

Figure 2F: Pricing Analysis of the Maternal and Child Health Plan Benefit Model (PPO Plan Design)

PPO Benchmark Model Costs and Changes to Meet Minimum Plan Benefit Model Recommendations							
PPO Estimate (2007 Year Dollars)	Current Cost Estimate^^ Average 2007 PPO Cost Per Member Per Month (PMPM)			Revised Benefit Cost Estimate			
Plan Benefit Model Recommendations^	Total Costs (PMPM)	Paid by Members (PMPM)	Paid by Employer (PMPM)	Employer Impact of Plan Benefit Model (PMPM)	Total Employer- Adjusted Cost of Plan Benefit Model (PMPM)	Member Impact of Plan Benefit Model (PMPM)	
I. Preventive Services							
a. Well-Child Services	\$2.24	\$0.84	\$1.40	\$0.84	\$2.24	\$(0.84)	
b. Immunizations	\$2.21	\$0.83	\$1.38	\$0.83	\$2.21	\$(0.83)	
c. Preventive Dental Services	\$7.60	\$-	\$7.60	\$-	\$7.60	\$-	
d. Early Intervention Services for Mental Health / Substance Abuse				\$5.85	\$5.85	\$-	
e. Preventive Vision Services				\$0.39	\$0.39	\$-	
f. Preventive Audiology Screening Services				\$0.39	\$0.39	\$-	
g. Unintended Pregnancy Prevention Services	\$3.42	\$1.19	\$2.23	\$1.19	\$3.42	\$(1.19)	
h. Preventive Preconception Care				\$-	\$-	\$-	
i. Preventive Prenatal Care				\$1.95	\$1.95	\$-	
j. Preventive Postpartum Care				\$0.39	\$0.39	\$-	
k. Preventive Services (General)				\$3.90	\$3.90	\$-	

		Coinsurance	Coinsurance Frequency	Estimated Cost-Offset
Percent Employer Change From Current Cost Estimate (% of Total)*	*Rationale for Change From Current Cost Estimate			
0.3%	The PPO Benchmark Model includes a deductible and 20% member coinsurance. Eliminating the deductible and coinsurance is estimated to increase the employer's plan cost by 0.3%.	-	N/A	Cost-effective
0.3%	The PPO Benchmark Model includes a deductible and 20% member coinsurance. Eliminating the deductible and member coinsurance is estimated to increase the employer's plan cost by 0.3%.	-	N/A	Children: cost-saving, Adolescents: some cost-effective, some cost-saving in limited populations
0.0%	The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral). If a plan does not currently provide coverage for preventive dental services, including these services with coverage at 100% will increase the employer costs by 2.5%. If the employer's PPO covers these services but requires 20% member coinsurance, eliminating the coinsurance will increase the employer's plan cost by \$1.52 or 0.5%.	-	N/A	Early preventive care: cost-saving, Dental sealants: cost-effective in high-risk populations, Fluoride varnish: cost-effective in high-risk populations
1.9%	The PPO Benchmark Model excludes coverage for these services. Adding coverage for these services is estimated to increase the employer's plan cost by 1.9%.	-	N/A	Probably cost-saving
0.1%	The PPO Benchmark Model excludes coverage for these services. Adding coverage for these services is estimated to increase the employer's plan cost by 0.1%.	-	N/A	Cost-effective
0.1%	The PPO Benchmark Model excludes coverage for these services. Adding coverage for these services is estimated to increase the employer's plan cost by 0.1%.	-	N/A	Cost-effective
0.4%	The PPO Benchmark Model includes a deductible and 20% member coinsurance. Eliminating the deductible and coinsurance will increase the employer's plan cost by \$1.19 or 0.4%. If a plan does not currently provide coverage for unintended pregnancy prevention services, including these services with coverage at 100% will increase the employer's plan cost by \$1.19 or 1.1%.	-	N/A	Cost-saving
0.0%	The PPO Benchmark Model excludes coverage for these services. Adding coverage for these services is estimated to be cost neutral .	-	N/A	Cost-saving
0.6%	The PPO Benchmark Model excludes coverage for these services. Adding coverage for these services and eliminating cost-sharing is estimated to increase the employer's plan cost by 0.6%.	-	N/A	Cost-saving
0.1%	The PPO Benchmark Model excludes coverage for these services. Adding coverage for these services and eliminating cost-sharing is estimated to increase the employer's plan cost by 0.1%.	-	N/A	Breastfeeding promotion: cost-saving
1.3%	The PPO Benchmark Model excludes coverage for these services. Adding coverage for these services and eliminating cost-sharing are estimated to increase the employer's cost by 1.3%.	-	N/A	Cost-saving or cost-effective

