

**A message from Patrick W. Hughes
President, FCHP Health Plan Operations**

Now it's all about cost

Health care reform went national this year, and what will happen, and when, remain a wild card for the future. Today, on the other hand, we are doing business in Massachusetts, where health care reform is way ahead of the curve.

The Commonwealth has achieved 97% access to care. Many of the consumer protections sought nationally are already in place, such as access to coverage and guaranteed renewals regardless of health status and an enforceable individual mandate. Our health plans are the top in the country in terms of clinical quality and member satisfaction.



That done, the focus is now shifting to the issue of health care and insurance costs—not that it hasn't already been center stage for most of us. It's a simple formula for us: insurance premiums are driven by the cost of medical care and services—which keep going up and up. Massachusetts has the highest medical costs in the country.

In this environment, Fallon Community Health Plan is a not-for-profit organization that spends approximately 90 cents of each premium dollar we receive on medical expenses. We have very low administrative

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**FCHP health plans rank
top 10 in nation**

Fallon Community Health Plan is proud of its results in the most recent ranking by *U.S. News & World Report/NCQA "America's Best Health Insurance Plans 2009-10."*

- Our **commercial** HMO was ranked **#7** in the country (out of 239 health plans)
- Our **Medicare** HMO was ranked **#2** in the country (out of 166 health plans)
- Our **Medicaid** HMO was ranked **#3** in the country (out of 82 health plans)

Additionally, FCHP is the highest-ranked Medicare health plan in Massachusetts.

Our rankings also mean that we're the only health plan in America to be listed on the Honor Roll in all three product categories. The Honor Roll recognizes the very best of the hundreds of commercial, Medicare, and Medicaid managed care plans reviewed for this year's health plan rankings. ■

"America's Best Health Insurance Plans" is a trademark of U.S. News & World Report. NCQA is an independent, not-for-profit organization dedicated to measuring the quality of America's health care.

New discount for FCHP members

This month, Fallon Community Health Plan will offer the CVS Caremark ExtraCare® **Health** Card to its members* as another value-added way to stay healthy.

Members may use this card at any CVS/ pharmacy® store or online at cvs.com to receive a 20% discount on more than

1,500 CVS/pharmacy-brand eligible health-related products in addition to benefits already provided with the ExtraCare Card. Examples of products eligible for the discount include CVS pain relief, allergy relief, and cough and cold remedies and first-aid supplies. ■

** The CVS Caremark ExtraCare® Health Card is not available to our MassHealth and NaviCare HMOSM members or Summit ElderCare® participants at this time.*

Submitting fitness reimbursement claims

Our It Fits! annual reimbursement amount of up to \$400 for families and up to \$200 for individuals is one of the highest fitness reimbursements

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"Excellence is not an event. It's a habit."

– Aristotle

Business buzz

Health plans participate in DOI hearings

Throughout November and December 2009, health plans in Massachusetts, including Fallon Community Health Plan, devoted considerable resources to participate in a series of weekly public informational hearings on the rising costs of small business health insurance premiums.

The hearings were conducted by the state Division of Insurance, under the direction of Gov. Patrick. Their purpose was to review the actions that health plans are taking to reduce costs, and to determine steps that could be taken to eliminate future premium increases for small businesses.

Weekly topics included company cost containment initiatives; health benefit design, marketing and administration; claims payment systems and trends; provider/network contracting; premium development for whole plan and small groups, and more.

Some of the high-level points we reinforced were:

- We are equally concerned about the rising costs of health insurance premiums—for businesses of all sizes. We recognize that our small businesses are bearing the brunt of cost escalations. Under the state's reform, health plans are balancing tough economics due to higher-than-anticipated claim activity in the merged market.
- Premium cost is largely driven by the cost of health care. Despite Massachusetts health care reform, we are still faced with a major cost crisis that has many root causes. We need to look closely at why the cost of care continues to rise at an unsustainable rate. All health care stakeholders need to continue working together to find solutions.
- The Massachusetts health plans, including FCHP, are predominantly not-for-profit, with surpluses of less than 2%. They are not immune to the economic challenges all businesses are facing today. FCHP works hard to ensure that 90 cents of every premium dollar goes directly to pay for the cost of our members' medical care. We also carefully manage the other 10 cents that covers our business operational costs. FCHP has tiered networks, utilization management programs and care services initiatives and much more that work to hold down premium costs.

The Division of Insurance is expected to issue a report based on these hearings. ■

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costs and very low (maximum 2%) profit margins. As with most businesses, there's no alternative but to pass on higher costs to customers.

