

What Blue Cross is Doing to Keep Costs Down

Blue Cross focuses on the proper use of health care services, while attempting to improve health outcomes. In part because of the efforts listed below, Blue Cross was able to reduce its trend rating — used to determine premium increases — twice in 2003. The result: *Premium increases will be lower in 2004 and 2005.*

Here's what Blue Cross is doing to help contain our customers' costs:

- ◆ **Negotiate highly competitive rates** with physicians on behalf of our members. Total savings on covered charges as a result of negotiated contracts ranged from 22 to 32 percent (for open-access plans) and 25 to 34 percent (for primary care plans)
- ◆ Give purchasers the state's widest **choice of products and benefit structure** in open access and primary care, life, disability, long-term care, dental, flexible spending accounts, etc. In fact, Blue Cross now offers a suite of consumer directed health plans, called Options Blue, that can be adapted for the smallest employers up through the largest organizations
- ◆ Offering **case managers** to help members coordinate medical and mental health care; manage catastrophic illness and injury or chronic disease, such as diabetes, ischemic heart disease and hemophilia; promote individual accountability and maximize health and functional outcomes
- ◆ Investing in a groundbreaking **disease management program**, called BluePrint for Health care support. Blue Cross has the nation's most expansive support programs for members with ongoing conditions and chronic diseases. Nurses work with members and their providers to answer questions, provide the latest research and information on conditions, and help coordinate medications and multiple conditions. The program helps people live healthier and avoid unnecessary hospitalizations and emergency room visits.

Blue Cross has targeted a number of chronic conditions/diseases that affect between 10 to 15 percent of a commercial, fully-insured population, the sufferers of which account for 40 to 45 percent of all expenditures by a health plan. For just 16 of these conditions, Blue Cross saved an estimated \$36 million in claims costs in just 12 months. Projecting over 18 months, Blue Cross' overall annual trend for the fully insured commercial population will improve 2-3 percent as a result of the program

- ◆ Sponsoring other **BluePrint for Health[®]** programs to inform, encourage and promote better health, including:
 - The BluePrint for Health[®] Web site (www.blueprint.bluecrossmn.com), with award-winning personalized health information
 - Award-winning BluePrint for Health[®] Stop-smoking programs
 - *FirstHelp*, a 24/7 nurse advice service to help members make informed decisions about their care
 - *Healthy Start*, a prenatal program with a ROI of \$5,518.94 per case managed and healthier babies
 - Employee assistance program: 24-hour counseling support for employees and family members.
 - Health risk assessments
 - On-site health screening and seminars
 - Lifestyle management programs: Personalized, phone-based health improvement programs that coach participants one-on-one through the process of changing their health behavior
 - On-site health improvement seminars and FluStop influenza vaccinations (demonstrated ROI of \$60 per person immunized)
- ◆ **Managing pharmaceutical costs** through:

- Drug formulary management (which encourages use of less expensive, equivalent drugs), including new tiered formulary options
 - Assigning pharmacists to each major clinic system to share ICSI treatment guidelines. By supporting diabetes patients struggling with their A1c measures, this initiative saved an estimated \$30,000 for just one clinic
 - Contracting with drug manufacturers, mail order and special pharmacy networks for discounts
 - Member, provider, pharmacy and group purchaser initiatives to encourage appropriate utilization of generic drugs and other cost-effective alternatives
- ◆ **Lower administrative costs:** Through strict cost-saving measures, Blue Cross has decreased the portion of premium dollars needed to cover administrative expenses over the past three years — it is now less than 7 percent. More than 88 cents of each dollar goes to paying health care claims, one of the best rates of any health plan in the country
- ◆ **Investments in service/technology**
- Blue Cross built a claims center in Virginia, Minn., two years ago, achieving better service and operational savings than when the claims were outsourced to Maine
 - Online Member Service Center: New this year, members can access their account, check cost and quality information about medical procedures, and communicate with Blue Cross electronically
 - Provider Portal: Likewise, a new provider site allows more providers to do more electronic transactions with Blue Cross and its affiliates
 - Electronic claims processing. For every one percent increase in the rate that claims come in and pass through our system electronically, we save about \$500,000
- ◆ **Partnering with community providers** on quality and process improvement programs that improve health care delivery outcomes, thereby reducing costs
- ◆ **Identifying and supporting community-based solutions** to health problems
- *MinnesotaDecides*, an initiative to engage Minnesotans in health care reform
 - *MinnesotaActs*, a grassroots program to help Minnesota communities tackle teen tobacco use
 - Awarding health-focused community grants through the Blue Cross and Blue Shield of Minnesota Foundation

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