



EMPOWERING PLANS SINCE 2000



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Reasons for Optimism

COVID-19 News to Keep Things in Perspective

April 23, 2020

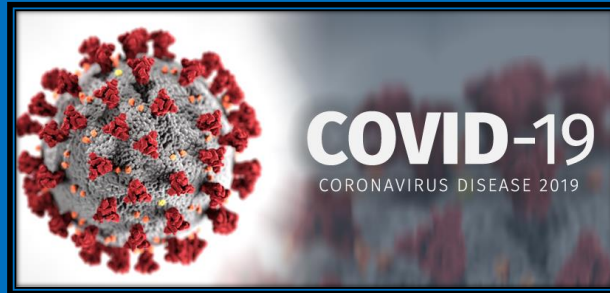


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Phia Group Consulting

STAY AHEAD OF CORONAVIRUS



Contact Us At PGCReferral@phiagroup.com
with any and all questions on COVID-19

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Overview

- Phia's Response to COVID-19
- The Latest on the Pandemic
 - Industry Impact
- Good News for the Industry
 - Government Response
 - Testing & Clinical Trials
 - A Political Shakeup
- Opportunities with Self-Funding
 - Direct Primary Care
 - Rightway
 - Scripta



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Today's Speakers



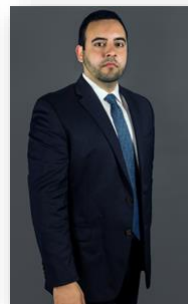
Adam V. Russo, Esq.
Chief Executive Officer



Ron E. Peck, Esq.
Executive Vice President
& General Counsel



Jennifer M. McCormick, Esq.
Sr. Vice President, Consulting



Brady C. Bizarro, Esq.
Director, Legal Compliance
& Regulatory Affairs

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ICE

Unlimited Access to Our Industry Experts – Independent Consultation and Evaluation
by The Phia Group Is Available Any Time, for Any Question, Without Limit

Legal Compliance & Regulatory Consultation

- **ACA** – Notice Requirements, Employer Mandate Rules, EHBs, and Section 1557
- **COBRA** – Rules and Requirements Including Offers, Timing, and Notices
- **ERISA** – Preemption of State Law, Fiduciary Duties, Reporting, and Disclosures
- **FMLA and Leaves of Absence** – Plan Document and Handbook Coordination
- **HIPAA** – Data Privacy Regulations and Nondiscrimination
- **IRS Regulations** – HDHPs, HSAs, FSA, and HRAs

Complex Claim Reviews

- Assess Claims Incurred Against Plan Document and Stop-Loss Policy Language
- Claim Issues Include: Eligibility, Exclusions, Coordination of Benefits, and More

Plan Document Assessments

- Plan Document Assessments, Phia Certification, and Gap Free Analysis™

Third Party Contract Analysis

- Administrative Services Agreements (ASA), PBM and Other Vendor Contracts
- Stop-Loss Policies, Network Contracts (Including PPO, EPO, and Wrap Networks)

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ICEPlus

Where Health Benefit and Employment Based Issues Meet
In Addition to ICE, Enjoy Unlimited Access to:

Consultative Guidance

- Federal and State Employee Leave, EEOC Rules and Discrimination
- Multi-State Law Comparison: Including Remote Employees
- Drug and Alcohol Policies and Testing
- Social Security and Medicare Regulations
- Federal and State Reporting Requirements
- Independent Contractors and Employee Classification
- FMLA, Disability, ADA and Reasonable Accommodation
- Federal and State Notice and Poster Requirements
- Harassment and Sexual Harassment Prevention
- Investigations and Best Practice Marijuana Laws

Phone: (781) 535-5600

Email: info@phiagroup.com

Website: phiagroup.com

Best Practice Reviews

- Employer Policies and Specific Employee Handbook Provisions
- Employer Policy Reviews to Ensure Compliance and Best Practices

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PACE® Certification

The PACE® Certification program will educate you using 3 distinct chapters of information:

Chapter One

Explore the ins and outs of self-funding while learning about its risks and rewards. This chapter will transform any individual into a self-funding pro.

