

Item # 33  
5-28-19



# Webb County Consulting Proposal

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Hotchkiss Insurance



**HOTCHKISS**  
INSURANCE

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# Introduction to Hotchkiss Insurance

# About Us

**Hotchkiss Insurance is a leading strategic risk and insurance advisor, addressing clients' risk management, insurance brokerage, and employee benefits consulting needs**

- Founded in 1975, Hotchkiss Insurance recently celebrated 44 years in business
- The firm is comprised of more than 100 colleagues in 4 offices across Texas
- We place over \$150 million premium in the Texas marketplace annually
- A family enterprise, spanning two generations of Hotchkiss family ownership and management
- One of the largest Texas independent brokers



**HOTCHKISS**  
INSURANCE

# The Hotchkiss Difference

# The Hotchkiss Difference

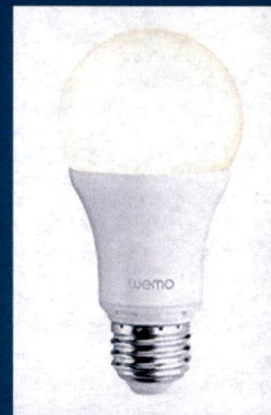
## Prior Consultant

- Some bright light
- Burn out fast
- Expensive to run
- Very fragile
- Old Ideas
- Corporate
- Really hot
- Too much power usage

