



DELAWARE VALLEY
HEALTH
TRUST

**Overview of the Delaware Valley Health Trust:
Stabilizing Healthcare Costs Through Pooling**

Kent County Levy Court

December 5, 2017

Background

What is DVHT?

- Self-insured risk pool serving Municipalities, School Districts, Counties, and Authorities in Pennsylvania and Delaware
- Non-Profit, Tax Exempt
- Formed in 1999 under the PA Intergovernmental Cooperation Law
- Third insurance trust formed by SEPA municipalities (Property and Casualty Trust in 1989 and Workers' Compensation in 1992)
- Now covers over 140 public entities and over 8,000 employee lives (over 20,000 member lives)
- Saved members over \$77 million dollars since inception
- Over \$160 million in billed premium projected for 2018
- Endorsed programs for County Commissioners Association of PA (CCAP)

Comparison of Health Insurance Models

	DVHT POOLING MODEL	COMERCIAL MARKET (FULLY INSURED)	SELF-INSURED
GOVERNANCE / PHILOSOPHY			
Pricing Focus	Long Term (3-5 years)	Year to Year	Year to Year
Ownership	Member - Owned	Corporate	N/A
Who Assumes the Risk	Pool/Risk shared by all pool members	Insurance Company/Plan Sponsor	Plan Sponsor
Corporate Objective	Non-Profit/ Stabilize health care cost and build a more responsive health benefits model through public entity cooperation & risk pooling	For Profit	For-Profit Third Party Administrator, Reinsurance Company and Broker selling insurance using a self insurance platform
Group Leverage	Leverage of partial ownership and a more responsive model serving only public entities	Individual group has very little ability to leverage cost, coverage and service	Leverage in claims administration/little leverage with reinsurer
Cost Certainty for a Year	Yes - Rates guaranteed for 12 months	Yes - Rates guaranteed for 12 months	No - Costs vary based on incurred claims
RENEWAL AND RATE SETTING			
Expense Ratio - Includes administration, reinsurance, wellness programs and other value-added services	6.58% of premium*	18 - 22% of premium	18 - 20% of premium
Premium Stability	Very Stable (6.18% average increase over 10 years before RSF)	Moderate Volatility	Significant Volatility due to claim fluctuation and reliance on the highly volatile reinsurance market
Return of Excess Premium	Yes (Rate Stabilization Fund)	No	Yes - Retain unpaid claims
Access to Claims Data	Yes - Aggregated Pool Data	Varies by Group Size	Group - Specific claims data available
Aggregate Risk Corridor**	No	No	Yes - Additional exposure of 25% above Expected Costs
Run-Out and Terminal (Large Claim) Liability***	No	No	Yes
"Lasering" of High Cost Claimants****	No	No	Yes
Trend Calculation at Renewal	12 months of annual trend	18 - 20 months of annual trend (10% annual trend becomes 15-16.67%)	12 months of annual trend
Large Claim Exposure	Pool assumes risk on large claims	\$100,000 - \$200,000 per claim Pooling Point	Specific reinsurance \$40,000 - \$100,000 per claim depending on group size and risk tolerance
SERVICE AND OTHER FEATURES			
Comprehensive Wellness Program	Included in 6.58% administration expense	Additional Cost/No Economies of Scale	Additional Cost/No Economies of Scale
COBRA Administration and other Value-Added Services	Included in 6.58% administration expense	Additional Cost/No Economies of Scale	Additional Cost/No Economies of Scale
Plan Design Flexibility	Very flexible (over 350 unique plan designs)	Limited to standard "off the shelf" plans	More flexible than fully insured
Customer Service	Personalized member service team for member advocacy	Average to Poor	Varies depending on TPA
HIPAA Liability/Privacy Concerns	Limited	Limited	Very High

