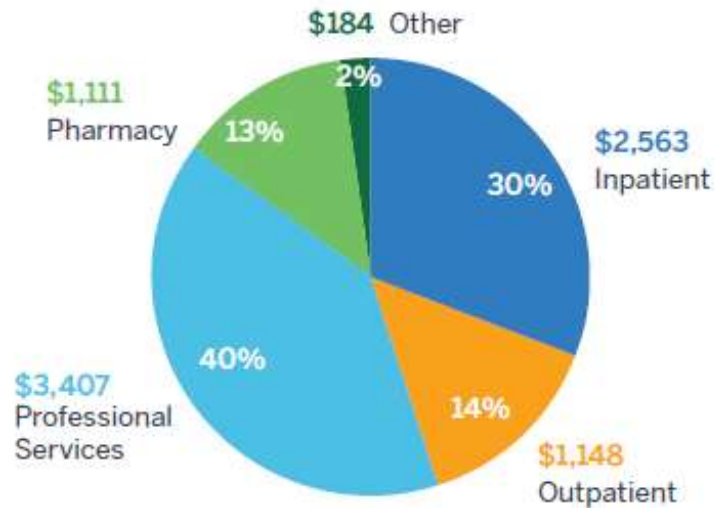


Healthcare Cost Components



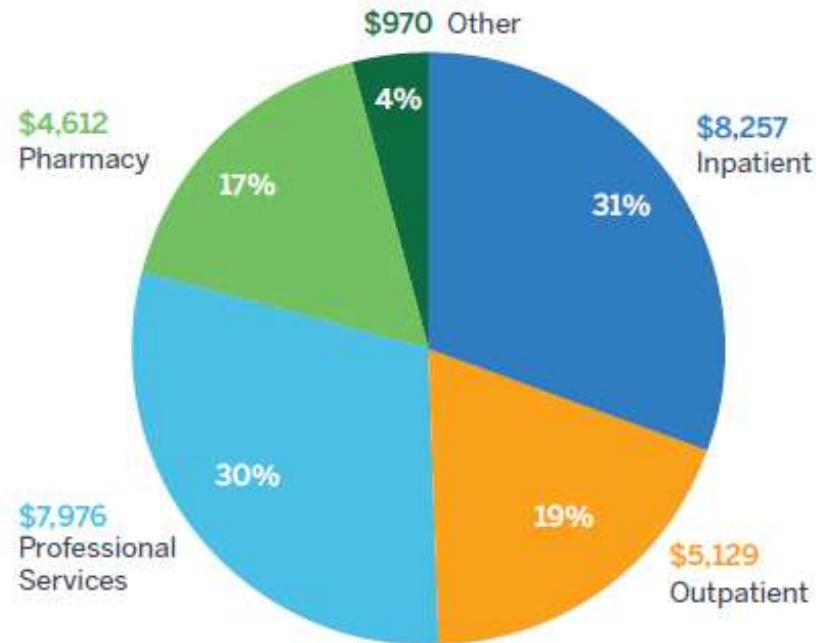
Healthcare Cost Components

FIGURE 3: 2001 MMI COMPONENTS OF SPENDING



Percentages do not add to 100% due to rounding.

FIGURE 4: 2017 MMI COMPONENTS OF SPENDING



What Do Consumers *Really* Want (besides lower costs)?

Convenience =

“Immediate access to an effective, affordable, total solution to a health problem.”

Click-in



Call-in



Walk-in



Betting Big on Health – CVS

- Largest operator of retail clinics
 - 1,100 MinuteClinic locations (May 2015)
 - Bought Target's pharmacy and clinic business (\$1.9b)
- Vision: Full Service Healthcare
- Goals
 - Increase access (sites, health plan)
 - Lower costs (especially PBM)
 - Improve outcomes
- Strategies – New
 - Acquire Aetna (\$67.5b acquisition, 22 million customers)
 - Pharmacy benefit manager
 - Treat chronic disease (start with diabetes)
 - Partner with healthcare providers (right level of care)
 - Incorporate telehealth



Tech in Healthcare

“healthcare is an enormous opportunity for the company”

- Tim Cook, CEO



Partnerships with (Watson Health Cloud):

IBM

Johnson & Johnson

Medtronic

Large healthcare systems

Apple acquired “Glimpse” advancing interoperability by aggregating data into a single digital record.



Alphabet advancing disease detection and health monitoring through “Verily” subsidiary

Power-Collaboration

Three companies building a nonprofit, independent healthcare company with a focus on tech:



**BERKSHIRE
HATHAWAY INC.**



Goals: Use technology solutions to provide U.S. employees and their families with simplified, high-quality, transparent healthcare at a reasonable cost:

- Provide more control to users
- Greater transparency
- Improve satisfaction
- Drive down costs

The companies plan to focus on their own employees initially, and potentially make available for all Americans.

Source: HIMSS Healthcare IT News (January 30, 2018)

Can It Get Any More Complicated?

In 2015 medical billing transitioned to the ICD-10 Procedure Coding System, going from 16,000 to 69,000 CPT codes! Here for your amusement are some prime examples of the more curious and hilarious codes (yes, these are real):

Code	Description
W55.21	Bitten by a Cow
W61.33	Pecked by a Chicken
V00.01	Pedestrian on Foot in Collision with Roller-Skater
Y92.146	Swimming Pool of a Prison as Place of Occurrence as the External Cause
Z63.1	Problems in Relationship with In-Laws
Y92.253	Hurt at the Opera
Y93.D1	Accident While Knitting or Crocheting
W56.22	Struck by Orca, initial encounter
And in the “Are you kidding me?” category. . .	
V91.07	Burn Due to Water-Skis on Fire

Thank You! – Any Questions?





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