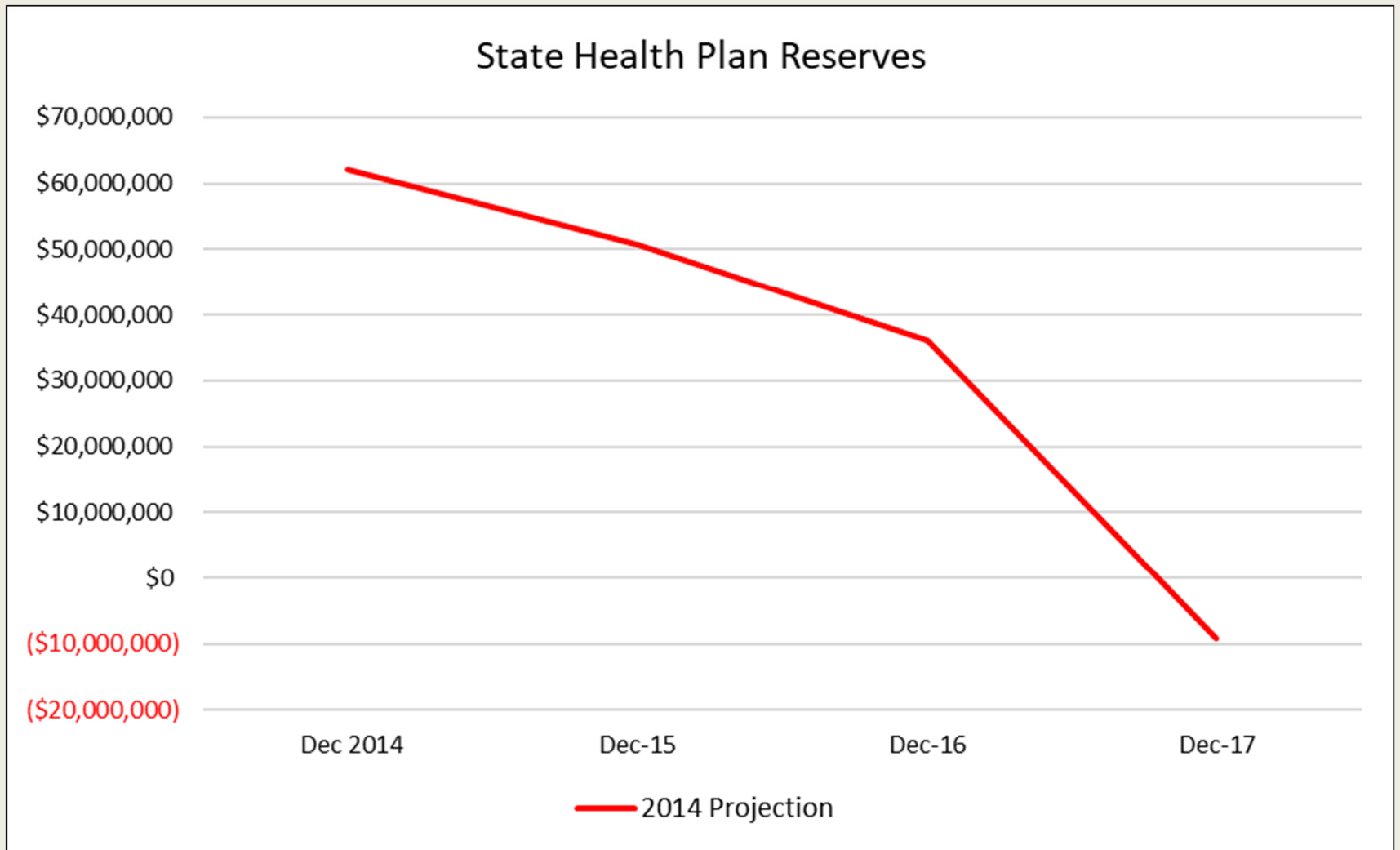


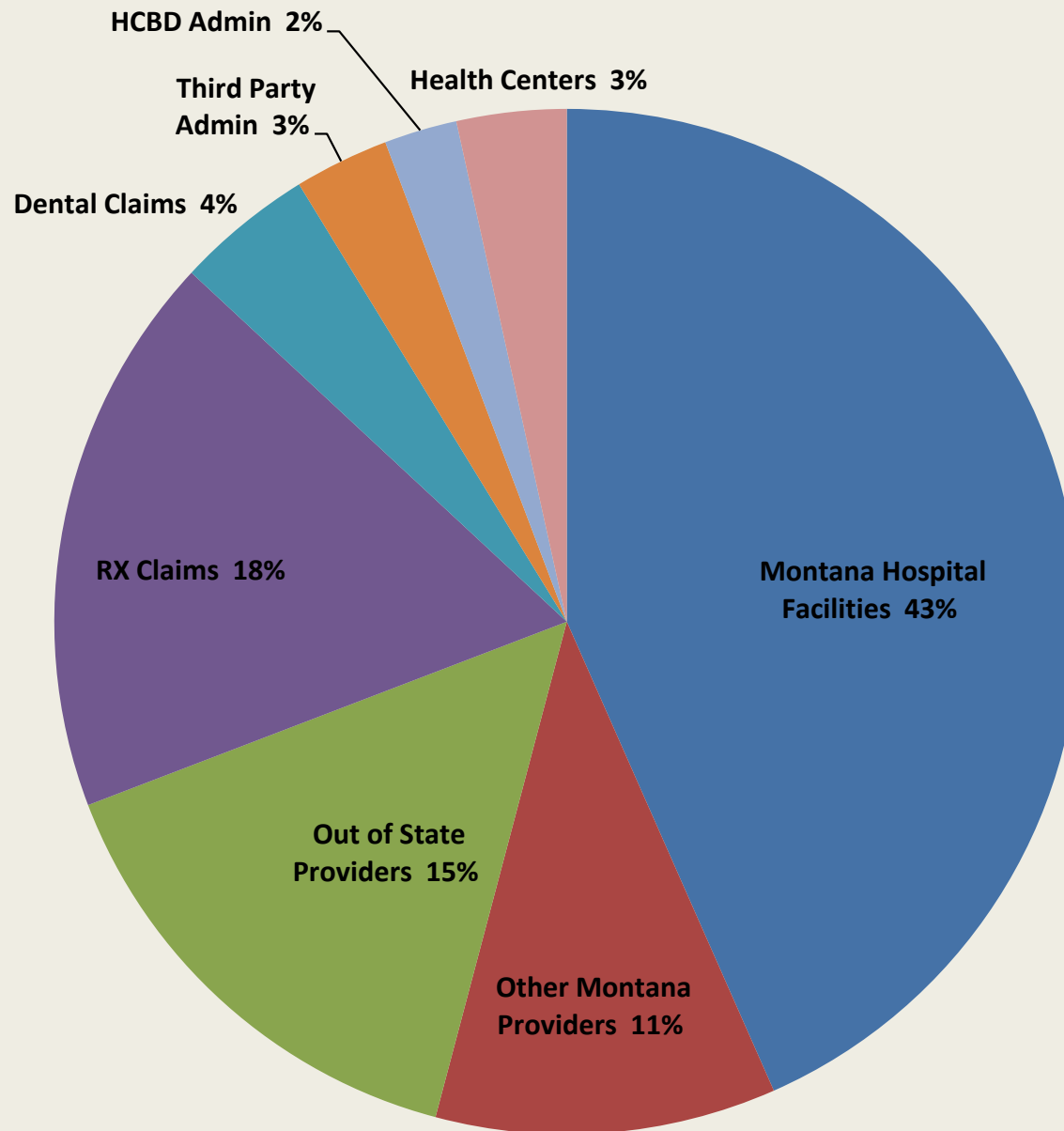
THE MONTANA EXPERIENCE

- *Marilyn Bartlett, CPA, CMA, CRB, CGMA*