## Incandescent Light Bulb



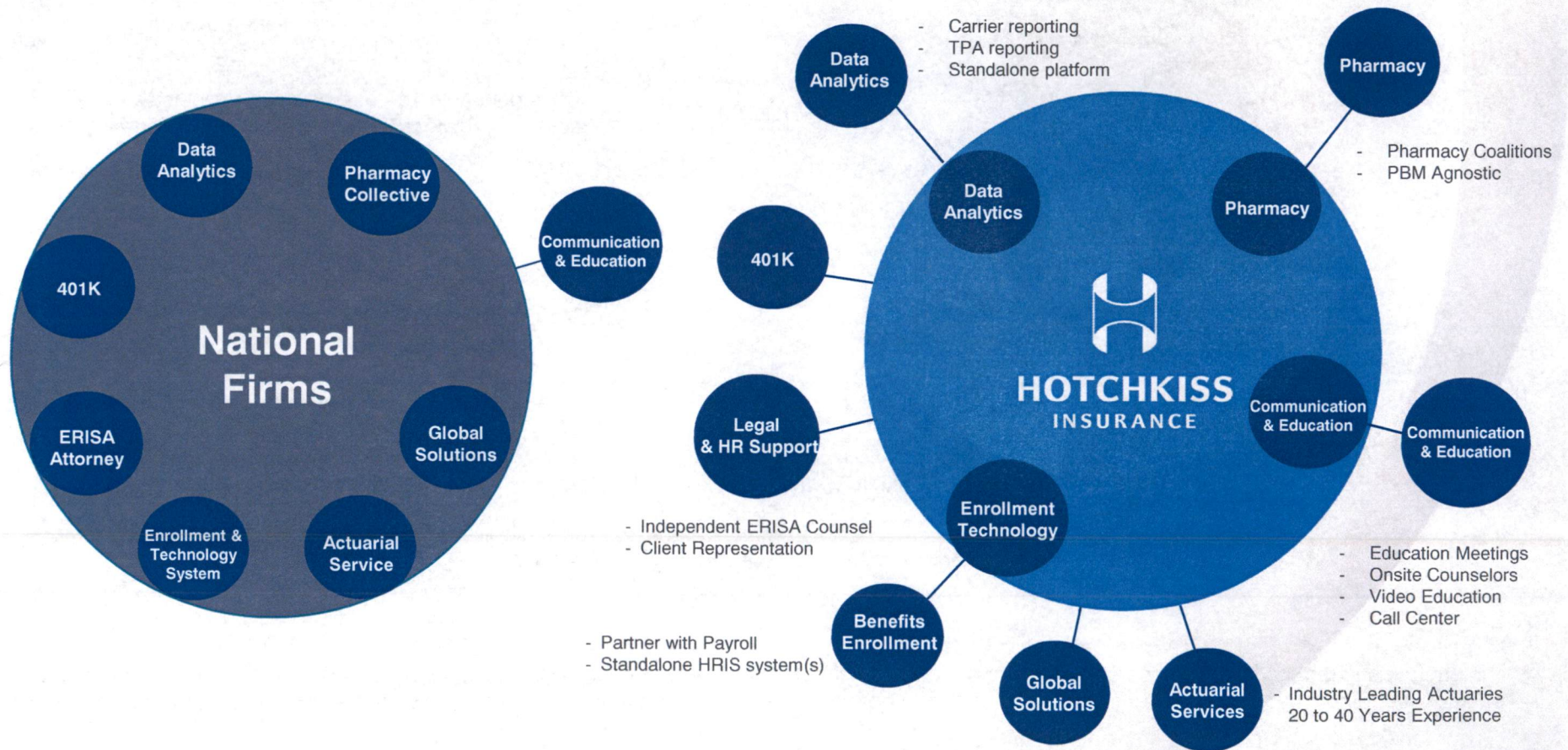
## LED Bulb



- Soft white light
- Last a long time
- Inexpensive to operate
- Newest technology
- Very innovative
- Cool under the heat

# National Firms vs. Hotchkiss

One size *does not* fit all. The Hotchkiss model brings best-in-class solutions to fit each of our client's needs.

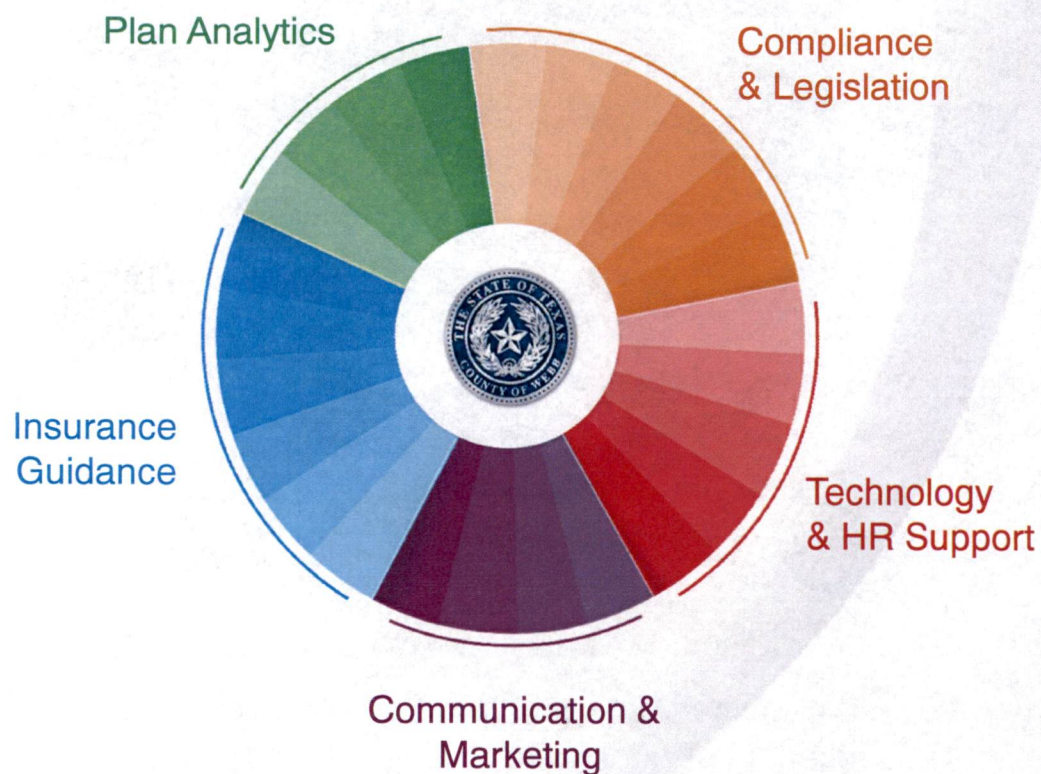


# Exceeding Expectations

## Employee Benefits Solutions

From compliance to communication, let us provide a full spectrum of solutions for you and your company. We understand the challenges today's employers face, and we know you're asked to take on more than ever. Expect more from a broker — expect our full spectrum of solutions.

- Independent Consulting Strategies
  - Comprehensive Annual Marketing
  - Pharmacy Strategies and PBM Management
  - Alternative Funding Arrangements
  - Claims & Billing Assistance
  - Ancillary and Supplemental Benefits
- Plan Design & Selection Support
  - Disruption Analysis
  - Data Analytics
  - Actuarial Services
- Benefit Administration Systems
  - Enrollment Solutions
  - Custom Online Member Education Videos
  - Application-Based Member Advocacy Programs
  - Assistance with HRIS and Payroll Vendors
- Employee Education
  - Year-Round Support
  - Open Enrollment and New Hire Education
  - Wellness Consulting
- ThinkHR
  - Independent ERISA Counsel
  - Compliance Workshops and Webinars
  - ACA Reporting (6055/56, 1094/95) Assistance
  - COBRA, HIPAA, FMLA, Section 125, Medicare Part D Guidance





The background is a solid blue color with two large, curved, semi-circular shapes in a darker shade of blue, one at the top and one at the bottom, creating a frame-like effect.