FCHP has participated in Division of Insurance hearings held this past November and December on the cost concerns of the small group market.

We believe there are fundamental shortcomings in the "merged market" (i.e., individual/small group) that have challenged health insurers to respond to unanticipated costs. We welcomed the DOI's review of the issue, and continue to encourage legislation to implement the proposed Affordable Health Plan solution for small businesses.

Individually, FCHP works very hard to provide products, benefits and services that ensure our customers get the greatest value for their health care dollar. (You'll read about some of them in this issue.)

More broadly, FCHP is working with other health plans and many employer associations, such as the Associated Industries of Massachusetts, chambers of commerce and small businesses in the state, through an organization called the Coalition for Affordable Health Care (see coalitionforaffordablehealthcare.org).

I would personally like to express my appreciation for your support of Fallon Community Health Plan in 2009—and hope you'll continue to partner with us in the days ahead. No doubt—it's going to be a tough year ... and we all *will* get through it! ■

Pat

Managing the cost of care

Patrick Hughes, President, FCHP Health Plan Operations, notes in his page one message that "insurance premiums are driven by the cost of medical care and services—which keep going up and up." Fallon Community Health Plan is continually looking for ways to control those costs so that we

can offer you affordable premiums for our health plans. Here are a few examples of what we've been doing.

Radiology management: Diagnostic imaging is the fastest growing part of health care spending, costing billions each year, while most experts agree that up to 50% of these procedures are unnecessary, don't improve health outcomes and are even harmful because of overexposure to radiation. Thus, FCHP as of January 1 requires many members* to obtain prior authorization for most advanced *outpatient radiology imaging services* (MRI, CT, PET and nuclear cardiology imaging studies). Decisions are based on a nationally accepted set of radiology criteria.

**The program applies to our commercial plan and Fallon Senior Plan™ members (excluding Fallon Preferred Care and Fallon Senior Plan Preferred).*

Sleep diagnostic and therapy management: FCHP has implemented sleep diagnostic and therapy management services for selected FCHP product lines,* effective January 1. This change to prior authorization is designed to improve the overall quality of sleep services and ensure appropriate use of these services, which are very costly. Based on American Academy of Sleep Medicine and CMS guidelines, requests for sleep studies will be reviewed and recommendations made for those studies that can be performed in a patient's home or, if not appropriate, in an FCHP-contracted sleep facility.

**Products not included in this program are Fallon Preferred Care, Fallon Senior Plan Preferred, Companion Care, FCHP MassHealth, NaviCare™ HMO and Summit ElderCare.*

Coverage for OTC heartburn meds: Now our commercial plan members who are on Tier-3 medications for heartburn and acid relief can save an average of \$480 a year! Both medical and consumer studies agree that the over-the-counter options for these medications are just as safe and effective as the prescription medication. Therefore, FCHP now covers prescriptions for Prilosec OTC,

UMass Memorial hospitals now in Fallon Senior Plan HMO network

Fallon Community Health Plan has expanded its Fallon Senior Plan™ HMO network beginning January 1, 2010, to include UMass Memorial Medical Center and its member hospitals including Clinton Hospital, Marlborough Hospital and Wing Memorial Hospital.

In addition to the hospitals, this group includes over 1,000 specialists and primary care physicians. This large group joins the other great providers (and affiliated hospitals) that are already part of this network, including Fallon Clinic, Central Mass. IPA, Hampden County Physician Associates and their affiliates. ■

Prevacid®24HR and generic omeprazole (over-the-counter version) for just a \$5 copayment per 42 tablets. (State employees with the Group Insurance Commission have a \$10 copayment.) Members need a prescription from their doctor for the OTC medication, which they'll get filled at their local pharmacy.

More prescription drug costs: As prescription drug spending escalates, FCHP continues to encourage use of equally effective and less-expensive generic and over-the-counter medications. One example is our requiring prior authorization for some of the Tier-3 dermatology medications in our formulary. Many so-called 'new' drugs in this category are simply a change in the delivery vehicle, such as gel to ointment, and cost considerably more than their tried-and-true generic counterparts. For most mild or moderate skin conditions, over-the-counter benzoyl peroxide and generic topical antibiotics are equally effective for the majority of members needing treatment.

Being accountable for coverage accuracy: FCHP's Internal Audit Department periodically performs routine eligibility audits of a group account's members to verify that all of its members are eligible for coverage with FCHP, per underwriting guidelines. This is one way to ensure that we are both covering only eligible individuals and not spending money inappropriately.