- *Administrator - Montana State Employee Group Benefit Plan
(Sep 2014-June 2018)*

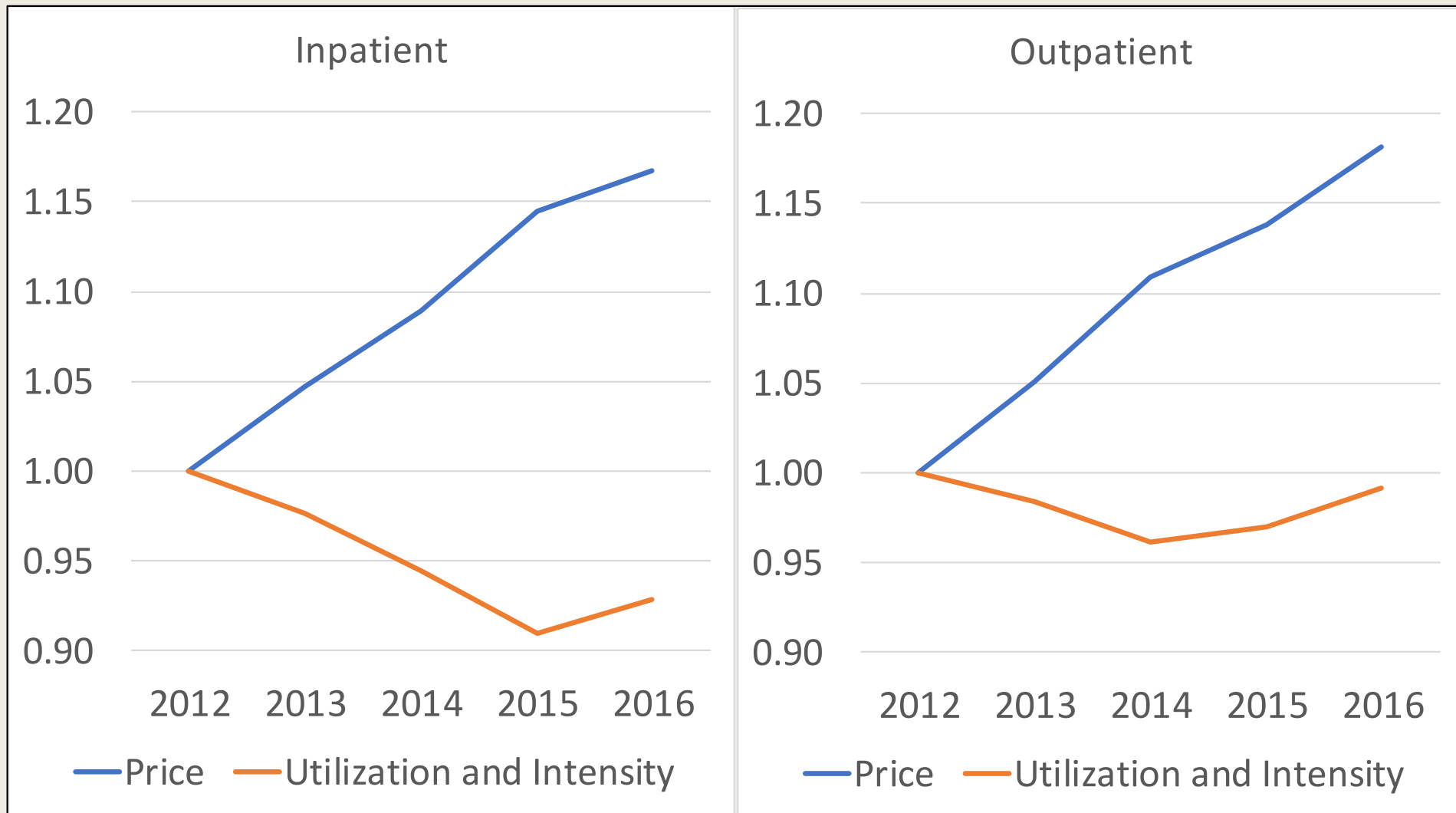
The Driving Force...



What are the plan costs?