# Hotchkiss Innovation

# Hotchkiss Innovation

**We use a strategy of 6 basic innovations that are guaranteed to drive down claim costs.**

- Narrow Networks.
- Direct contracting.
- Wellness initiatives.
- Value based pricing on out of network and out of area claims.
- Data Analytics.
- On-site Clinics.

# Narrow Networks

We use narrow networks as an option to the current networks in place.

Hotchkiss would design a plan that adds another option. Using the narrow network will reduce costs compared to a PPO plan with the same benefits by 20%.

Currently Aetna, UHC, BCBS and Cigna either have narrow networks in place or they are in development.

# Direct Contracting

We have vast experience in contracting with providers on a local basis. Primarily it's the hospitals. Most are sensitive to public entities budget plights and will try and provide pricing that will exceed what the major PPO networks can provide.

We have contracted with other local hospitals in other markets and expect that we can do similar arrangements.

We completed one with Medina Regional Hospital for Medina County in 2017.

# Wellness

We believe that aggressive Wellness initiatives should be implemented to encourage employees to be aware of their health and the costs. We think you should do both incentives and penalties so you get compliance. Every 100 employees that participate can reduce claim cost by \$25,000/year.

- Smoking Surcharges.
- Biometric Screenings
- Healthy Challenges.
- Weight Management.
- Diabetes Management.

Onsite clinics can be very effective in increasing participation in the wellness initiatives.

# Value Based Pricing on Out-of-Network Claims

We use Medicare based reimbursements on claims that are not in the network.

Advantages to this arrangement:

- Successful model for Members seeking treatment in a non-network hospital (other geographic locations).
- Acts as a safety net for the plan when someone has already met their maximum out of pocket.
- Prevents facilities from gouging the plan since the employee has no incentive to stay in network because they have hit their out of pocket maximums.

This methodology is very effective and always saves the plan money.

# Data Analytics

We use a proprietary actuarial software that analyzes usage trends, problem diseases and facility charges.

- **Usages trends** – we find out where people go for treatment. The cost and outcome implications. We can then adjust PPO contracts and hold physicians accountable for poor outcomes. Outcomes are just as important as the discounts.
- **Problem Diseases** – We identify early onset of problems conditions. We can adjust plan designs to attack certain diseases.
- **Facilities Charges** – We can identify high cost providers and steer employees away from them when we are able.

# Proven Clinic Models for Employees

- **Preventive or well visits**  
*(well women, flu shots, full physicals w/lab, etc.)*
- **Sick visits to include minor injuries and illness**  
*(viruses, allergies, lacerations, etc.)*
- **Wellness programs**  
*(biometric screens, diabetes prevention/education, weight loss, etc.)*
- **Manage Chronic Illness... Number #1 Diabetes!**
- **Workers Comp**  
*Initial consultation, directed referrals, return to work release, follow up and post accident care.*
- **Occupational Medicine**  
*Pre-employment screens/physicals, Drug testing, DOT/non-DOT screenings.*
- **Pediatric services 2 years and older.**  
*Minor illnesses, some immunizations, directed pediatric referrals.*
- **On-site Lab and Generic Rx distribution.**