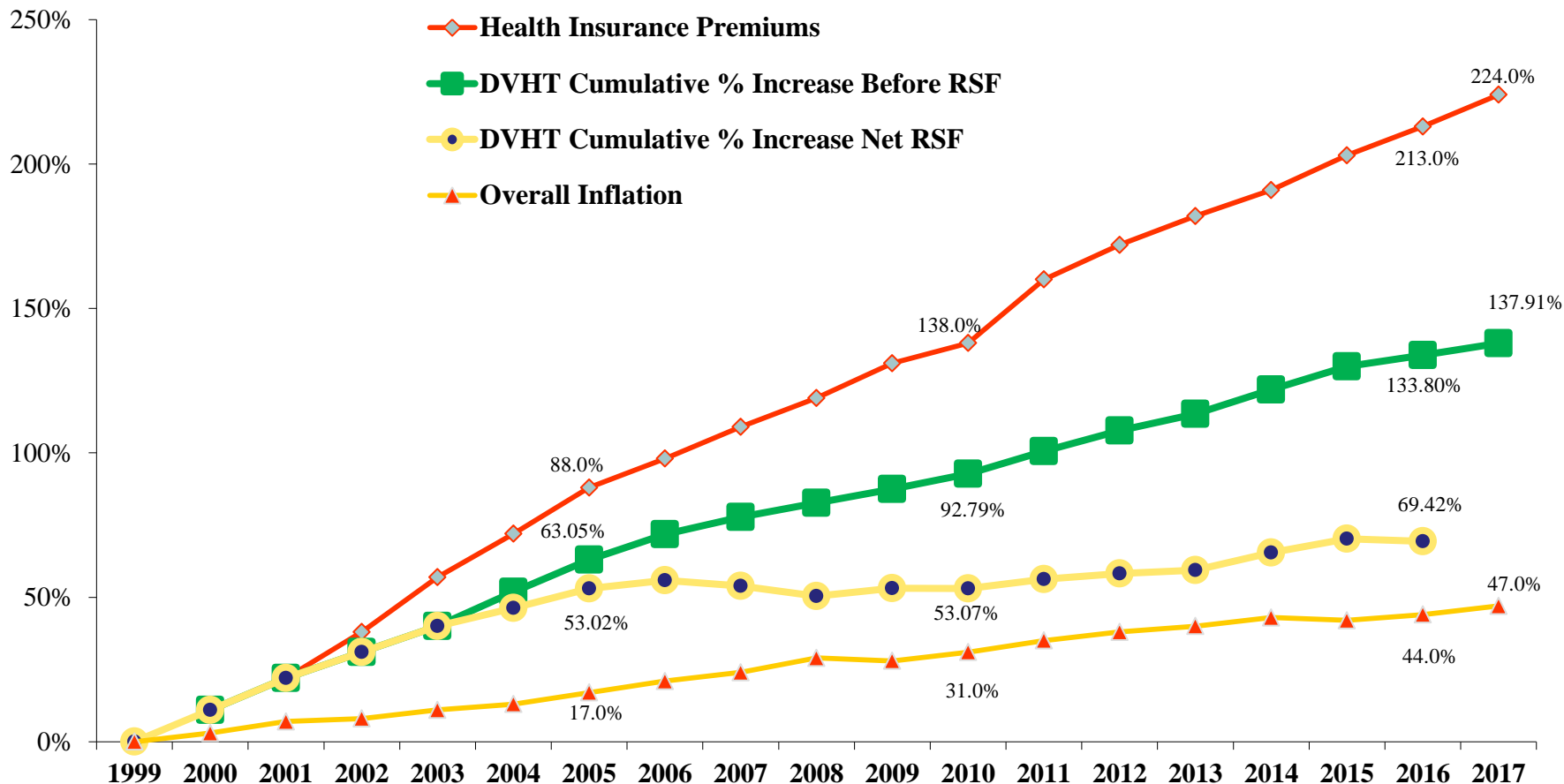
* Reflects 2016 audited financial statements

** Aggregate reinsurance protects a small/mid-sized self-funded plan from unexpected increase in total claims (aggregate). The reinsurance policy will assume the risk for claims above the aggregate attachment point. This attachment point is set between 15-25% above expected claims resulting in a "corridor" which represents potential additional claim liability for the plan sponsor.

*** When terminating a self-funded plan, the plan sponsor remains liable for claims incurred prior to the termination date but not processed until after termination (usually 4-6 months). In addition to the cost of these claims (run-out) there is also the cost of processing the claims. The plan sponsor also must be aware of the potential impact of large claims during this run-out period.

**** A "laser" is a process where the reinsurance company will increase the plan sponsor's liability for a known or potential large claim above the normal specific stop loss deductible. For example, in a situation when a plan sponsor has a specific large claim deductible of \$45,000 and during the year a catastrophic cancer claim is identified which will carry over into the next year, at renewal the reinsurance carrier may require a separate (larger) deductible for this one individual claim, shifting additional financial risk to the plan sponsor.

Primary DVHT Value Proposition: Bending The Trajectory Of Health Insurance Costs Through Pooling



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2017; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2017 (April to April).

Combining the Best of Both Self-funding and Fully Insured Models

- No monthly claim fluctuation- rates guaranteed for 12 months
- Risk transferred to pool
- Leveraging over 8,000 lives for reduced administrative expenses
- Eliminate many expenses which apply to fully insured contract:
 - Risk margin
 - Premium tax
 - ACA Health Provider Fee (3-4% of premium)
 - Brokerage commissions
- Renewals do not include application of inflated trend factors (“midpoint to midpoint”)
- Robust wellness and care management programs designed to address drivers of claim costs
- Significantly lower reinsurance costs
 - Pool assumes risk for large claims
 - Leveraging membership for higher specific deductible (less expensive/more stable premium)
- Excess surplus returned through Rate Stabilization Fund (RSF) program – funds returned every year since 2004
- Claim run-out the responsibility of DVHT, not the member

Aetna: Claims Administration and Network Access

- KCLC-specific provider disruption results:
 - 99.45% provider overlap
 - Top 25 providers ranked by claims paid

