Staff Benefits and the Health Plan Advisory Committee continue to explore ways to create win-win situations for Purdue and its employees. These solutions offer advantages for Purdue employees and strive to keep medical plan costs under control—which in itself is an advantage to faculty and staff because every Purdue dollar needed to fund the medical plans is a dollar that can’t be spent on anything else.

And remember, every dollar you personally spend on health care is a dollar you won’t have for your daily living expenses or a vacation or hobby. So getting a good price on quality care, avoiding unnecessary expense, and keeping the amount deducted from your paycheck for medical coverage as low as possible have a direct affect on your personal budget, too.

This issue of Vital Signs looks at three promising initiatives: Case management, wellness, and disease education and management.

We’ll also explain Purdue’s philosophy for setting employee contributions for the medical plans and the growth of the PHCS network that serves the Incentive PPO and Purdue 500 plans.

Numerous studies show that for every dollar an employer spends on wellness programs, three dollars are saved in expenses against the employer’s medical plan. That’s pretty cool, but nothing compared to the joy of good health.

Armed with information that 70 percent of all illness directly relates to lifestyle choices, such as weight, exercise, diet, seatbelt usage, and alcohol and drug use, the Health Plan Advisory Committee spent this past spring investigating wellness. The group has recommended to the University’s administration that a proposal on wellness be developed with the help of a consultant.

The committee’s recommendation was approved and a subcommittee of the group will develop the wellness proposal this fall. Summex Corporation of Seattle, Washington will be working with subcommittee members Brent Bowditch, Gerry Hyner, Rob Jensen, Steve McKenzie, Mindy Paulet, and Roger Seehafer. Watch for more information on this project later this year.
Case Management: Patient Advocate and Money Saver

You’re sick, but getting better. In fact, you’re about to leave the hospital. But, you could use some help. You’ll need home health care for a while and a walker to get around. Wouldn’t it be great to have a knowledgeable friend to help with all of these arrangements? Good news: If you’re covered by Incentive PPO or the Purdue 500, help with such arrangements is available to you through your medical plan’s case management benefit—and that’s just one of the program’s services.

The goals of case management are to assist and educate the patient while helping the medical plan manage costs. As a part of planning efforts for 2004, Purdue asked the Segal Company, a medical plan consulting firm, to review the case management services provided for the Incentive PPO and Purdue 500 plans.

The results of the review showed that Individualized Care Management (ICM), the company that currently handles case management for the West Lafayette campus, is providing very solid case management services as compared to other companies. ICM’s services were found to be very cost effective. The company also offers the broadest range of services, enabling ICM to help faculty and staff through a variety of medical circumstances. As a result, ICM will provide case management services to Incentive PPO and Purdue 500 participants at all four campuses, effective January 1, 2004.

A patient’s advocate

ICM scored especially high in the area of patient advocacy. ICM nurses are available to work with covered employees and their families to set up home health care, obtain durable medical equipment at discounted pricing, arrange a second opinion, and provide general assistance with coordinating needed medical services. The company also has specialized nurses to help patients with significant health care needs, such as the coordination involved with organ transplants.

The reason for precertification

Precertification—or the requirement to have specific medical services and equipment approved by ICM ahead of time—is another important part of case management. Calling ahead alerts ICM to the patient’s medical situation. This allows the company to begin following the care being provided to the patient and to offer help and education as needed. Precertifying also determines upfront that the services are medically necessary and, therefore, covered by the plan, eliminating the potential for a denied claim.

New limits and precertification requirements

Following a careful evaluation of the medical plans, a number of changes to the case management provisions will go into effect January 1, 2004. These include limiting chiropractic visits to 26 per year, excluding gastric bypass and other weight loss surgeries, and requiring precertification of additional procedures, such as colonoscopies, physical therapy, and heart scans. Your benefits enrollment kit and the upcoming Benefits Bulletin will include details about these changes.

It is very important that Incentive PPO and Purdue 500 participants be aware of the plan limits, exclusions, and precertification requirements. Should you fail to precertify as required by your medical plan, you will pay a $250 penalty. Additionally, you’ll be responsible for the full cost of the service or equipment if it is determined not medically necessary when your claim is processed.

Worth the trouble

Keeping up with precertification requirements and other aspects of case management does require attention and effort on your part, but it’s valuable for both you and the medical plans. Case management helps ensure that both your money and Purdue’s is spent appropriately.

Have a suggestion about the Purdue health plans? Staff Benefits wants to hear from you!

Please send your comments and ideas to:

staffbenefits@purdue.edu or
Benefits Officer, Staff Benefits, FREH
New Program Helps People Manage Their Chronic Medical Conditions

If a chronic health condition is part of your life, understanding and managing your disease is important. If you don’t stay on top of the situation, your condition can worsen or develop into medical problems that are more serious. Beginning January 1, 2004, employees and their covered spouses who participate in Incentive PPO and Purdue 500 plans will be offered a voluntary disease management education program. The program is for participants with coronary heart disease, high blood pressure, high cholesterol, asthma, and diabetes.

