



Business Health Care Group

Driving Meaningful Change

For Immediate Release

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Business Health Care Group Reports Third-Year Savings

Self-Funded Employers Beat Market Trend with a Cumulative 3-Year Decrease of 1.5% in Costs; Plan Membership Exceeds 100,000

MILWAUKEE – August 25, 2009 – In 2008 the Business Health Care Group (BHCG) continued its steady progress of moving southeast Wisconsin health care costs toward the Midwest average. New data show that BHCG's self-funded member companies saw a three-year aggregate health care cost decrease of 1.5 percent per health plan member when compared to 2005 base-year costs. As of July 31, 2009, nearly 1,000 employers and approximately 100,000 health plan members are participating in BHCG's exclusive plan offering, Humana Preferred.

In 2008 the self-funded member companies experienced a 7.9 percent increase in medical costs (prior to benefit application), which is approximately 2 percent less than the Milwaukee market trend for 2008. This result, combined with the 6.1 percent increase reported for 2007 and the 13.7 percent reduction reported for 2006 (restated to 14 percent in 2007) produced a cumulative three-year savings of \$44 million for the self-funded member companies. When taking into account southeast Wisconsin medical cost trend, the program produced even greater savings, totaling an estimated \$172 million.

BHCG is awaiting the results of the Greater Milwaukee Business Foundation on Health cost study to determine how the Milwaukee metro market currently compares to the Midwest average. Study results are expected this fall. A recent study released by Benefit Services Group shows the current market to be 10 percent higher than the Midwest average.

“The data show that our ongoing efforts to get costs under control are working” said Dianne Kiehl, BHCG executive director. “While there is still much more work to be done, these results show significant progress. The BHCG looks forward to continuing to partner with employers, consumers, our administrative partner – Humana and the medical community to support the business environment of southeast Wisconsin.”

An independent third-party research firm analyzed the data from all of BHCG’s 28 self-funded employers, which represent a total of approximately 67 percent of the plan members now participating in Humana Preferred. The year 2008 was the third full year for the Humana Preferred health plan offering, created by Humana to support the BHCG’s goal of bringing southeast Wisconsin health care costs in line with the Midwest average.

“Over the past three years, we've seen our health care cost trend decrease from 13 percent to 7 percent and project it to be even lower in 2010 as well,” said Lori Lorenz, human resources director of Robert W. Baird & Co., a BHCG member. “By being a part of the BHCG, we’ve been able to provide accurate and actionable health care information, along with cost transparency tools, to help our associates become better health care consumers who are more prepared for a rapidly changing health care environment. This type of progress and new thinking not only supports our associates, but also helps us better manage our costs, which is especially important during these challenging economic times.”

“Several factors contributed to the decreased cost of care for the Humana Preferred network, including an improvement in provider pricing, physician efficiency and a focus on evidence-based medicine,” said Kiehl. “For example, the average episode-of-care cost for Humana Preferred network providers is 18 percent less than non-Humana Preferred providers, a statistic that speaks to provider efficiency. The use of Humana’s consumer transparency tools as well as BHCG’s consumer education modules has also had an impact on cost by promoting smarter consumer health care choices.” Kiehl noted that benefit changes were not a direct factor since the comparison of costs was prior to benefit application.

BHCG members include some of the area’s largest and best-known corporations, as well as hundreds of small and mid-sized businesses. While the current results primarily reflect the experience of self-

funded companies, fully insured BHCG member companies are also benefiting from Humana Preferred and its 14 to 18 percent premium advantage compared to Humana's broader, regional PPO network. Humana Preferred includes 34 hospitals and approximately 4,200 physicians, representing about 86 percent of Humana's regional PPO network.

About the Business Health Care Group:

The Business Health Care Group is a membership organization of nearly 1,000 employers and employer groups in the 11-county region of southeast Wisconsin. The BHCG and its members share the common goals of moving the health care market through innovative action and partnering for effective change. Visit www.businesshealthcaregroup.org to learn more.

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