These audits are generally announced to the broker (through your account

manager), and then to the employer group plan administrator, or designee. Our Internal Audit Department may have questions for the plan administrator, and may request payroll records of employees for a specific time period. The audits generally don't take a significant amount of time, and often can be performed in FCHP's headquarters (with the employer group mailing to FCHP the requested documentation). Any issues that might arise during the audit are conveyed to the FCHP account manager, for sharing with the broker and the employer plan administrator. ■

reimbursement *continued from page 1*

of any health plan in Massachusetts. We hope your employees have made the most of this benefit in 2009! Details about eligible activities and the reimbursement form are available on our Web site, fchp.org/Members/Wellness/ItFits.htm.

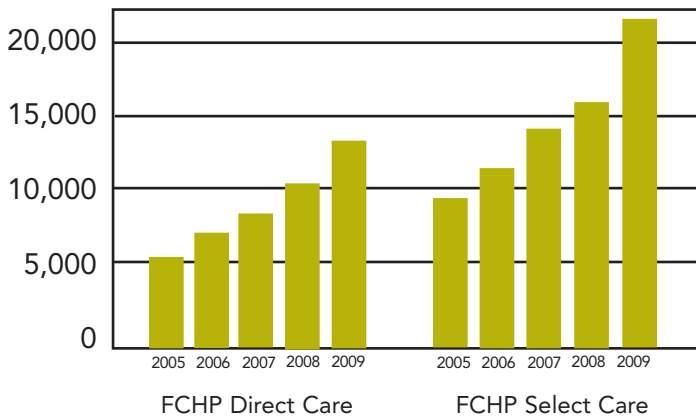
As we begin the new year, please remind employees that It Fits! is a calendar-year program. FCHP members **have only until March 31, 2010, to submit their It Fits! reimbursement form** for eligible 2009 activities. No reimbursement claims will be accepted beyond that deadline. ■

Reimbursement amount may vary by plan design and employer.

Do you know the FCHP networks?

Fallon Community Health Plan now has an expansive provider network throughout the state, and also offers access to 600,000 providers nationwide through the PHCS network. More recently, FCHP has considerably expanded its network options for people living in the Berkshires, the southeastern part of Massachusetts and into southern New Hampshire. Still, we continue to negotiate and contract with new providers who complete or expand our service area. See how we've grown! ■

FCHP provider network



	FCHP Direct Care	FCHP Select Care
2005	5,981	10,001
2006	7,611	11,951
2007	8,823	14,844
2008	11,123	16,502
2009	13,882	23,208

Mailing reminder

Dependent age verification. At the end of January, FCHP will send members a letter and form to verify their child's dependent status to ensure continued coverage.* The dependent age eligibility in Massachusetts is age 26—or two years past the loss of dependent status—whichever comes first. Eligibility details will be included with our mailing. Please encourage your employees to respond. If they have questions, they may call our Customer Service Department at 1-800-868-5200 (TDD/TTY: 1-877-608-7677), Monday through Friday from 8 a.m. to 6 p.m.

* For ASO groups and those employers that choose not to implement the reform guidelines, the annual student certification took place in August. ■

In our corner

Making our communities healthy

- **FCHP President and CEO Eric H. Schultz** talked about the health plan's expansion into Western Mass. and other regions, health care reform on a state and national level, and doing business in a tough economy—all in "Mission: Ongoing" in the November 23 issue of *Business West/Supplement*. If you missed this issue, check the publication's archives at <http://businesswest.com/archives.asp>.
- FCHP awarded individual grants totaling more than **\$100,000 in its Community Benefits Grants program** to support specific programs within the following organizations: Big Brothers, Big Sisters of Hampden County (Springfield); Boys & Girls Club of Lawrence (Lawrence); Boys & Girls Club of North Central Massachusetts (Leominster); Genesis Club, Inc. (Worcester); Rediscovery, Inc. (Waltham); Seven Hills Foundation (Worcester); and West Springfield Boys & Girls Club (West Springfield).
- FCHP's annual **Golf FORE a Goal Tournament** last fall made a net revenue of more than \$150,000, which FCHP donated to more than 60 food pantries and hunger relief programs throughout the state. Thanks again to all who participated.
- **FCHP's Commit to Be Fit program**, which targets childhood obesity, launched its second season at several schools in Massachusetts. Students (and their teachers!) have all agreed to commit to a more active and healthier lifestyle, and are enthusiastically using the many educational and support materials that FCHP has provided. ■



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For information about products or programs, ask for your account manager at **1-800-333-2535**.