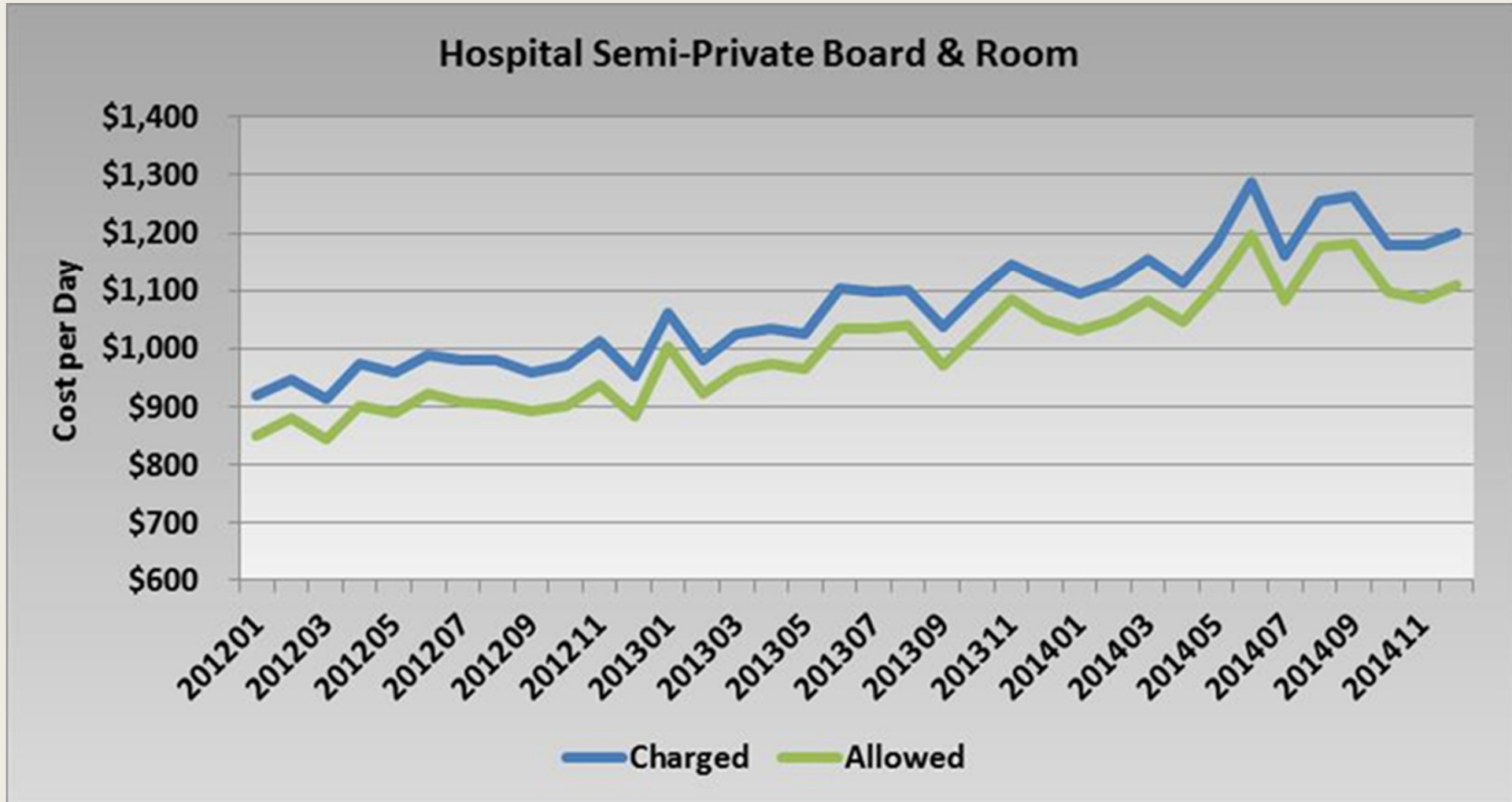
The Price is the Problem

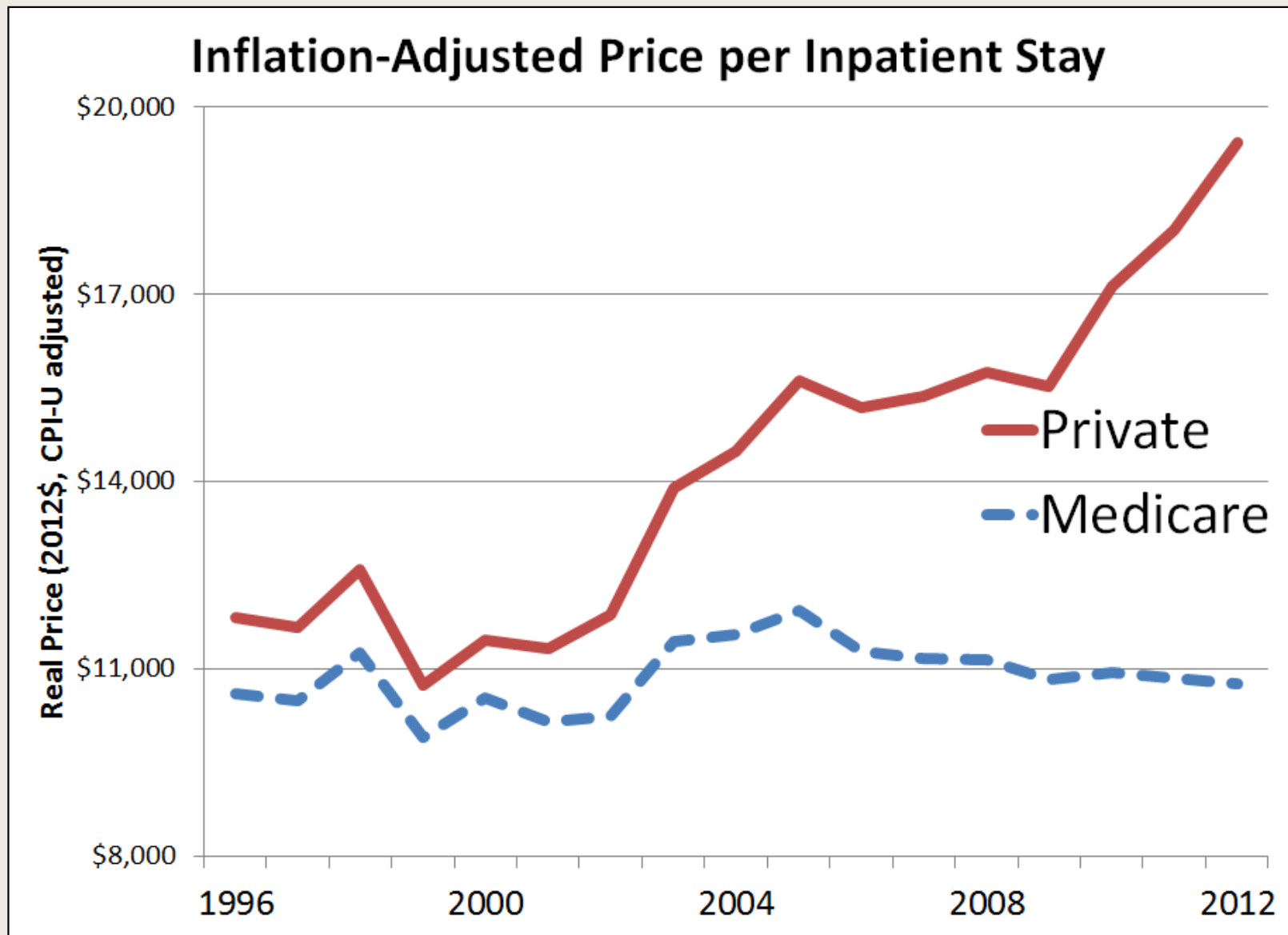


- Utilization has declined for Inpatient care and remained flat for Outpatient care,
- Yet the prices have increased sharply.