Kent General Hospital	Y	Dover	DE	233	\$1,230,681.07	Y
Christiana Care Health Services	Y	Newark	DE	48	\$242,837.17	Y
Kent General Hospital	Y	Milford	DE	76	\$140,294.85	Y
Infusion Solutions Of Delaware Llc	Y	Dover	DE	29	\$91,976.33	Y
The Mclean Hospital Corporation	Y	Boston	MA	1	\$62,729.30	Y
Main Line Hospitals, Inc - Lank	Y	Wynnewood	PA	1	\$45,055.46	Y
Upper Bay Surgery Center Llc	Y	Elkton	MD	2	\$38,563.25	Y
Deborah Heart And Lung Center	Y	Newark	NJ	1	\$35,883.95	Y
Rheumatology Center Of Delaware Llc	Y	Dover	DE	5	\$31,086.89	Y
Shore Medical Center	Y	Somers Point	NJ	1	\$28,172.25	Y
First State Orthopaedics Pa	Y	Newark	DE	51	\$26,194.69	Y
Dover Family Physicians Pa	Y	Dover	DE	69	\$25,403.72	Y
Beebe Medical Center	Y	Lewes	DE	17	\$24,415.99	Y
Kent General Hospital	Y	Dover	DE	119	\$23,184.20	Y
Dedicated To Women Ob Gyn	Y	Dover	DE	64	\$20,338.00	Y
Delaware Neurosurgical Group Pa	Y	Newark	DE	8	\$20,013.77	Y
Alfred I Dupont Hospital For Children	Y	Wilmington	DE	36	\$19,243.04	Y
Nanticoke Memorial Hospital	Y	Seaford	DE	7	\$18,588.74	Y
Urology Associates Of Dover Pa	Y	Dover	DE	71	\$17,843.17	Y
Alfred I Dupont Hospital For Children	Y	Wilmington	DE	14	\$15,090.95	Y
Kent Diagnostic Radiology Associates Pa	Y	Dover	DE	250	\$15,088.20	Y
Anesthesia Services Pa Richard O Stern Md	Y	New Castle	DE	33	\$15,040.03	Y
Delmarva Emergency Physicians Llp/kent General Hospital	Y	Dover	DE	75	\$12,763.26	Y
Delaware Surgery Center	Y	Dover	DE	28	\$12,412.56	Y
Hospital Of The University Of Pennsylvania	Y	Philadelphia	PA	5	\$11,386.08	Y

- CVS acquisition of Aetna
 - Unique opportunity to integrate local pharmacy and health insurer clinical and analytic strengths
 - Significant economies of scale and purchasing power
 - Will enhance DVHT's ability to stabilize health care costs

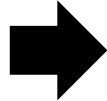
2016 Audited Income Statement

Revenues

Earned Premiums	\$151,167,721
Investment Income (Loss)	4,230,442
Other Revenue	4,584,445
Total Revenues	\$159,982,608

Expenses

Medical Benefits	\$129,360,784
DV Health Center Expenses	1,349,168
Transitional Reinsurance Fee	530,847
Reinsurance	1,278,256
Claims Administration	4,768,067
General and Administrative Expenses	3,383,693
Total Expenses	\$140,670,815



6.58% Administration and Reinsurance
as a % of premium

Excess of Revenues and Expenses	\$19,311,793
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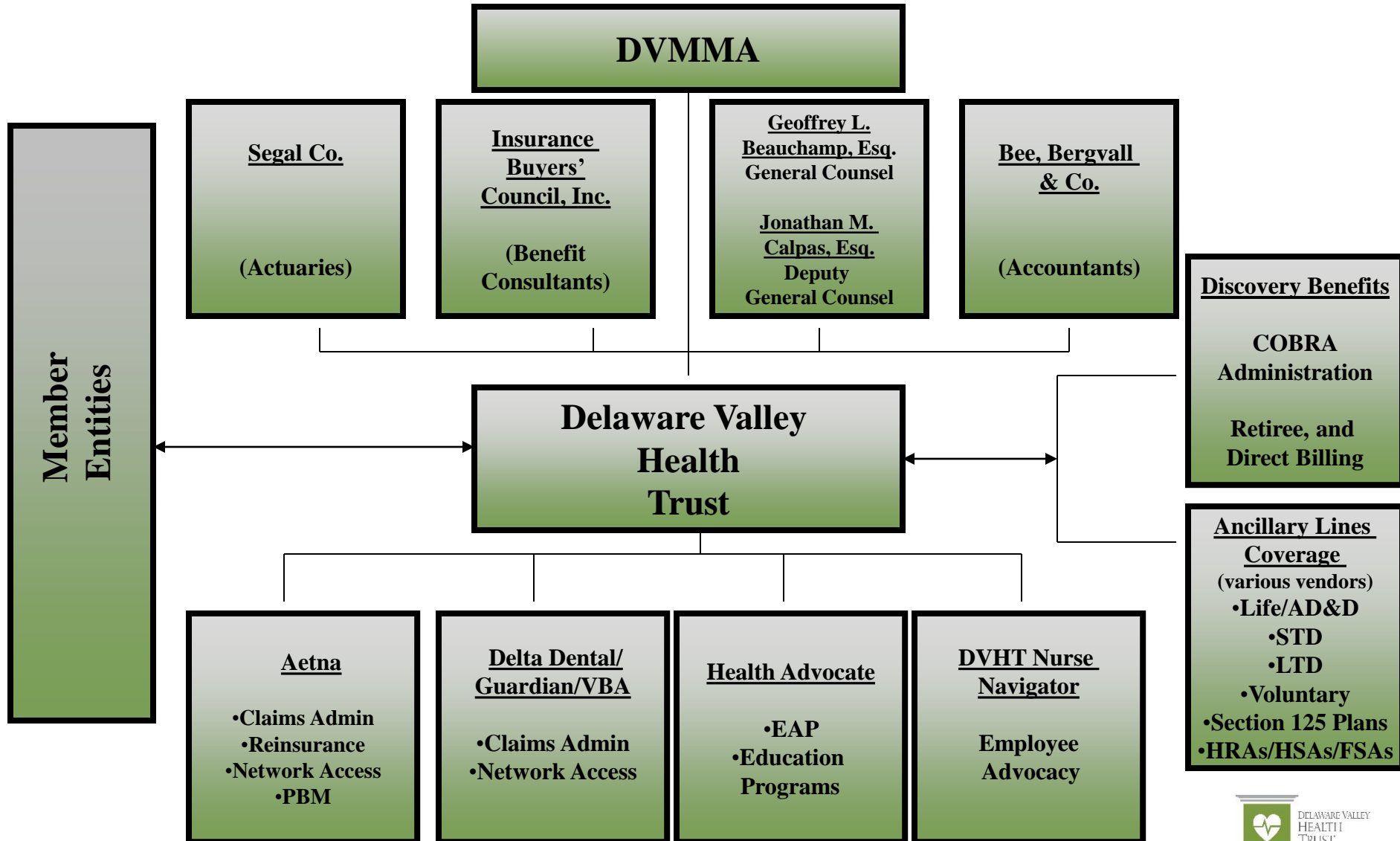
DVHT Member Entities

