



A Triple Crown Event

DISTRIBUTION, TECHNOLOGY & SUPPLY CHAIN



The Foodservice Distribution CONFERENCE & EXPO



**The Foodservice Distribution
CONFERENCE & EXPO**
OCTOBER 7-9, 2007
LOUISVILLE, KY



Buying Healthcare in Today's Market

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**Performance
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What you should know

- National Medical Trends are down
- Employers are passing more cost to the Associates via premiums
- Employers are implementing tiered drug approaches
- Wellness is a cultural change that can dramatically impact healthcare cost
- Not all providers are the same
- Administration Fees are not all the same



To RFP or not; that is the question

PRO's

- Competition is healthy
- Better understanding of services available
- Better understanding of trends
- Better understanding of costs

CON's

- Time Consuming
- Change Disruption to Associates



Okay, I am doing a RFP what should my objectives be?

- Obtain competitive discounts and administrative fees
- Partner with a best-in-class healthcare company
- Provide adequate network access and quality networks
- Maintain overall quality of service
- Assess ability to administer existing plan designs
- Assess abilities for clinical management of health conditions (if desired)



How to Begin

- Determine your market place
 - **Who are the players in your market place**
 - BLUES-CURRENTLY IN INTEGRATION MODE
 - CIGNA-PAY CLOSE ATTENTION TO ADMIN COSTS AND HOW NETWORKS ALIGN
 - AETNA-ENSURE REPORTING, NETWORK ALIGNMENT AND TIMELINESS OF PAYMENTS IS ADDRESSED
 - UNITED-DOCTORS ARE NOT WILLING TO TAKE NEW PATIENTS IN SOME AREA
 - UNIPRISE-NETWORK DISCOUNTS AND GEOGRAPHIC ALIGNMENT?
 - FIRST HEALTH-NETWORK DISCOUNTS AND GEOGRAPHIC ALIGNMENT?
 - KAISER-HOW WILL YOUR EMPLOYEES ACCEPT MANDATED DOCTORS?
- Set up ranking method



What should I rank them on?

- Network Access and Disruption: measures depth and breadth of network as it relates to where employees live/work
- Plan Design: ability to administer plan designs within systems
- Operations/Customer Care and Service: quality of operations, claims team, customer service team, commitment to health of members, etc.
- Technology: web capabilities, reporting, HR systems interface



What should I rank them on?

- Financial: strength of discount arrangements, competitive administrative fees, performance guarantees, stop-loss contract
- Consumerism Capabilities: ability to partner for possible future consideration of CDHP with HRA or HSA and consumerist programs and experience
- Clinical Effectiveness: range of programs, proven ROI on outcomes and subsequent control of claims costs



Other Questions to be answered in the RFP

- General Information
- Account Management
- Member Satisfaction & Customer Service
- Information Systems & Web-Based Services
- Enrollment & Eligibility Maintenance
- Banking & Reconciliation
- Benefit Plan Scope
- Network Management & Quality
- Claims Management
- Financial Provider
- Specific Stop-Loss
- Audit/Compliance
- Data Reporting
- Implementation & Communications
- Appeals/Fiduciary Liability
- Legal Requirements
- Care Management



Okay, I have the results back
what's next?

- Narrow it down to 2 vendors
- Network Discount allowances-are they real or Memorex?
 - **NetPic Discount Analysis**
 - **Repricing Discount Analysis**
- Visit the sites that will handle your claims processing and customer service call
- Run a geo-access disruption analysis if you are contemplating changing vendors



Now you've picked your healthcare partner-what is next

- **Negotiate! Negotiate! Negotiate!**
 - Admin Fees what's covered what's not
 - Managed Care what am I paying for
 - Healthcare Advocates
 - Well Baby care
 - Generic Outreach-RX
 - Audits
 - Service Penalties
 - Marketing Allowances
 - Wellness Allowance
- Claim projections for the year-How did they project this
- Run-off how does it work-Ensure you understand this
- Stop loss what level do I buy and what should I pay
- Network Discount allowances-Negotiate a performance matrix



My Employees, what to consider

■ Contribution Strategies

- What is the employee/employer split comparative to my competition for Associates

■ Out of pocket considerations

- PRIMARY
- WELLNESS VISITS
- SPECIALIST
- PT
- CHIRO

■ Pharmacy

- Generic Drive
- Tiered Approach-generic/name brand/super drugs
- WC/Health Integrated Approach



My Employees, what to consider

- Consumerism Education
 - Rx Shopping on line
 - Doctor Quality Rankings
 - ER usage

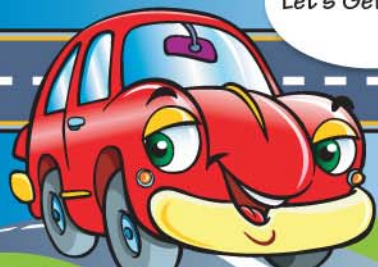


Questions?