Health Care Cost Institute.. 2016 Health Care Cost and Utilization Report. Retrieved from <http://www.healthcostinstitute.org/report/2016-health-care-cost-utilization-report/>. Prices are from Appendix Table A3., utilization and intensity is estimated by dividing spending (from Appendix Table A1) by prices.

Discounted Charges – Where will we be?





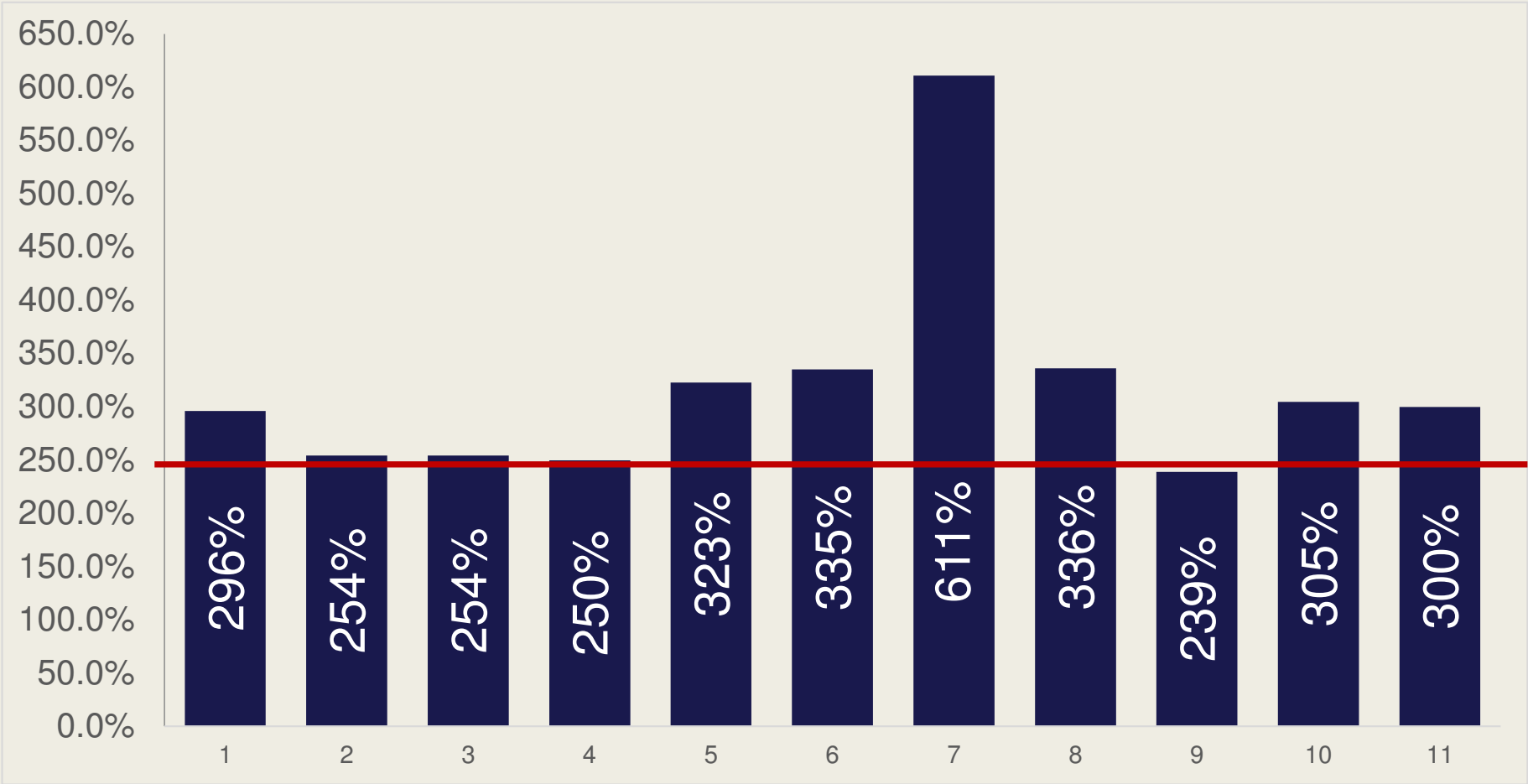
Source: Selden, T. M., Karaca, Z., Keenan, P., White, C., & Kronick, R. (2015). The Growing Difference Between Public And Private Payment Rates For Inpatient Hospital Care. *Health Affairs*, 34(12), 2147-2150.