(as of September 2017)

Abington Township	ENPW Joint Sewer Authority	Montgomery County Norristown Public Library	Telford Borough and Authority
Ambler Borough	East Norriton Township	Muni Authority of Borough of Lewistown	Thornbury Township (Chester)
Bath Borough	East Rockhill township	Municipality of Norristown	Tioga County
Beaver County Transit Authority	East Vincent Township	Myerstown Water Authority	Towamencin Municipal Authority
Bedminster Township	East Whiteland Township	Nazareth Borough Municipal Authority	Towamencin Township
Bensalem Township	Elk County	Nether Providence Township (non-uniform)	Tredyffrin Township
Bethlehem Authority	Forest County (CCAP)	New Britain Borough	Upeer Bucks County EMS
Brady's Run Sanitary Authority	Franconia Township	New Britain Township	Upper Dublin Township
Bridgeport Borough	Franklin County Housing Authority	New Hope Borough	Upper Gwynedd Township
Bristol Township (Police)	Hatboro Borough	Newtown Township (Bucks)	Upper Leacock Township
Caln Township	Hatfield Borough	Nockamixon Township	Upper Makefield Township
Carbon Monroe Pike Mental Health/Developmental Services	Hatfield Township	North Coventry Township	Upper Merion Township
Centennial School District	Heidelberg Township (Lehigh)	North Penn Water Authority	Upper Montgomery Joint Authority
Central Bucks Regional Police Department	Hilltown Township	Northampton Township (Bucks)	Upper Providence Township
Chadds Ford Township	Horsham Township	Palmer Township	Upper Salford Township
Chadds Ford Township & Sanitary Authority	Horsham WS Authority	Pennridge Regional Police Commission	Upper Southampton Municipal Authority
Chalfont Borough	Interboro School District	PA Municipal Authorities Association	Upper Southampton Township
Cheltenham Township	Jenkintown Borough	Perkasie Borough	Upper Uwchlan Township
Chester County SW Authority	Lansdale Borough	Phoenixville Borough	Uwchlan Ambulance Corps
City of Coatesville	Lansdowne Borough (non-uniform)	Plumstead Township	Warminster Municipal Authority
City of Dubois (UCare)	Limerick Township	Plymouth Township	Warminster Township
City of Newark, Delaware	Lower Bucks County JM Authority	Potter County	Warrington Township
Clarion County	Lower Frederick Township	Quakertown Borough	Warwick Township
Clarion County Housing Authority	Lower Gwynedd Township	Radnor Township	Warwick Township W&S
Clinton County	Lower Moreland Township	Reading Housing Authority	West Conshohocken Township
Columbia County	Lower Pottsgrove Township	Rockledge Borough	West Goshen Township
Conshohocken Borough	Lower Providence Township	Sadsbury Township	West Pikeland Township
County Commissioners of Pennsylvania	Lower Salford Township Authority	School Districts Insurance Consortium	West Vincent Township
Cranberry Township	Lower Salford Township	Schwenksville Borough	West Whiteland Township
Doylestown Borough	Marlborough Township	Schwenksville Borough Authority	Western Montgomery Career & Tech Center
Doylestown Township	Malvern Borough	Sellersville Borough	Westmoreland County IDC
Dublin Borough	Millville Borough	Solebury Township	Whitemarsh Authority
DVMMA (Trust Office)	Minquas Fire Company EMS	Southern Alleghenies Planning & Development Commission	Whitemarsh Township
East Coventry Township	Town of Middletown, DE	Springfield Township (Montgomery)	Whitpain Towns
Total: 141			