Chapter Two

Take a deeper dive into the laws that apply to self-funded plans. We cover it all, from federal preemption to adverse benefit determinations and appeals.

Chapter Three

Explain what PACE is, what PACE does, and how it's obtained, implemented, and utilized.



UPDATE! 75% of PACE Certified TPAs are reporting the tools provided have already increased their PACE plan-adoption rate, resulting in increased revenue for the TPA, and more employers being protected.

Please contact Michael Vaz at mvaz@phiagroup.com or 781-884-4971 if you are interested in learning more.

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Follow Us!

Looking to stay updated on the latest health insurance industry news?

Click on the link below to follow our LinkedIn page!



Or...

Go to LinkedIn and search for [The Phia Group, LLC](#)

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Download the Podcast!



or

Listen to our podcasts on our website!

www.phiagroup.com/Media/Podcasts

Thanks for listening!

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Thanks for Listening!

Special Shout-Out to
Tracy Foss
 Healthcare Risk Management Lead
 Ashton Tiffany



Tracy told us:

"Last October, I took the trip of my life to South Africa. I spent 10 days traveling around on safari. The people were awesome but the animals were amazing."

Thanks for listening!

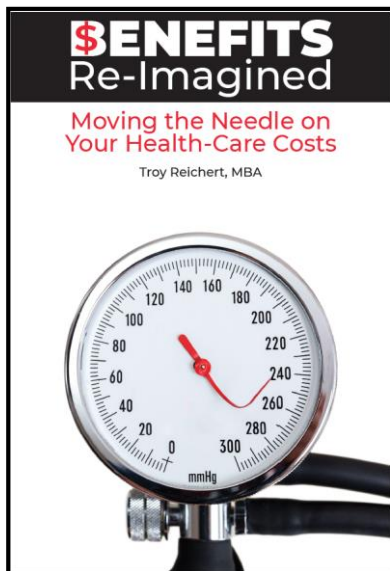
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Benefits Re-Imagined



A Great New Book with Insight into Our Broken Healthcare System

- An introduction to self-funded plans with a healthy dose of cost-containment.
- Learn how to become better healthcare consumers, about the choices we have, and the associated costs.
- Practical ways you can reduce your out of pocket medical costs.

By: **Troy Reichert, MBA**
 Chief Revenue Officer &
 Vice President at Coral LLC

Order at: <http://reimaginedbenefits.com/>

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Phia's Response to COVID-19

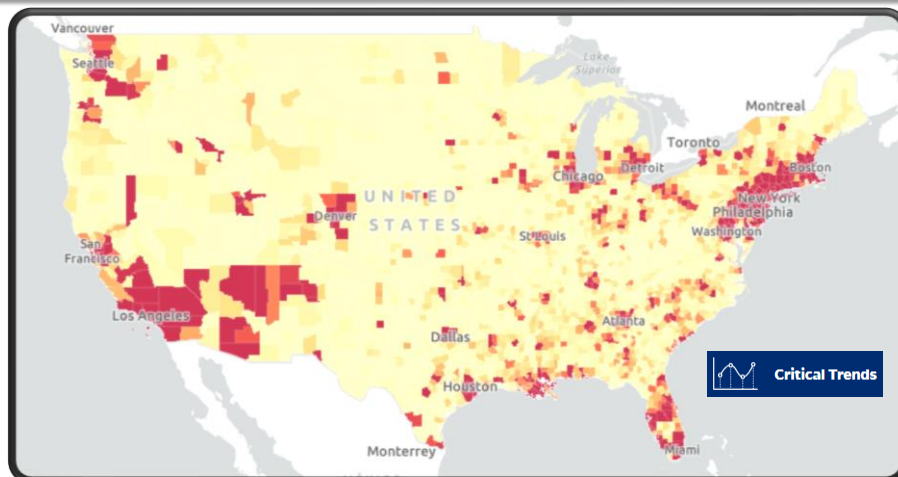
- Successfully Transitioned Entire Workforce to Remote Arrangements
 - Many have laptops, some employees brought entire workstations home
 - Achieved this within two weeks of closing the main office
- System Access Is Essentially the Same as in the Office
- Weekly Staff, Team, Management, and IT Meetings Through Zoom
 - Ensuring we are running efficiently and resolving unforeseen issues
- Encouraged Departments to Host Their Own Social Zoom Meetings
 - Social hours, trivia, etc.
- Employee Training / Development & Quality Assurance Continuing Remotely
- Mail Is Retrieved & Sent Out Daily by a Specialized Team