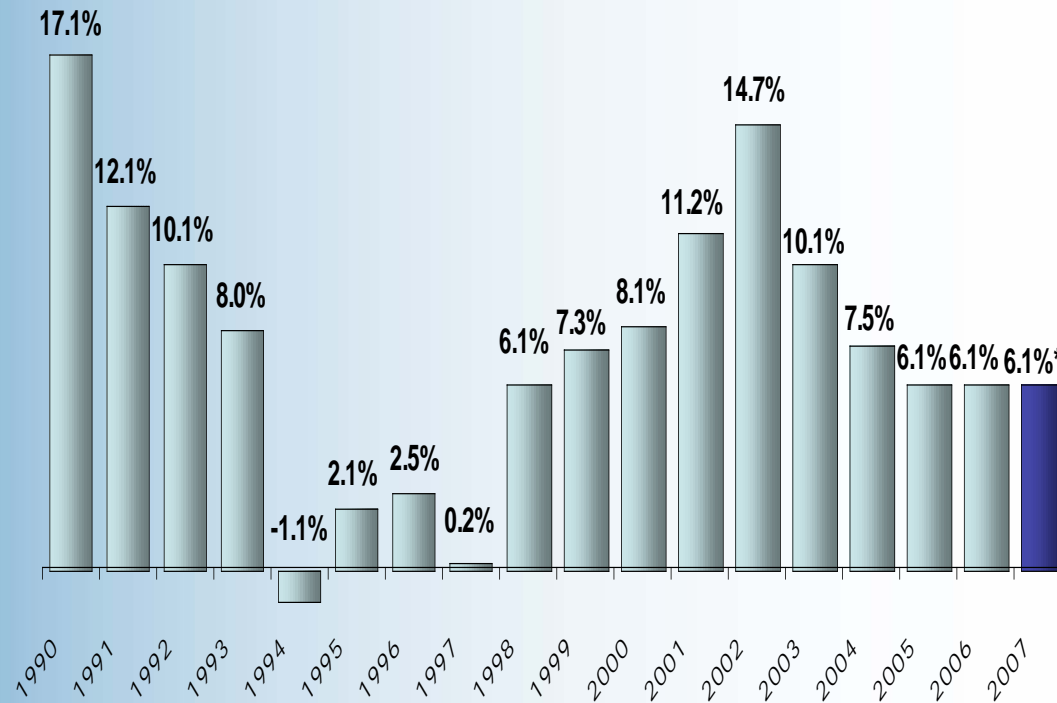
Get Healthy. Stay Healthy.