A Lafayette company called Delta Disease Education runs the program. Delta is a subsidiary of Individualized Care Management (ICM), the company that provides case management services for the Incentive PPO and Purdue 500 medical plans. ICM is totally independent of Purdue University.

The goal of the program is to help people with chronic medical conditions gain control over these diseases so they can live healthier and happier lives. The program is strictly voluntary and completely confidential. Delta Disease Education will not inform Purdue of the names of people choosing to participate in the program and will not share individual information about anyone taking part.

Those enrolling in this program will receive educational materials to help them better understand their chronic medical condition. They’ll also benefit from regular one-on-one counseling with a registered nurse who is specially trained in disease education. Watch for more information about this program over the next few months.

West Lafayette Area PHCS Provider Network Continues to Grow

The PHCS network in the West Lafayette campus area will have grown from about 70 providers in January 2003 to well over 300 by January 2004.

The University added PHCS as the primary provider network for the 2003 Incentive PPO and Purdue 500 plans after a 2002 study found that Purdue employees were paying considerably more for health care in the Lafayette area. The study, conducted by the Segal Company, compared the Lafayette area costs for common medical procedures to costs in Bloomington, Champaign/Urbana, South Bend, Ann Arbor, Indianapolis, Chicago, Detroit, and Minneapolis. Medical costs at the regional campuses were more in line with other communities than costs at the West Lafayette campus were.

Providers in the PHCS network agree to accept negotiated fees for their services. These fees are generally lower than the provider’s usual charge. In return, medical plans provide incentives for their participants to use these providers. For example, after meeting the deductible, Incentive PPO participants pay just 15 percent for covered expenses when they use PHCS providers. When they opt to use a non-PHCS provider, they pay a double-sized deductible and then 40 percent of covered expenses.

Because of the growth of the West Lafayette area PHCS provider network, Purdue will not offer NETPro as a secondary network for Incentive PPO and Purdue 500 plans, effective January 1, 2004. Most of the local providers who participated in NETPro have joined PHCS by 2004. This move to PHCS is a money-saver for Purdue faculty and staff. Under NETPro, Purdue employees paid 20-25 percent of the cost of care. Under PHCS, employees pay only 10-15 percent of the cost and save money for the medical plans, too.

Medical providers of Arnett Clinic have not joined PHCS and have not indicated that they will. However, PHCS continues to work with Arnett in hopes of signing them on for the network. Faculty and staff covered under the Incentive PPO and Purdue 500 plans may continue to use Arnett providers, but they will pay higher costs. Employees who primarily use Arnett providers may want to consider enrollment in the Purdue Managed Care plan.
Setting Employee Contributions for the Medical Plans

University Philosophy Encompasses Many Factors

Purdue University has an established philosophy it uses when determining how much employees will pay for their medical plan coverage. This philosophy includes the following elements:

• Purdue will contribute the same amount per coverage category, per salary tier, for each medical option. Example: For the coverage category of Employee Only in the Under $38,000 salary tier, Purdue contributes $3,679, regardless of whether the employee chooses Incentive PPO, Purdue 500, Purdue Managed Care, or an HMO option.

• The annual price tag for each medical plan will reflect the plan’s true cost. The annual price tag is the combined amount that Purdue and the employee contribute for each specific medical plan. Example: The Purdue 500 is a more expensive plan than the Incentive PPO, so its annual price tag for Employee Only coverage is $488 more than Incentive PPO’s.

• The annual price tag for each coverage category will reflect true costs. Example: Statistics show that spouses are 25 percent more expensive to our medical plans than employees are, so the price tag for spouses is 125 percent of the employee price tag.

• The employee contribution for all plans will be set so that the combined amount of the employee’s annual payroll deduction, plus the employee’s likely annual medical out-of-pocket expenses will be the same regardless of which medical plan the employee selects. Example: Out-of-pocket expenses under an HMO are likely to be less than under the Incentive PPO, so the employee’s contribution for the HMO will be higher.

• The University will subsidize staff earning less than $38,000 a year by making a larger contribution to their medical coverage.

• Purdue will move toward the point where its overall contribution to the medical plans is 80 percent of the total cost. Purdue currently contributes 86 percent of the cost. Changes made for 2004 will put Purdue’s contribution at about 85 percent. Purdue will move to the 80 percent contribution level over time.

In 1990, Purdue contributed 79 percent of the cost. Since then, the University’s contribution has increased by seven percentage points to where it is today. Most employers contribute in the range of 70-80 percent of the cost of their medical plans. For 2004, Purdue increased its contribution to the medical budget by eight percent overall.

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