DVHT Program Overview

A “Niche Market” Health Benefits Company



Delaware Valley Health Trust Staff

OPERATIONS

Tatyana Pokhodenko,
MSA, CEBS
*Benefits Manager –
Operations*

Wellness

Lauren Holt
*Wellness Program
Coordinator*

Elisa O’Hanlon
*Wellness Program
Specialist*

Claims/Benefits

Colleen Baniewicz, RN
Claims Manager

Dana Graser
Claims Specialist

Plan Modifications and Installation

Danielle Bernhauser
Assistant Benefits Manager

Invoicing and Eligibility

Madelena Mele,
MBA
Benefits Analyst

Suzette Taylor
Eligibility Specialist

MEMBERSHIP DEVELOPMENT

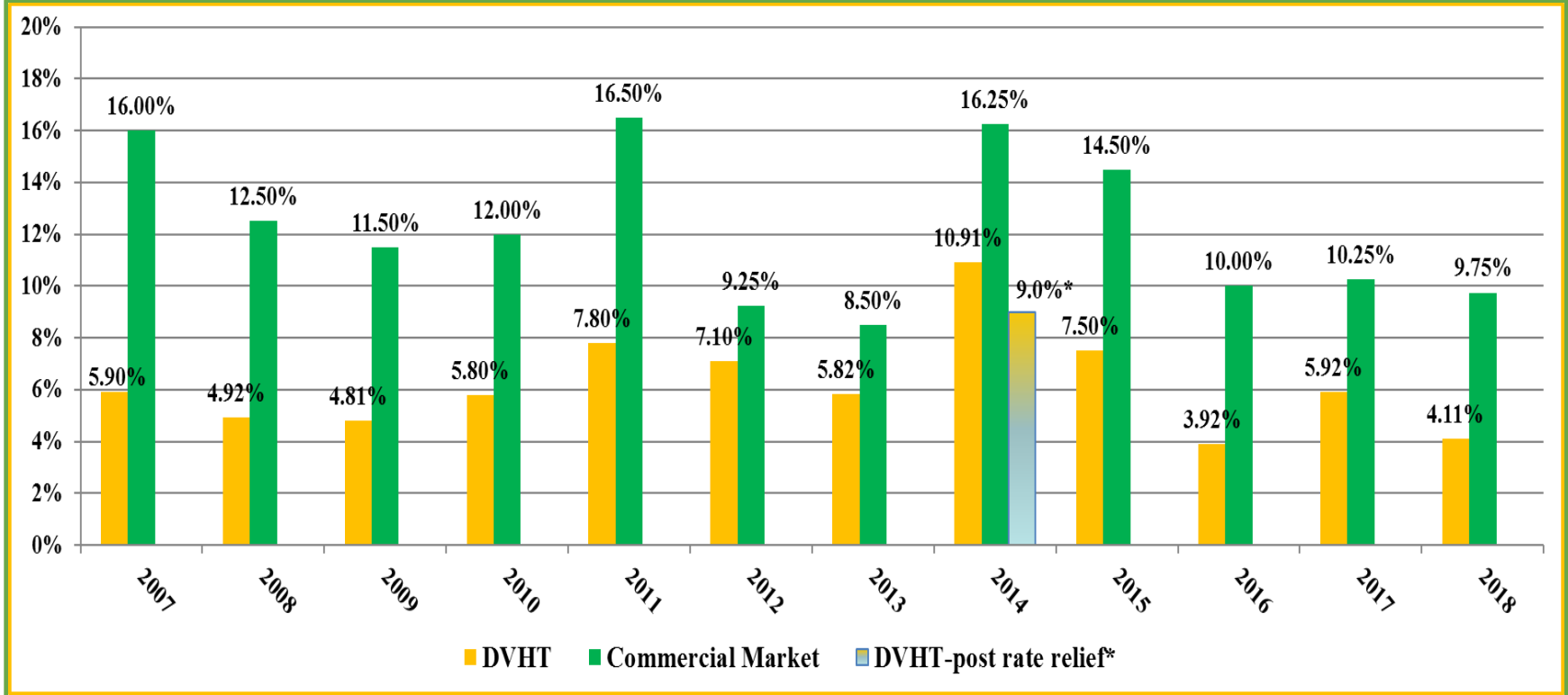
Anna Linn, MSM, CEBS
*Senior Benefits
Manager –
Membership
Development*

Defining Success and Differentiation

How Do We Define Success?

- **Premium Savings (typically 3-6% upon entering DVHT program)**
- **Rate Stability at Renewal**
 - 6.18% average increase for **10 past years** (before Rate Stabilization Fund)
 - Less than 2% average net of RSF over past 10 years
- **The only regional health insurance platform where the goals of the “insurer” are aligned 100% with the plan sponsor**
 - DVHT controls rate setting/renewal calculations
 - No broker control or commissions
- **Strong Financial Position-surplus levels equal prudent industry standards (\$73.8 million surplus-2016 audit)**
- **Flexible plan design administration-many plans no longer available in the commercial market**
- **Superior Member Service**
 - National Account Status
 - In-House Member Services Team
- **Excess surplus returned to members**
 - Rate Stabilization Fund (\$44 million allocated to members since 2004)