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The Latest on the Pandemic



- 800,000+ cases
- 42,500+ deaths
- 72,000+ recovered
- 4 million+ tested
- 150,000+ tested per day

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Industry Impact

Lockdowns & Closures Have Induced A Recession

- Unemployment Wipes Out Decade of Job Gains
 - 22 million+ unemployed in past 4 weeks
 - Layoffs mounting in every business sector
- Decline in Employer-Sponsored Coverage
 - Study from Health Management Associates:
12 – 35 million will lose employer-sponsored insurance
- Employers' Healthcare Costs Expected to Rise
 - For fully-insured plans, costs will go up at 2021 renewal
 - Self-funded plans could see a 7% increase in cost



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Industry Impact – COVID-19 Costs

Virus Severity Affects Cost Estimates

Test to diagnose COVID-19:

\$50 - \$95

Mild cases: \$250

Administration of the test:

\$100 if performed in doctor's office;
up to \$1,000 if performed in an E.R.

Moderate cases: \$2,500

Additional care performed outside of an in-patient facility:

\$4,000 on average

Severe cases requiring inpatient hospital stay: \$30,000

Admission and treatment in a hospital:

\$10,000 per day (avg. stay 10 days)*

Catastrophic cases requiring intensive care: \$100,000*

**source – Willis Towers Watson*

**source – HUB International*

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Good News for the Industry

Keep Things in Perspective

- We Know How to Slow the Spread
- We Are Working on a Cure
- People Do Recover
- Testing Is Improving
- Congress Is (Slowly) Passing Major Legislation
- Economy Likely to Bounce Back Fast
- People Are Coming Together



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Good News – A Plan to Reopen



President Trump announces new federal guidelines to gradually reopen the economy, alongside Dr. Anthony Fauci, on Thursday, April 16, 2020.

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Good News – A Plan to Reopen

New Guidelines to Gradually Revive the Economy

- Before Phase One
 - Decline of confirmed COVID-19 cases within a 14-day period
 - Robust testing program for at-risk healthcare workers
- Phase One
 - Schools, organized youth activities, bars stay closed
 - Larger venues operate under strict social distancing protocols
 - Workers return in phases & vulnerable people continue to stay home
 - Minimize non-essential travel; no groups of > 10 people
- Phase Two
 - Encourage teleworking when possible; close common areas
 - Nonessential travel can resume; no groups of > 50 people
 - Schools, daycare, bars can reopen
- Phase Three
 - Vulnerable people can venture out
 - Unrestricted staffing for employers



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Good News – More Funding for Small Businesses

Senate Passes \$480 Billion “Interim” Small-Business Funding Bill

- Why Does This Matter for Self-Funding?
 - Average self-funded plan covers 300-400 employees* (*source - NYT, 2013)
 - Money would be available to employers with fewer than 500 employees with some exceptions
- CARES Act Provided \$360 Billion for Small Businesses
 - The Paycheck Protection Program (“PPP”) provided forgivable loans if money was used for payroll
 - It was gone in two weeks
 - Data shows that large companies used a loophole and took much of this money (receiving the max: \$10 million)
- Interim Spending Bill Would Replenish Those Funds
 - Roughly \$380 billion to the PPP
- What Is Next?
 - The House could vote on this bill today
 - This bill has been described as stimulus bill # 3.5 (more to come?)