Develop Fair, Transparent Hospital Reimbursement

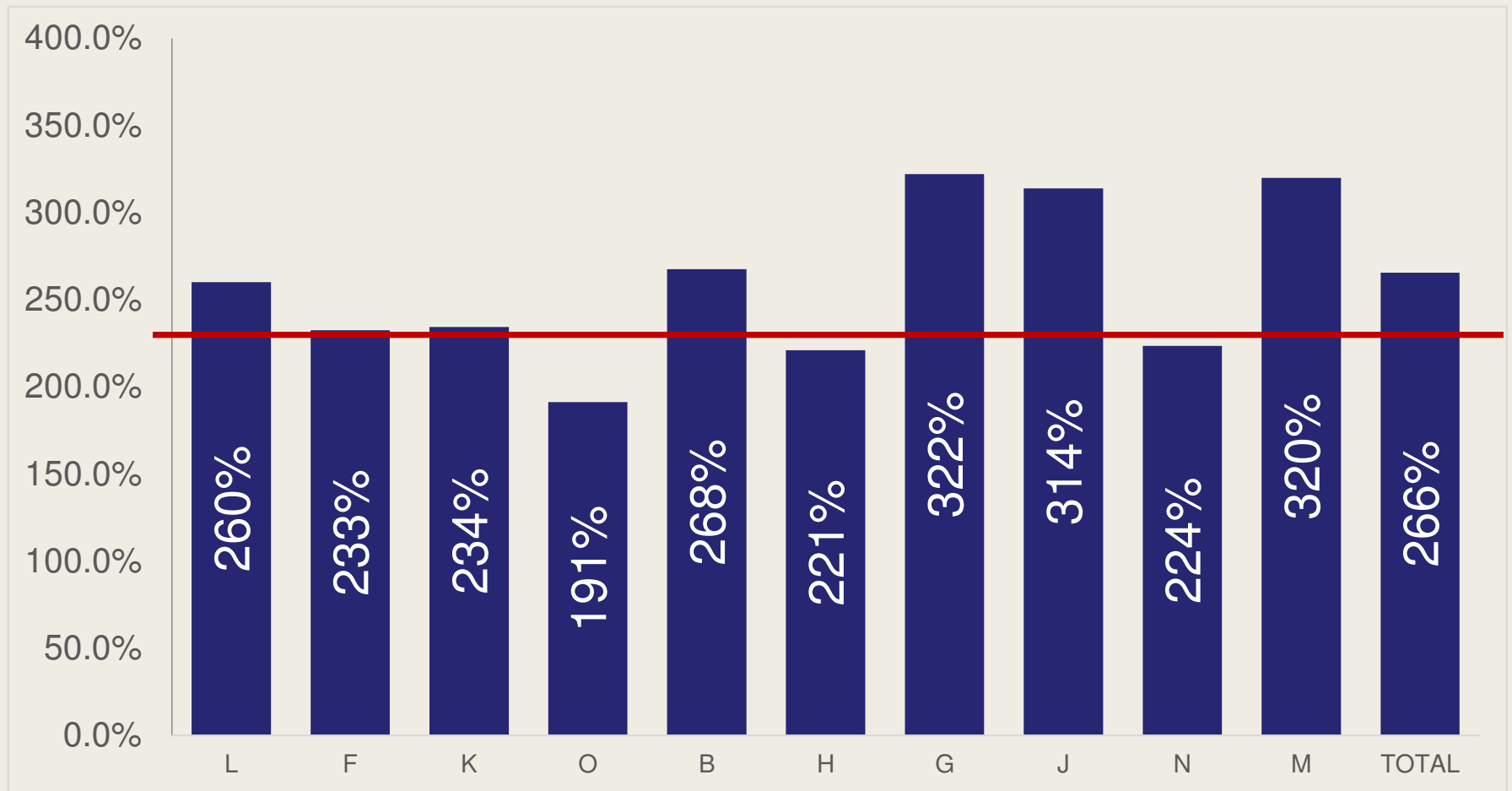
Goal = Montana Hospital Reimbursement will be a multiple of Medicare for ALL facility services

- Selected Medicare as reference point:
 - *Common reference to overcome variation in charge masters and differences in billing practices*
 - *Adjusted for case mix and geography*
 - *Calculation process publicly available*
 - *Moves Plan to DRG and APC reimbursement methodologies*
- Contracts with hospitals
 - *MT Procurement Laws*
 - *No Balance Billing = Contracting*
 - *Needed quick financial results*
 - *Control over future reimbursement increases*