Performance Food Group's Wellness Strategy

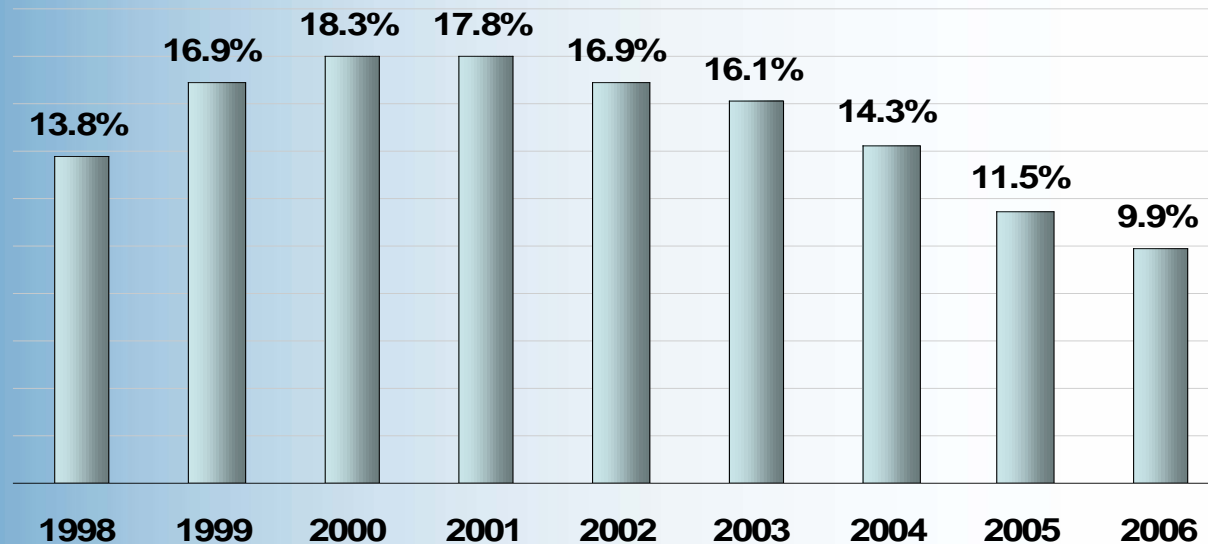


Let's Get Going!

Annual Change in National Total Health Benefit Cost From 1990-2007 Cost Growth Levels Off at 6.1%



National Prescription Drug Trend Cost Increase in Primary Medical Plan



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Growth in Use of Care Management Programs

Percent of Large Employers Offering Program: 2004 to 2006

	2004	2006
Health risk assessment		35% 53%
Disease/condition management		58% 65%
Nurse advice lines		67% 59%
Catastrophic case management		59% 63%



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Employer Cost-Management Strategies for the Next Five Years*

	Small employers	All large employers
Care management	42%	71%
Consumerism	42%	64%
High-performance networks	34%	41%
Collective purchasing	45%	37%
Scaling back benefits/shifting cost to employees	31%	37%
Data transparency	34%	34%



* Employers indicating strategy will be significant in efforts to manage health benefit cost
 Source: Mercer's National Survey of Employer-Sponsored Health Plans 2006

PFG's Wellness Education

- Monthly newsletters to Associates' homes providing health information
- CIGNA Physician Generic Outreach Program estimated \$200,000 cost savings to PFG and \$100,000 cost savings to Associates
- CIGNA coupon mailings to Associates for generic drugs
- CIGNA targeted preventative mailings to Associates home
- 10K Steps a Day Program
- Health Assessments mandatory for 2007 enrollment
- Health Assessments mandatory for Associate & Spouse for 2009 enrollment
- Smoking Cessation Program - 2009 associates will be charged a surcharge for tobacco use
- Obesity Campaign



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What is the Healthy Awards Program?

- An incentive program to reward associates for taking specific actions to improve their health
- Incentive dollars are available to pay for or reimburse covered IRS 213 eligible expenses
- Make healthy choices AND save money!
- PFG wants to invest in improving associates' health and productivity
- Offered to all associates that have CIGNA Healthcare coverage



Healthy Awards: What's Included and Who's Eligible?

Program	Available Incentive	Who is Eligible?	Maximum Annual Benefits
Comprehensive Maternity Program through CIGNA	\$400 if enrolled in the first trimester or \$200 if enrolled in the second trimester and program completion	Pregnant associates, spouses or dependents	\$400 or \$200 depending on time of enrollment per condition
Disease Management program for individuals with diagnosed conditions such as diabetes or cardiovascular disease	\$100 incentive for enrollment and participation in at least three calls with a nurse	Associate	\$200
Wellness Visits (Routine physicals, Well Woman, Mammogram, Cholesterol, PSA Test, Cervical cancer, Colon cancer)	\$75 per year	Associate	\$75
Health Management Programs (Smoking cessation, Weight Watchers, sustained physical activity– 8 times a month for 6 consecutive months)	\$100 per program for completion of approved program	Associate	\$200

2007 Highway to Health Campaign

- **Associates will perform certain wellness activities along the roadmap to better health**
- **Once activities are completed, they will be entered into a drawing for free healthcare premiums for 2008 (self only premiums)**
 - One winner per region
- **Other opportunities for education**
 - Payroll stuffers
 - Quarterly postcards
 - Each Operating Location will hold at least 2 health education events
 - Bi-weekly wellness tips on <http://www.insidepfg.com>



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2008 Wellness Education

- We will be focused on the health risk assessments
- Enhancing the Highway to Health Program
- Enhancing the Healthy Awards Incentives to include family members



Questions?