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	Plan Benefit Model Recommendations^	Total Costs (PMPM)	Paid by Members (PMPM)	Paid by Employer (PMPM)	Employer Impact of Plan Benefit Model (PMPM)	Total Employer- Adjusted Cost of Plan Benefit Model (PMPM)	Member Impact of Plan Benefit Model (PMPM)
II. Recommended Levels of Care for Physician/Practitioner Services							
a. Services Delivered by a Primary Care Provider	\$26.76	\$10.05	\$16.70	\$2.13	\$18.83	\$(2.13)	
b. Services Delivered by a Mental Health/Substance Abuse Provider	\$5.34	\$1.06	\$4.28	\$0.91	\$5.19	\$(0.13)	
c. Services Delivered by a Specialty Provider or Surgeon	\$74.70	\$14.84	\$59.86	\$2.47	\$62.33	\$(2.47)	
d. E-Visits and Telephonic Visits	N/A	N/A	N/A	N/A	N/A	N/A	
Category Sub-Total:				\$5.51		\$(4.73)	
III. Emergency Care, Hospitalization, and Other Facility-Based Care							
a. Emergency Room Services	\$19.84	\$3.90	\$15.94	\$1.82	\$17.76	\$(1.82)	
b. Inpatient Substance Abuse Detoxification	\$1.17	\$0.12	\$1.05	\$-	\$1.05	\$-	
c. Inpatient Hospital Service: General Inpatient / Residential Care (Including Mental Health / Substance Abuse)	\$84.44	\$9.00	\$75.44	\$0.30	\$75.74	\$(0.30)	
d. Inpatient Hospital Service or Birth Center Facilities: Labor / Delivery	\$15.21	\$1.62	\$13.59	\$-	\$13.59	\$-	
e. Ambulatory Surgical Facility or Outpatient Hospital Services	\$81.02	\$15.93	\$65.09	\$-	\$65.09	\$-	
f. Mental Health / Substance Abuse Partial-Day Hospital (or Day Treatment) or Intensive Outpatient Services	\$0.24	\$0.03	\$0.21	\$-	\$0.21	\$-	
Category Sub-Total:				\$2.12		\$(2.12)	