DVHT Renewal History

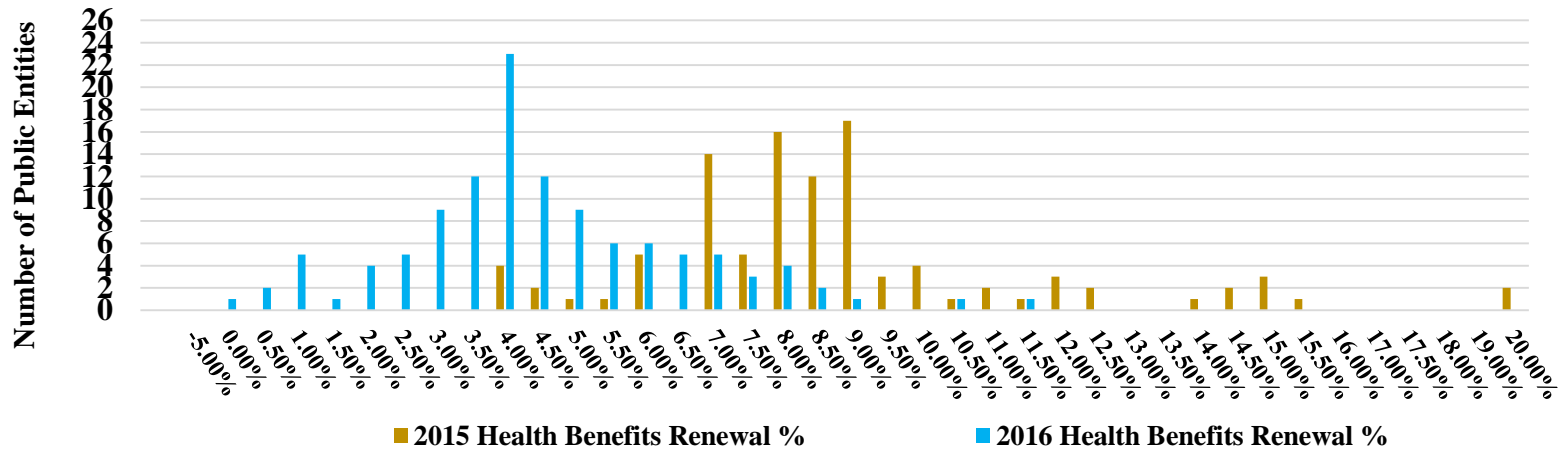
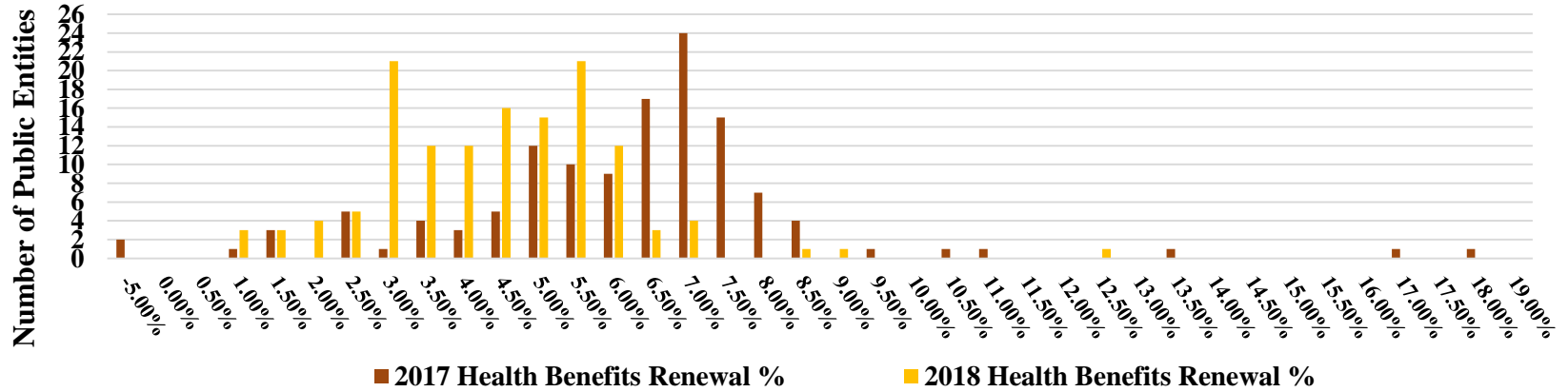


- Composite rate increases include Medical, R_x and Dental premiums.
- DVHT averages do not include Rate Stabilization Fund Credits and/or Multi-Trust Discounts.
- Market average based on anecdotal information gathered throughout the year. Actual increases have ranged from 5% to 28% with most renewals between 10-18%.

**Reflects Trust-wide rate relief applied from surplus.*

DVHT

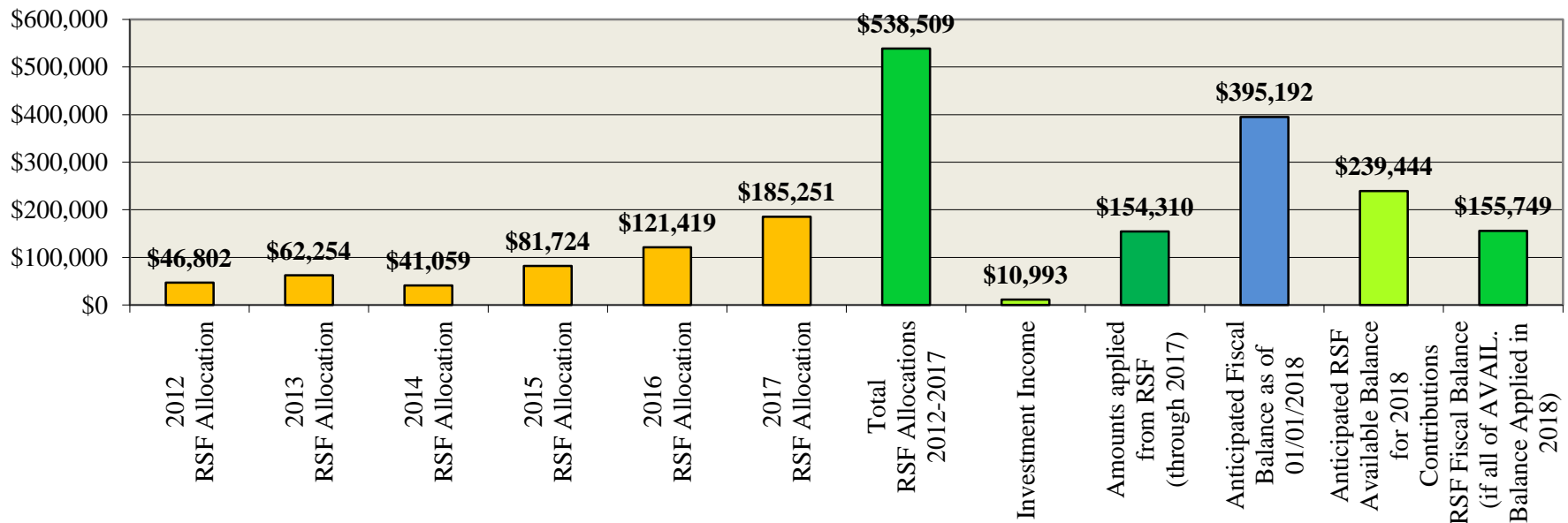
2015 - 2018 Health Benefits Renewal Distribution



* Average increase for 2015 was 7.5% and 2016 was 3.9%.