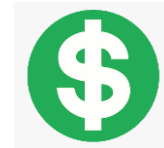
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Good News – A Plan for Subsidizing COBRA

- Why Is This Important for Our Industry?
 - Millions of laid-off / furloughed workers could lose employer-sponsored coverage
 - Democrats have a plan to continue their coverage with COBRA subsidies
 - This could bridge the gap until workers could return to work (and to their plans)
- COBRA – A Blast from the Past (1985)
 - A quick refresher & a note on the uptake rate (only 10%)
 - Recall the 2009 stimulus bill provided a temporary 65% COBRA subsidy
- What the Bill Would Cover
 - Government would cover 100% of employer and employee contributions to premium, plus the 2% fee
- How Do We Prepare?
 - For now, this plan is not finalized
 - It will soon be introduced in the House (with a Senate counterpart)
 - Republicans may support this because it's preserving the status quo
 - We will be tracking developments



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Good News – Uninsured to Get Care

- Trump Administration to Pay Hospitals to Treat Uninsured COVID-19 Patients
 - Stimulus bills did not provide coverage; administration tapping \$100 billion in funding for hospitals in the CARES Act
 - Announced on 4/3, but administration still doesn't have a final plan
- Kaiser Health Estimates 2% to 7% of Uninsured People Will Require Hospitalization
 - Could cost up to \$41.8 billion
- Hospitals Would Be Reimbursed at Medicare Rates
 - Providers cannot balance bill patients*
- *No Balance Billing? Not So Fast
 - What about the physician service component of care?
 - Non-hospital charges for hospital admissions are roughly 10% of the total bill
 - What about follow-up care? Outpatient care? Will this drive uninsured to go to hospitals unnecessarily?
 - What if they test negative? Are costs still covered?



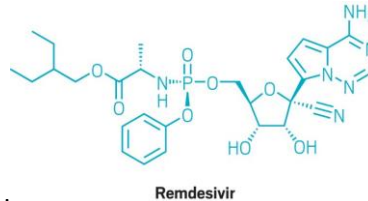
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Good News - Testing & Clinical Trials

- Testing Is the Key to Revival
 - Newer, faster tests are being developed around the world
 - 3/27 – FDA issued emergency use authorization for a new test from Abbott Labs; delivers results in 5 minutes
- Clinical Trials of Potential Vaccines Are Underway in China
- Antibody Testing Is on the Rise
- First U.S. Clinical Trials Have Begun in Seattle
- A Positive Trial for an Antiviral Drug
 - **Remdesivir**, manufactured by Gilead Sciences
 - Trial included 125 people, 113 had severe COVID-19
 - Most released from hospital in < 1 week; only 2 died
 - Could lead to quick FDA approval
 - Plans may be mandated to cover this if Congress acts



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Good News – Medicare-for-All Setback

- Biggest Proponent of Medicare-for-All Has Dropped Out of the Race
- Still, Attacks on Employer-Sponsored Insurance Are Increasing
- Why They Are Misguided
 - Concern over the uninsured leads to the classic “tossing the baby out with the bath water” conundrum
- Let’s Focus on the Cost of Care
 - **Step 1** - Cap the Price
 - **Step 2** - Increase Medicare Rates
 - **Step 3** - Create a Fund for Unemployed / Uninsured Individuals
 - **Step 4** - Wrapping It Up



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Opportunities – Direct Primary Care

COVID-19 Proves the Value of DPC

- Telemedicine in the Spotlight
 - DPC is telemedicine + more
- Home Visits As Needed (Reduces Exposure)
- Virtual Examinations (Reduces Exposure)
- Customized Care
 - Coughing is a concern or not based on patient-specific history
- Proactive Measures
 - Testing, education, warning signs, etc.
- Tailored Treatment Plans
 - The best approach based on the patient's particular needs



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Opportunities – Rightway Healthcare