Per Member Per Month (PMPM)		Coinsurance	Coinsurance Frequency	Estimated Cost-Offset
Percent Employer Change From Current Cost Estimate (% of Total)*	*Rationale for Change From Current Cost Estimate			
0.7%	The PPO Benchmark Model includes a deductible and 20% member coinsurance. Reducing the coinsurance to 10% is estimated to increase the employer's cost by 0.7%.	10%	per visit	N/A
0.3%	The PPO Benchmark Model includes 20% member coinsurance. Reducing the coinsurance to 10% is estimated to increase the employer's cost by 0.1%. If an employer's PPO has a maximum of 30 mental health visits per year, removing this maximum will increase employers cost by \$0.61 or 0.20%, assuming a typical level of managed care.	10%	per visit	N/A
0.8%	The PPO Benchmark Model includes a deductible and 20% member coinsurance. Reducing the coinsurance to 15% is estimated to increase the employer's plan cost by 0.8%.	10% or 15%	per visit	N/A
N/A		Left to TPA	per visit	N/A
1.8%				
0.6%	The PPO Benchmark Model includes 20%-25% member coinsurance and this range is consistent with the Plan Benefit Model (cost neutral). Reducing the urgent care coinsurance to 10% is estimated to increase the employer's cost by 0.6%.	20% or 25%	per visit	N/A
0.0%	The PPO Benchmark Model includes a deductible. Eliminating the deductible will result in a negligible increase to the employer's plan cost (cost neutral) .	25%	per episode	N/A
0.1%	The PPO Benchmark Model includes a deductible. Eliminating the deductible is estimated to increase the employer's plan cost by 0.1%.	25%	per episode	N/A
0.0%	The PPO Benchmark Model includes a deductible. Eliminating the deductible will result in a negligible increase to the employer's plan cost (cost neutral) .	25%	per episode	N/A
0.0%	The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral) .	20%	per episode	N/A
0.0%	The PPO Benchmark Model includes a deductible. Eliminating the deductible will result in a negligible increase to the employer's plan cost (cost neutral) . This cost estimate assumes there are no changes in managed care practices.	20%	per episode	N/A
0.7%				

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	Plan Benefit Model Recommendations^	Total Costs (PMPM)	Paid by Members (PMPM)	Paid by Employer (PMPM)	Employer Impact of Plan Benefit Model (PMPM)	Total Employer- Adjusted Cost of Plan Benefit Model (PMPM)	Member Impact of Plan Benefit Model (PMPM)	Percent Employer Change From Current Cost Estimate (% of Total)*	
IV. Therapeutic Services / Ancillary Services									
a. Prescription Drugs	\$58.23	\$21.16	\$37.06	\$-	\$37.06	\$-	0.0%		
b. Dental Services	\$18.90	\$5.01	\$13.90	\$3.11	\$17.01	\$-	1.0%		
c. Vision Services	\$4.77	\$1.73	\$3.03	\$1.73	\$4.77	\$-	0.6%		
d. Audiology Services	\$2.25	\$0.50	\$1.75	\$-	\$1.75	\$-	0.0%		
e. Nutritional Services				\$1.22	\$1.22	\$0.35	0.4%		
f. Occupational, Physical, and Speech Therapy Services	\$1.43	\$0.31	\$1.12	\$0.23	\$1.35	\$(0.23)	0.1%		
g. Infertility Services	\$7.42	\$1.47	\$5.94	\$-	\$5.94	\$-	0.0%		
h. Home Health Services	\$1.43	\$0.52	\$0.91	\$-	\$0.91	\$-	0.0%		
i. Hospice Care	\$0.11	\$0.02	\$0.08	\$-	\$0.08	\$-	0.0%		
j. Durable Medical Equipment & Supplies	\$2.71	\$0.98	\$1.72	\$0.55	\$2.27	\$0.06	0.2%		
- Medical Foods				\$0.11	\$0.11	\$0.03	0.0%		
k. Transportation Services	\$0.70	\$0.26	\$0.45	\$-	\$0.45	\$-	0.0%		
Category Sub-Total:				\$6.95		\$0.21	2.3%		
V. Laboratory Diagnostic, Assessment, and Testing Services									
a. Laboratory Services	\$8.71	\$1.93	\$6.78	\$-	\$6.78	\$-	0.0%		
b. Diagnostic, Assessment, and Testing (Medical and Psychological) Services	\$10.17	\$2.12	\$8.04	\$-	\$8.04	\$-	0.0%		
Category Sub-Total:				\$0.00		\$0.00	0.0%		