* Average increase for 2017 was 5.92% and 2018 was 4.11%.

Accumulation of Rate Stabilization Fund Credits



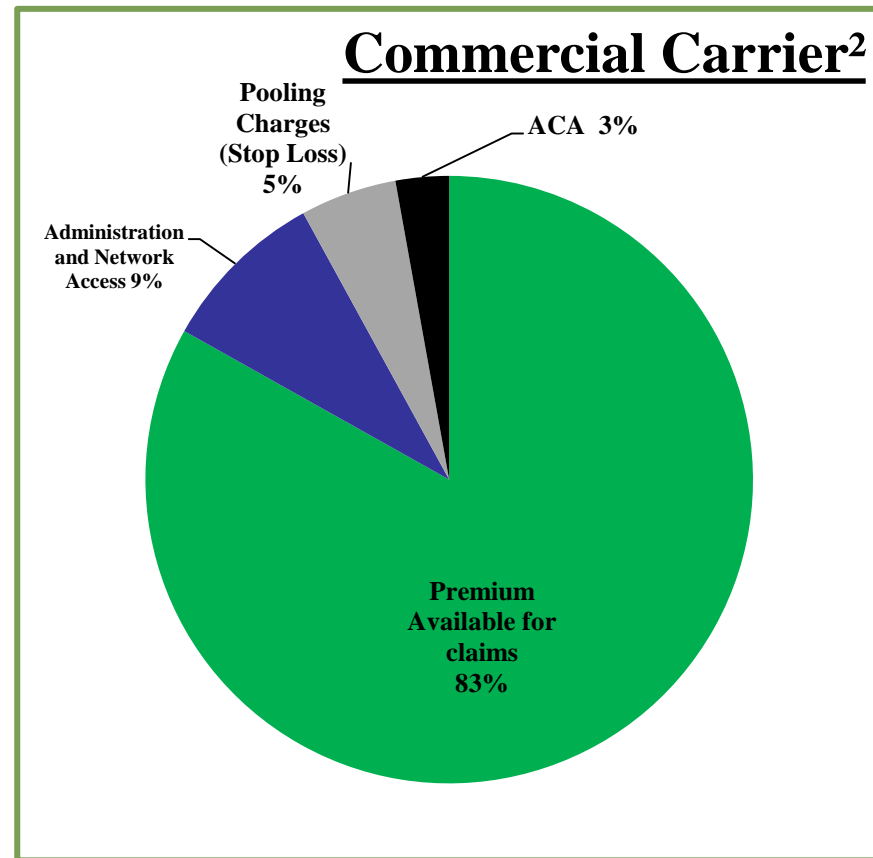
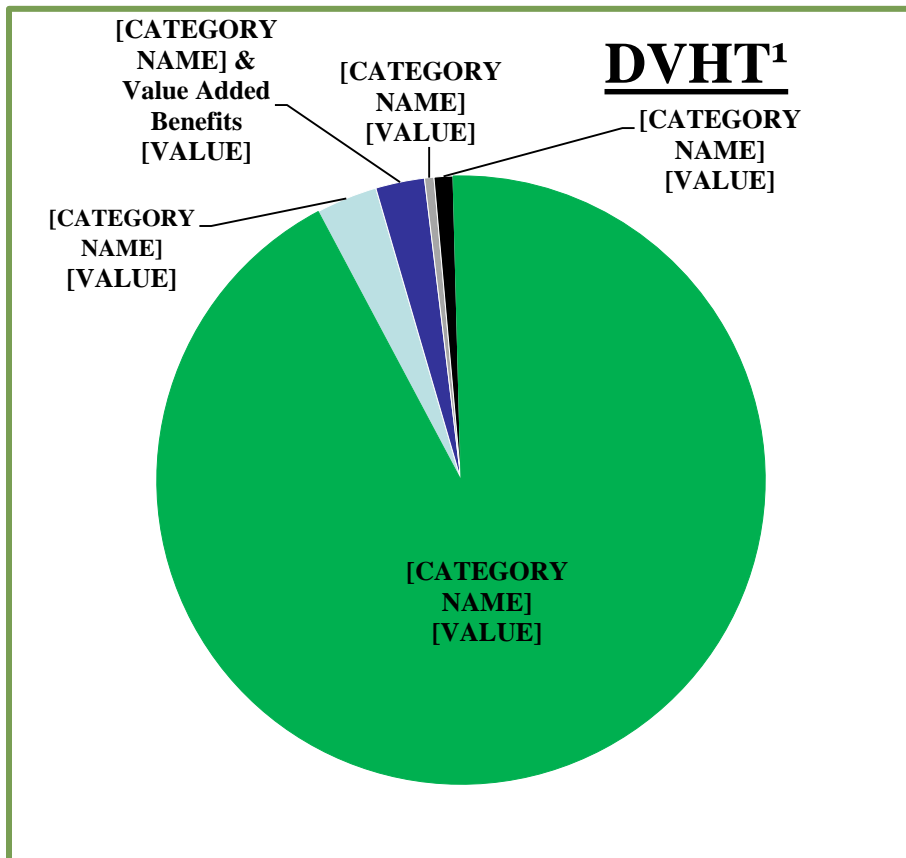
2012 RSF Allocation	2013 RSF Allocation	2014 RSF Allocation	2015 RSF Allocation	2016 RSF Allocation	2017 RSF Allocation	Total RSF Allocations 2012-2017	Investment Income	Amounts applied from RSF (through 2017)	Anticipated Fiscal Balance as of 01/01/2018	Anticipated RSF Available Balance for 2018 Contributions	RSF Fiscal Balance (if all of AVAIL. Balance Applied in 2018)
\$46,802	\$62,254	\$41,059	\$81,724	\$121,419	\$185,251	\$538,509	\$10,993	\$154,310	\$395,192	\$239,444	\$155,749