- Educational Resource for Plan Participants
 - Webinars
 - Virtual town halls with experts
 - One-on-one consultation
- Cost-Containment
 - Steerage to the highest quality / lowest cost providers
 - Identify & encourage appropriate care
- Usage & Effectiveness – A Case Study
 - 10% of plan participants have made treatment choices based on app usage
 - 50% of those participants have made multiple treatment choices using the app
- The Phia Group's Diapers & Wipes Program / Decision-Making Enhanced



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Phia's Results – Rightway Healthcare



Total Employees Active
In The Last 90 Days

23
46%



Total Navigations
In The Last 90 Days

80

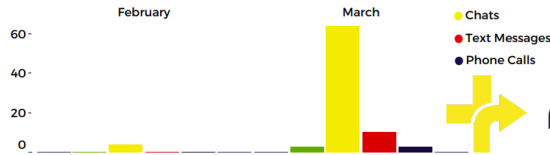


Return On
Investment

4.8x

Dollars Saved: **\$16,936**

Member Interactions (includes inbound & outbound)



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Phia's Results – Rightway Healthcare

Engagement Summary

113
Total Employee Interactions

91
Total Completed Navigations

\$16,936
Dollars Saved via Rightway Navigation

Total Navigations Performed by Rightway

Population Health Unique	49
Care Plan	16
General Admin	14
Benefits Education	10
Follow Up	10
Specialist Visit	7
High Risk Member Engagement	4
PCP Visit	3

Navigations Associated With Cost-Savings

37
Completed

Select Navigation Types

- Care Plan 16
- Benefits Education 10
- Specialist Visit 7
- High Risk Member E. 4
- PCP Visit 3

Highlighted Savings

Rightway's navigation team performed **4 navigations with high risk employees** that have resulted in an estimated cost savings of **\$6,120**

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Opportunities – Scripta

- A cloud-based, healthcare technology company that helps Plans & their Members save serious money on pharmacy benefits - immediately
- Founded by doctors who wanted answers and solutions to help their patients better afford, and adhere to, their prescribed medications
- Helps Members, and their dependents, get The Right Meds at The Best Price™ by producing personalized monthly savings reports
- Empowers companies to take control of their pharmacy benefit spend and optimize their current PBM contract and relationship using state-of-the-art data analytics and proprietary benchmarking data

Special Phia Client Incentive:

Scripta is offering the first three (3) months **free** for Phia clients who enter a 36-month contract between April 15th and September 1, 2020* to help clients lower costs in light of the COVID-19 Pandemic

*some restrictions and limitations apply



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Member Success Story – Scripta

One Insight Saves Phia & Employee ~\$20,000

SCRIPTA'S INSIGHT

Scripta identified that a Phia Member was taking a brand name drug called Latuda®

SCRIPTA'S SOLUTION

Scripta sent a Personalized Savings Report to the Phia Member showing how much they could save by switching to a generic. The Member's doctor supported the switch and prescribed the generic, Aripiprazole, instead.



SCRIPTA'S RESULTS FOR PHIA IN 2020:



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Phia's Results - Scripta

Phia's Quarterly Performance Review

Overview:

- Current Covered Lives: 200+
- Current Members with Potential Savings: 10
(excludes Albuterol)
- **Annual Member OOP Savings: \$3,000**
- **Annual Realized Phia Savings: \$16,632**
- **Combined Realized Savings: \$19,632**

Achievements:

- 4.1% increase in Generic Claims Utilization
- 3.1% decrease in Brand Claims Utilization
- 1.0% decrease in Specialty Claims utilization

Year-to-Date ROI on Scripta Program:

<u>Scripta Costs:</u>	<u>Thru Feb 20, 2020</u>
\$3 PMPM ~219 MBRS	\$3,285
Total Spent:	\$3,285

Phia's Savings:

Savings thru Feb 20, 2020	\$2,772
Total Annualized Savings thru 2/20/20:	\$19,632

**PHIA's ROI on Scripta:
600% ytd**



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THANK YOU!

**Join us for our next free webinar:
May 19, 2020 at 1:00pm EDT**
www.phiagroup.com/media/webinars



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