Per Member Per Month (PMPM)	Coinsurance	Coinsurance Frequency	Estimated Cost-Offset
*Rationale for Change From Current Cost Estimate			
The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral) .	Tiered	per fill/re-fill	N/A
The PPO Benchmark Model includes member coinsurance for restorative and orthodontic procedures (20% and 50% respectively). Decreasing the coinsurance to 15% and setting the annual maximum benefit at \$5,000 will increase the employer's plan cost by 1.0%.	15%	per visit	N/A
The PPO Benchmark Model includes a deductible and 20% member coinsurance. Eliminating the deductible and decreasing the coinsurance to 15% will increase the employer's plan cost by 0.6%.	15%	per visit	N/A
The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral) .	15%	per visit	N/A
The PPO Benchmark Model excludes coverage for these services. Adding coverage for these services will increase the employer's plan cost by 0.4%.	15%	per visit	N/A
The PPO Benchmark Model includes a deductible and 20% member coinsurance. Eliminating the deductible, decreasing the coinsurance to 15%, and increasing the annual visit limit from 60 visits to 75 visits will increase the employer's plan cost by 0.1%.	15%	per visit	N/A
The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral) . If a plan does not currently provide coverage for these services, including these services with 25%+ member coinsurance will increase the employer's plan cost by \$5.94 or 2.0%.	25%	per visit/unit or per cycle	N/A
The PPO Benchmark Model includes 20% member coinsurance. Reducing the coinsurance to 10% will result in a negligible increase to the employer's plan cost (cost neutral) .	15%	per visit	N/A
The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral) .	25%	one-time	N/A
The PPO Benchmark Model excludes coverage for hearing aids. Adding coverage for hearing aids will increase the employer's plan cost 0.2%.	10%	per unit	Cochlear ear implants: cost-effective
The PPO Benchmark Models excludes coverage for medical foods. Adding coverage for medical foods will result in a negligible increase to the employer's plan cost (cost neutral) .	10%	per unit	Donor breast milk: cost-saving for limited populations
The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral) .	15% or 25%	per use	N/A
The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral).	10% - 25%	per battery	N/A
The PPO Benchmark Model is consistent with the Plan Benefit Model (cost neutral).	10% - 25%	per battery	N/A

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Plan Design Total				\$30.31	\$334.10	\$(9.50)	10.0%
Estimated Impact of Plan Benefit Model							
Impact of Plan Benefit Model Recommendations (Benefit Additions and Modifications):				\$20.81	6.9%		
Impact From Cost-Shifting to Employer/From Member:				\$9.50	3.1%	\$(9.50)	-11.0%
			Total:	\$30.31	10.0%		
PPO Benchmark Model Costs							
Total Per Member Per Month (PMPM)	\$390.31	\$86.52	\$303.79	\$30.31		\$(9.50)	
Total Per Employee Per Month (PEPM)	\$819.65	\$181.69	\$637.96	\$63.66		\$(19.95)	
Total Per Employee Per Year (PEPY)	\$9835.9	\$2180.33	\$7655.56	\$763.89		\$(239.40)	

Notes

1. The term “member” represents employees and dependents. The Benchmark Model costs are summarized on a per member per month (PMPM) basis.
2. The Benchmark Model average costs shown in this table are for a PPO plan with the following member cost-sharing specifications:
 - Medical services other than prescription drugs: \$250 deductible, 20% coinsurance, subject to a \$2,500 out-of-pocket limit.
 - Prescription drugs: \$10 copay for generic and \$25 copay for brand prescriptions (mail order = 2 times retail).
 - Dental services: \$50 deductible, 0%/20%/50% coinsurance for preventive/restorative/orthodontic services, with a \$2,500 maximum benefit per year.
3. A given employer’s health plan costs may vary from the rates shown above due to differences in plan design, member demographics, provider payment rates, or level of managed care practices for medical and mental health services.
4. Unless otherwise noted, changes in coverage to meet the minimum Plan Benefit Model recommendations are applicable to all members.
*Cost estimates for select Plan Benefit Model recommendations are based on assumptions developed by the Business Group for (a) the degree to which the service is currently covered by large-employer health plans, and (b) the prevalence of the condition the service seeks to address.