# **RX Solutions**

# PHARMACY MANAGEMENT



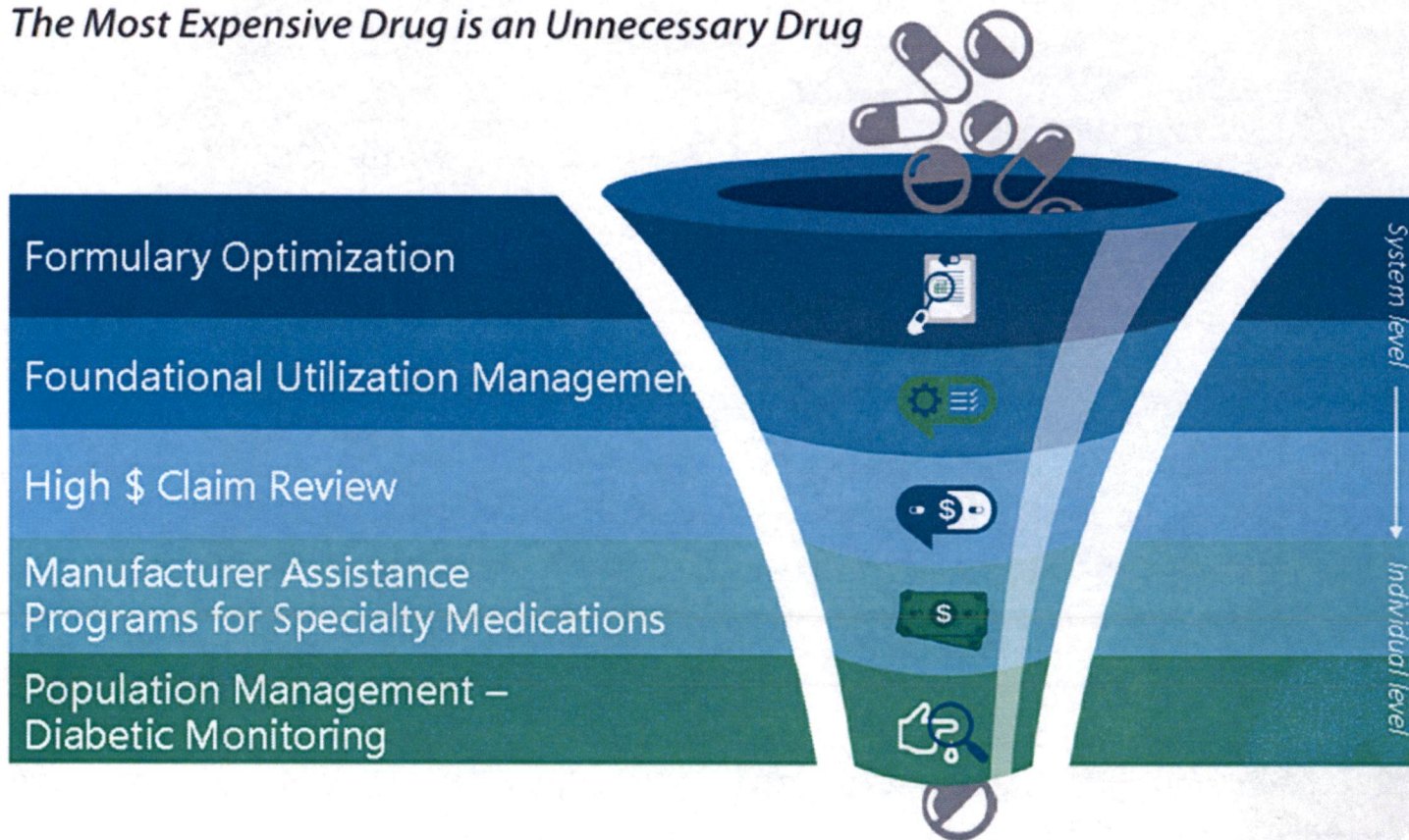
**Carving-out Pharmacy allows Plan Sponsors to maintain control of the Pharmacy Program.**

- Guaranteed discounts
- Greater transparency on manufacturer rebates and drug purchase discounts
- Auditable contract
- Clinical Initiative control and flexibility
- Customize your pharmacy arrangement to align with Plan Sponsor's culture and goals.

# PHARMACY MANAGEMENT

## Customizable Clinical Programs

*The Most Expensive Drug is an Unnecessary Drug*



# PHARMACY MANAGEMENT



## Mail Order RX

- Rx supplies on-hand to avoid unnecessary Rx prescriptions. (Acetaminophen, Albuterol, Bactrin, Claritin, Epi Pen, etc.)
- Mail order RX with next day delivery to Clinic through RX provider.
- Increase Generic Rx usage.
- Analytics on usages.
- Vendor scrutiny.

# POSSIBLE RECOMMENDATIONS

## for Webb County Health & Welfare Plan



1. Add Onsite Clinic - Health, WC, Occupational, Athletic and Student Care
2. Implement aggressive Wellness Program.
3. Direct hospital contracts with local providers.
4. Establish and educate on Diabetes Management Program.
5. Prenatal program - incent employees to participate by plan design.
6. Add RX to Onsite Clinic via mail order - current vendor or go to market.
7. Add Medicare based pricing to out-of-network claims.
8. Look at narrow networks in conjunction with local hospital contract.

# YOUR HOTCHKISS BENEFITS TEAM



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The Hotchkiss team brings together experts who are best able to represent your interests, your business and employees. Your account team is committed to delivering highly consultative, year-round service and support you can count on.

**THANK YOU!**



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