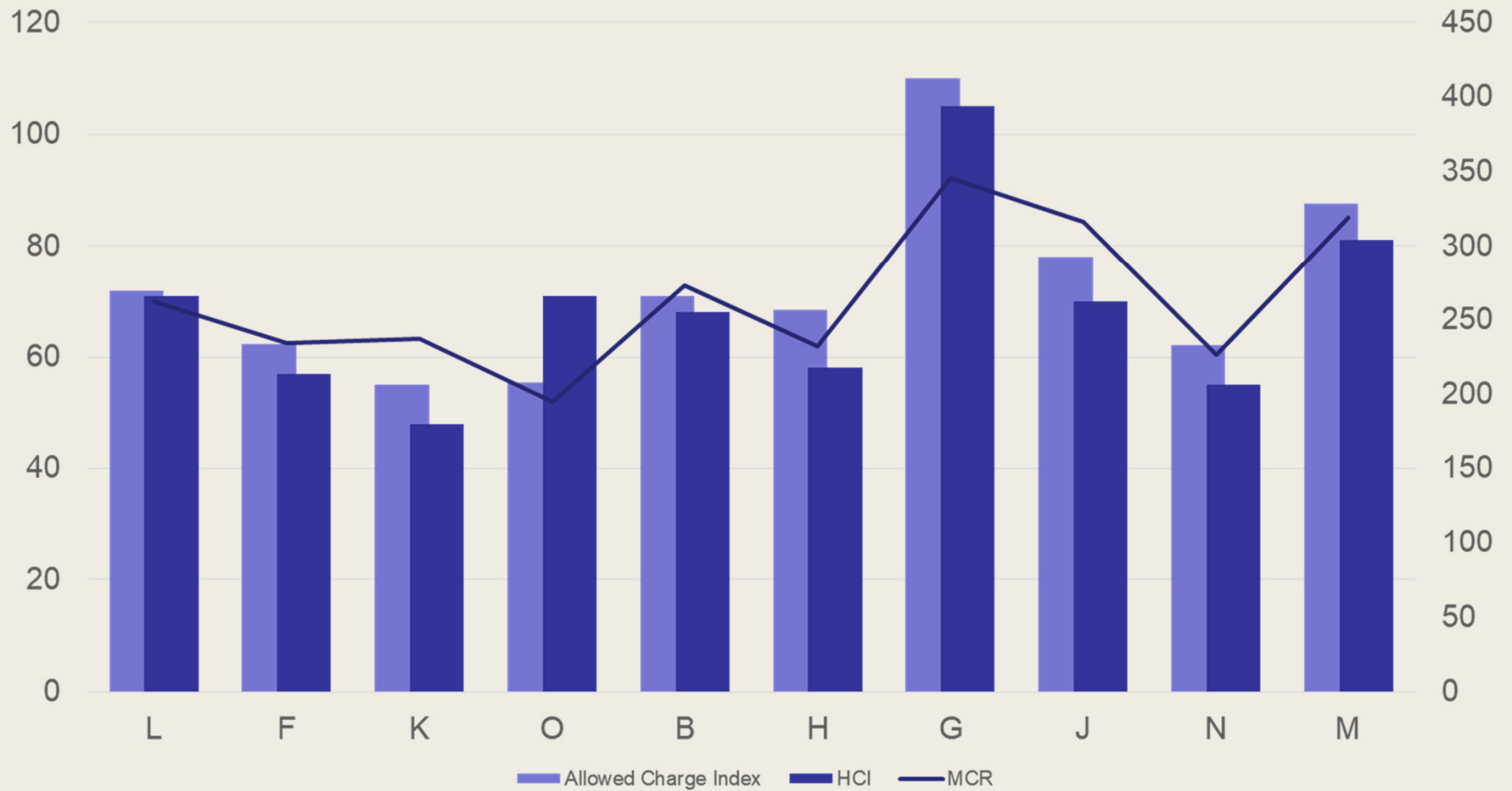
Outpatient Cost Comparison



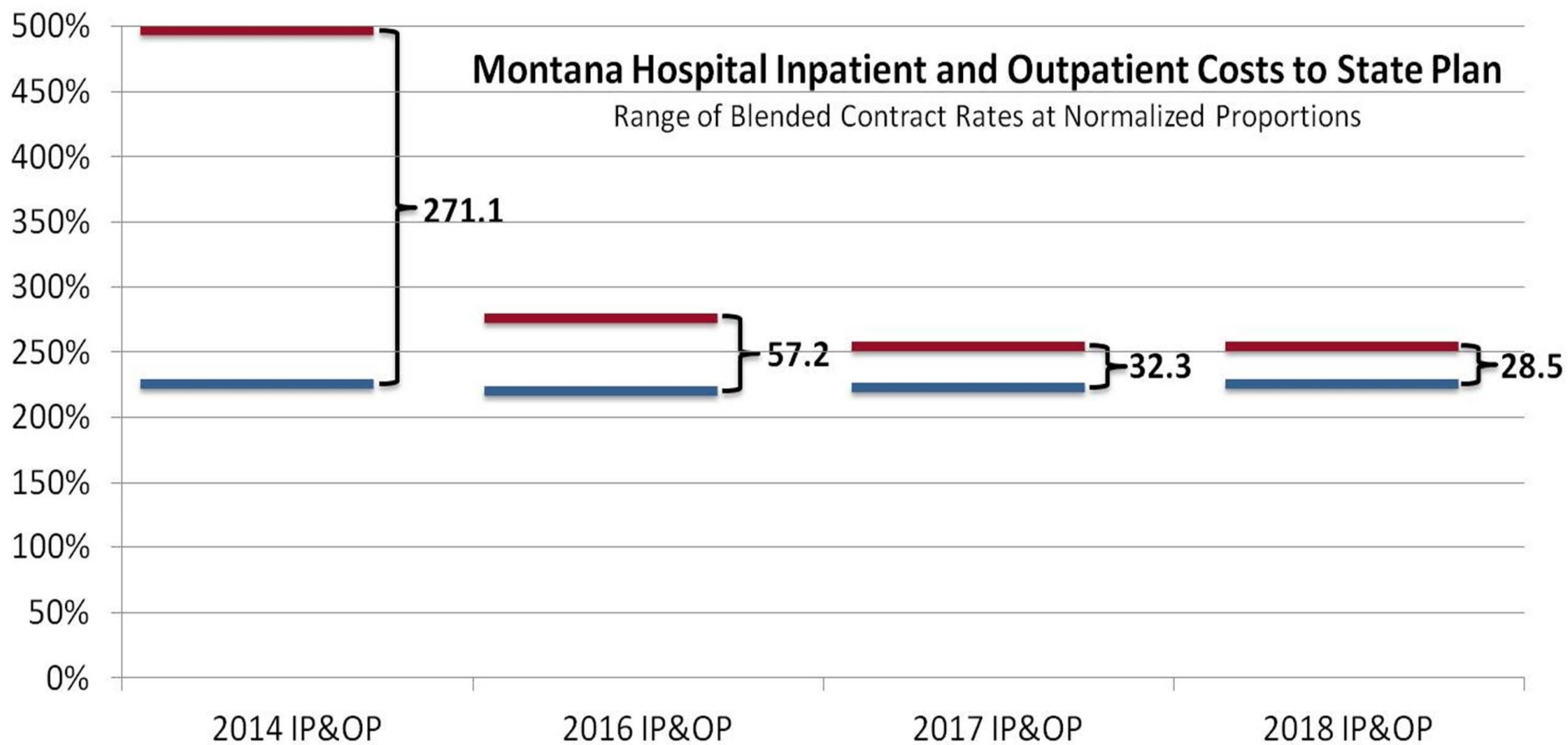
Inpatient Cost Comparison



Data Verification



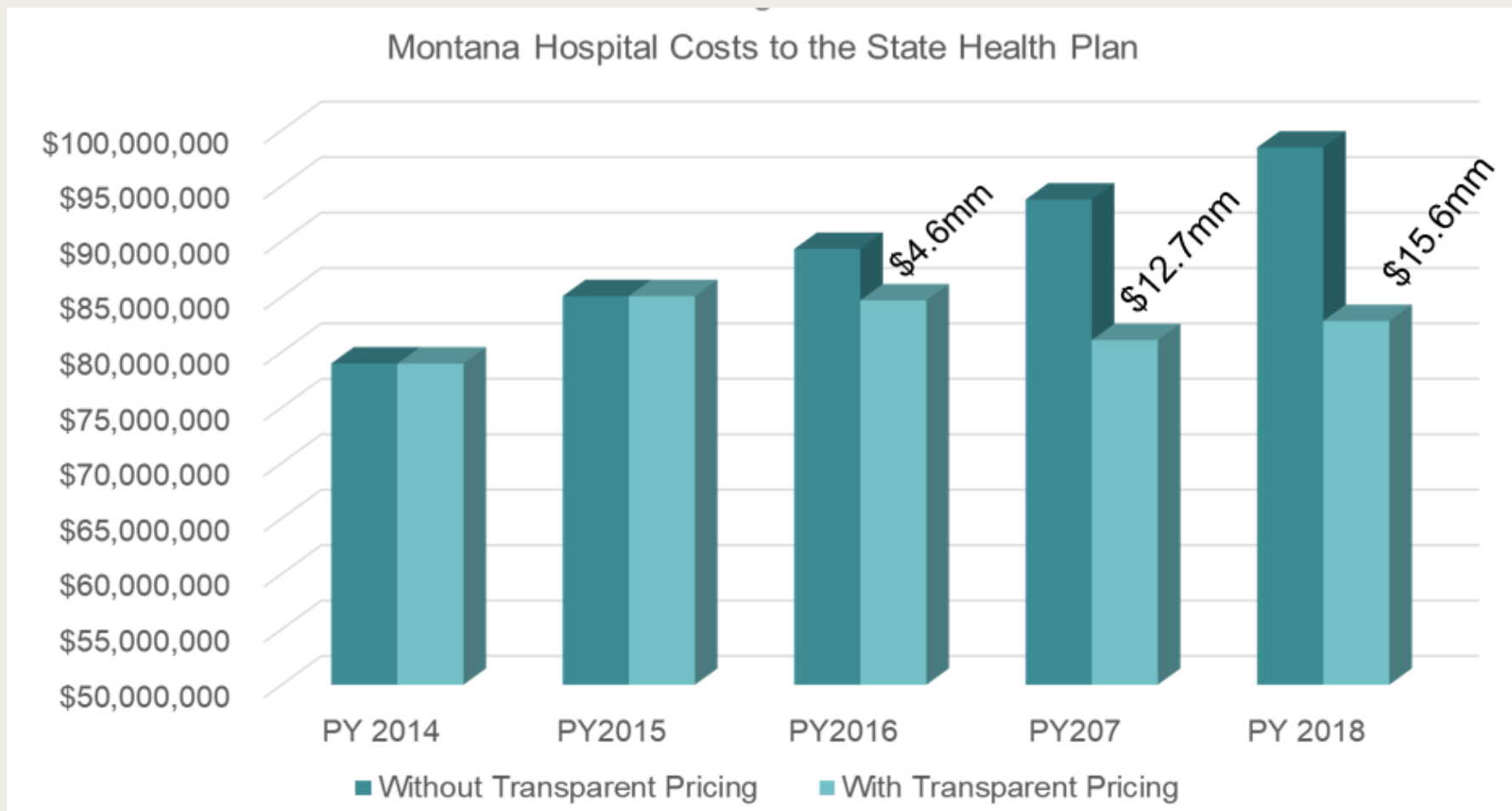
Contracted Reference Based Pricing



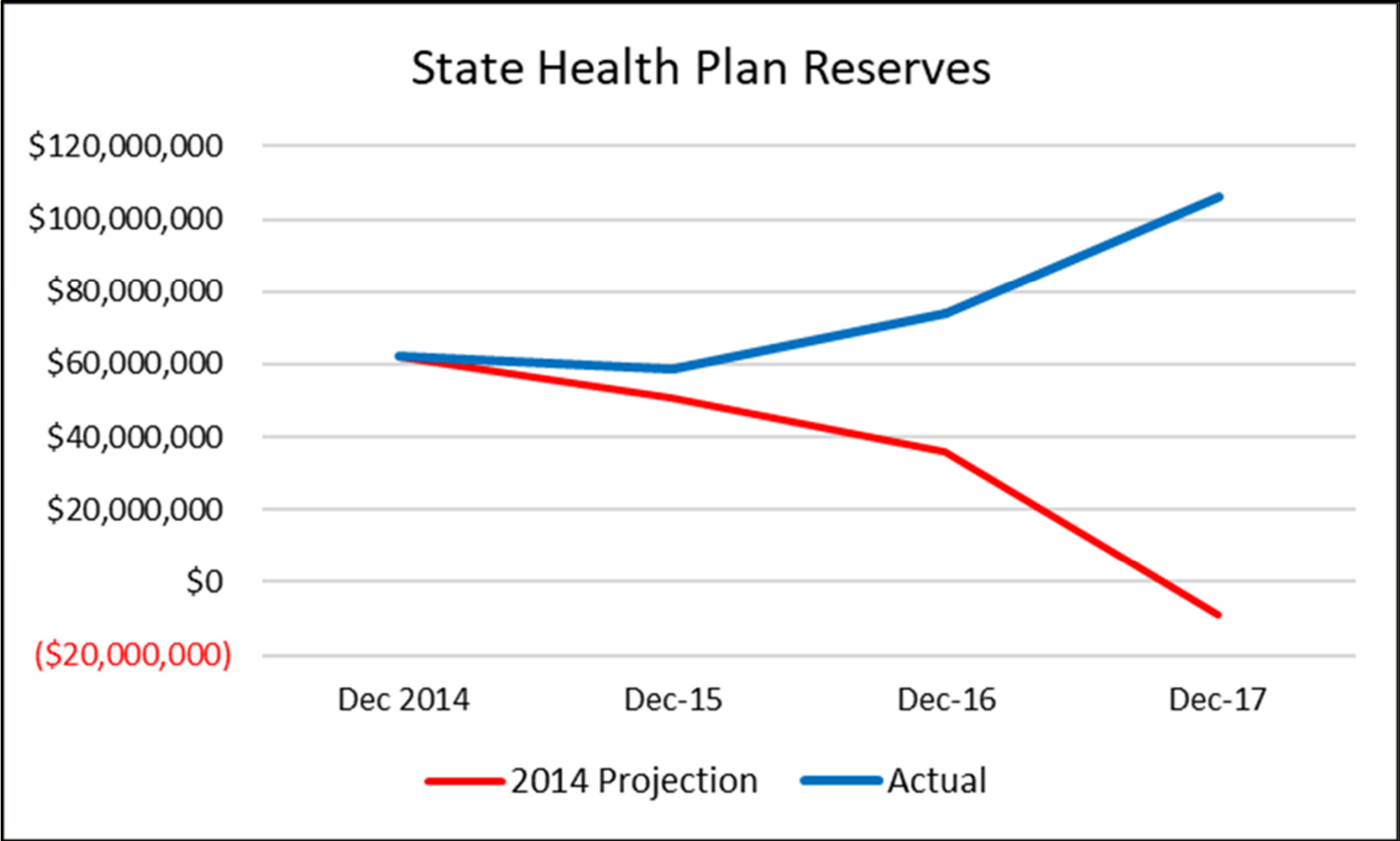
with permission of