Notes:

1. Amounts are released from Total RSF Fiscal Balance in accordance with a distribution schedule and formula approved by the Executive Committee.
2. Investment income accrues to each member annually based on each member's fiscal balance and the Trust's overall Rate of Return of its investment program.
3. Annual allocations are the dollars allocated to each DVHT member by the Executive Committee based on the Trust's overall surplus, that member's loss experience and that member's premium contributions relative to the rest of the membership.



DVHT Maintaining Significant Administrative Cost Advantage



¹ Based on 2018 Budget

² 250 employee lives fully insured with Blue Cross Plan

Notes and Assumptions Re: Commercial Carrier

- Various administration fees are approximated as they are completely not itemized on renewal summary
- Administrative expenses do no include brokerage commission and may or may not include premium tax

Investing in Health Awareness and Improvement

- **Preventive Incentives**
 - Biometrics screening – \$150
 - Colonoscopy – \$150
 - Hospital-Based Health Education classes – \$100
 - Well women exam – \$50
 - Mammogram – \$50
- **Wellness Reimbursements**
 - Gym Membership Fee Reimbursement – Up to \$25 monthly (\$300 annually)
 - Race Registration Reimbursement – Up to \$200 annually
 - Weight Watchers Programs – Up to \$200 annually
 - Bike Helmet – Up to \$25 per covered member and covered dependents annually
- **Healthcare Bluebook**
 - Web based tool for comparing provider cost/quality
- **DVHT Wellness Grants**
 - Enhancing the *wellness culture* of your workplace specific to your employees
 - Examples include: Fitness trackers, weekly fruit delivery

DVHT Preventive Care Metrics vs. Aetna's Book of Business

Preventive Measure	Description	DVHIT 2011	DVHIT 2012	DVHIT 2013	DVHT 2014	DVHT 2015	DVHT 2016	National Aetna 2015
PREVENTIVE CARE SCREENINGS								
Breast Cancer	Woman ages 40 to 64 who received a mammogram	33.0%	39.9%	46.4%	43.2%	50.3%	48.5%	33.2%
Cervical Cancer	Woman ages 21 to 64 who had a PAP test	37.0%	40.2%	39.4%	32.6%	30%	32.2%	22.9%
Colorectal Cancer	Members ages 50 to 64 who had appropriate screening for colorectal cancer (FOBT, flexible Sigmoidoscopy, DCBE, and/or Colonoscopy)	5.9%	10.3%	10.4%	10.2%	11.2%	11.1%	7.8%
Cholesterol*	Members ages 18 to 64 who received lipid profile testing as part of a preventative care visit	n/a	27.5%	30.5%	30.2%	32.5%	31%	23.8%

** Does not include cholesterol screening through Health Trust Center.*


Additional Benefits

- **Health Advocate (EAP)**
 - Employee Assistance Program and Work/Life Program (5 visit model)
- **Nurse Navigator**
- **Work-site services**
 - Biometrics Screenings
 - Weight Watchers at Work Coordination
 - Lunch’N’Learns- variety of wellness related topics
 - Health Fair Support
 - Wellness program toolkits (step challenges, flu clinics)
- **COBRA Administration**
- **ACA Reporting**

Healthcare Bluebook Sample Search

Colonoscopy (screening)

Fair Price **\$1,803**

\$989  \$4,049+

[VIEW FAIR PRICE BREAKDOWN](#)

\$100 Reward

Go Green to Get Green

You are eligible to earn a reward for this service by using a Bluebook Fair Price provider. [LEARN MORE](#)

FACILITY COST RANKINGS¹

COST ● At or Below Fair Price ▲ Slightly Above Fair Price ● Highest Price

Please confirm if your provider is in-network and ask for their price before seeking care.

Sort By:	Distance:	Cost Ranking
Distance ▼	All ▼	
Dover Surgicenter (~ 1 miles)		●
The Blue Hen Surgery Center (< 1 mile)		●
Advance Endoscopy Center (~ 2 miles)		●
Bayhealth - Kent General Hospital (~ 2 miles)		●
Central Delaware Endoscopy Unit (~ 2 miles)		●
Delaware Surgery Center (~ 2 miles)		●
Bayhealth - Milford Memorial Hospital (~ 18 miles)		▲
University of Maryland Shore Medical Center at Chestertown (~ 31 miles)		▲
Beebe Medical Center (~ 33 miles)		●
Seaside Endoscopy Pavilion (~ 34 miles)		▲
Seaford Endoscopy Center (~ 35 miles)		●
Seaford Specialty Surgery Center (~ 35 miles)		▲
Nanticoke Memorial Hospital (~ 36 miles)		●
Christiana Care Health System - Christiana Hospital (~ 38 miles)		●
Endoscopy Center of Delaware (~ 38 miles)		●
Mid-Atlantic Endoscopy Center (~ 38 miles)		●

Questions?

Please Contact:

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