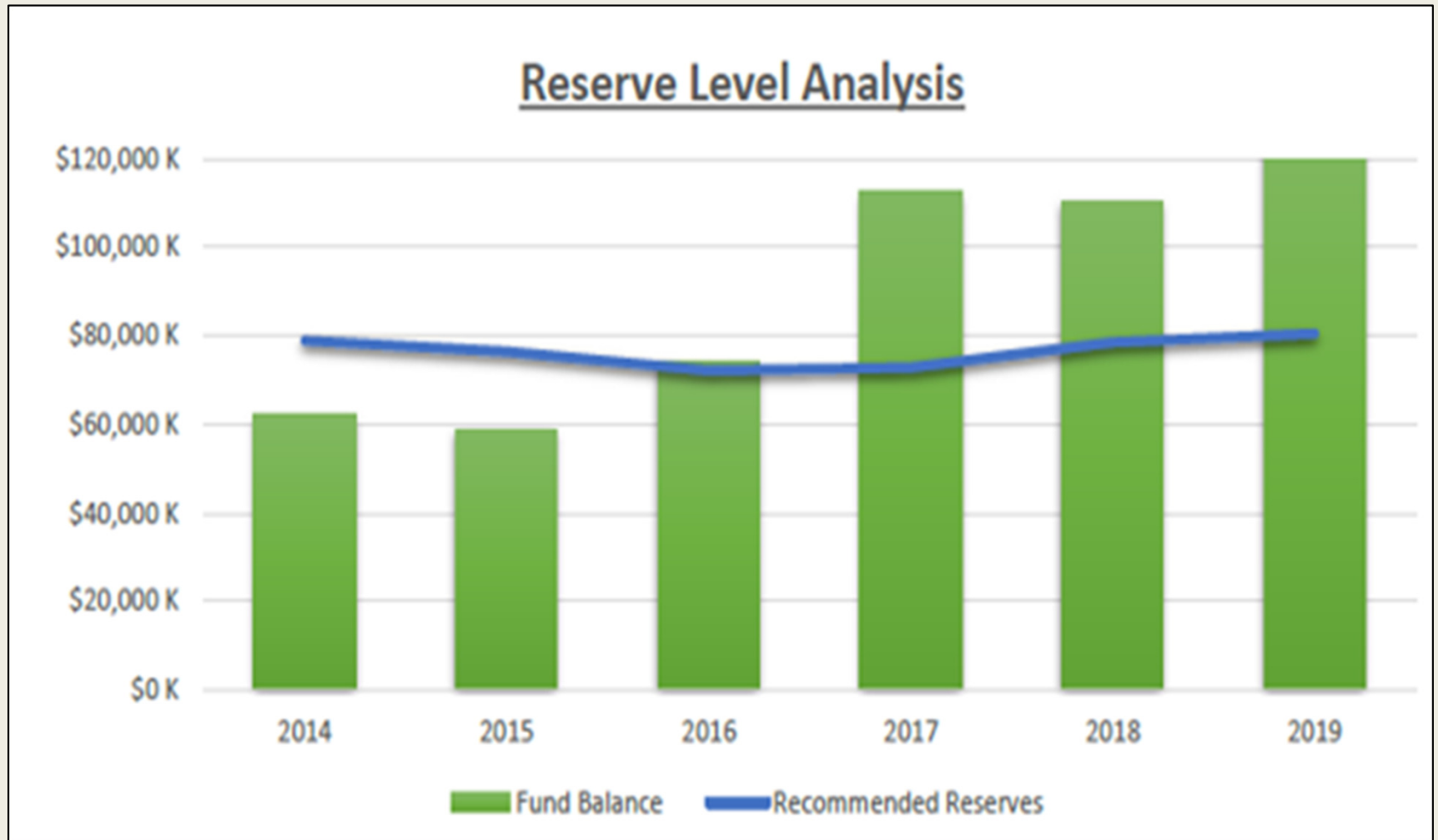
Contracted Reference Based Contracting Projection



So what happened in December 2017?

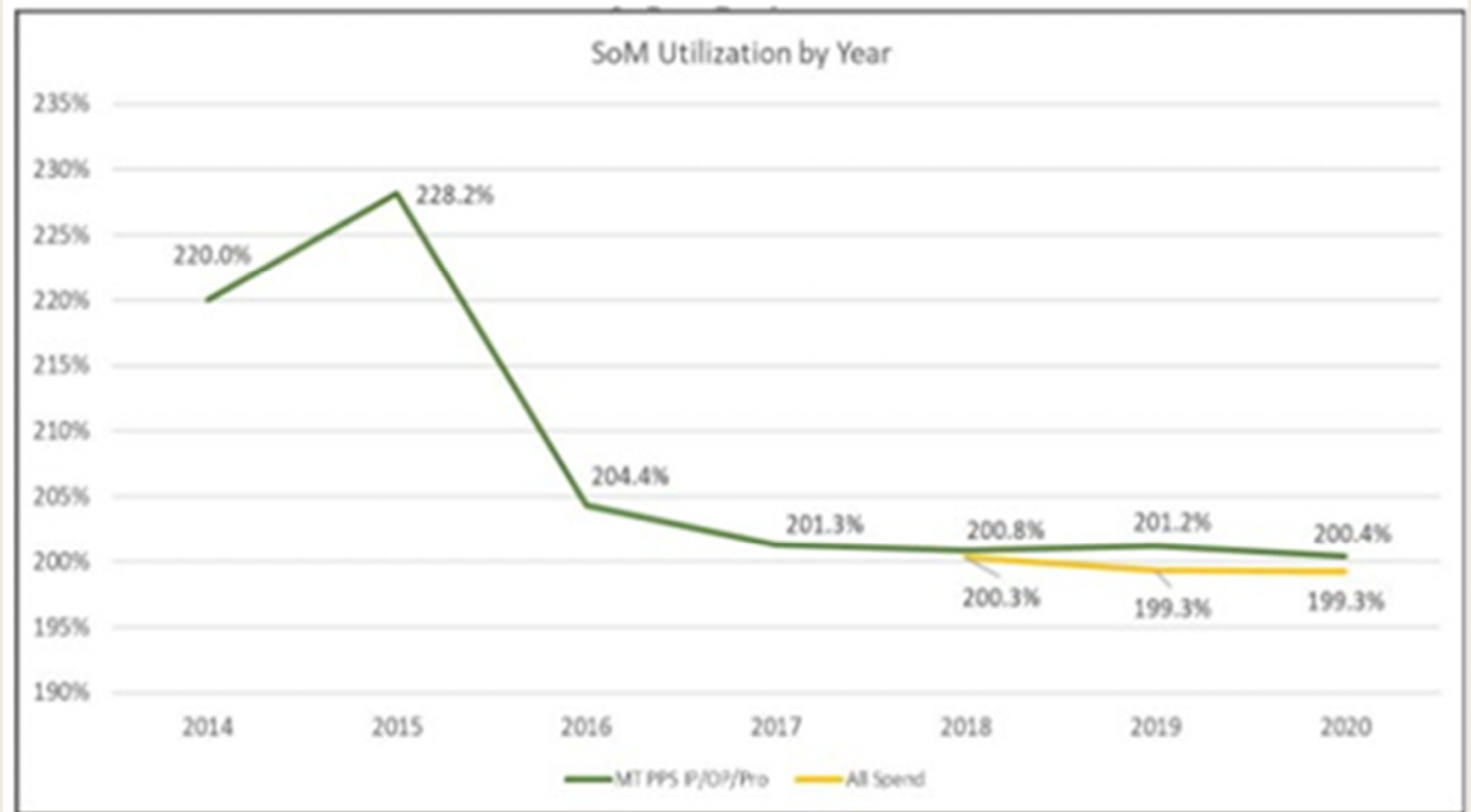


Plan met Reserve Requirements



Source: ANW Actuaries

Plan Results through 2020: Inpatient, Outpatient, Professional



with permission of



RBP July 2016 – December 2022

- Strengthened financial foundation of Plan
- Access to affordable, quality care
- Dec 2022 – Plan Reserves more than double required Reserves
- No increases to member premiums or State contributions
- \$52 million "returned" to State through two premium holidays
(2018 and 2021)

Thank you!