

# Healthcare Group of Arizona News to Use

Volume 2 • Issue 1 • Summer 2006



## Letter From Director Anthony Rodgers



Balancing the need for health care premium increases, or passing on higher first dollar responsibility to health plan members, is always a challenge. There are so many new drugs, diagnostic tools and treatment options available today that add to the cost of health care coverage. No one likes double-digit premium increases.

In the annual report on medical cost, Milliman Inc. – an actuarial company specializing in health insurance consulting – reported that a typical family of four paid 9.1% more in medical cost in 2005 as compared to 2004. Milliman estimated that last year the average annual out-of-pocket medical cost for a family of four was \$12, 214. What has made this particularly challenging is average household incomes have not risen as fast as medical cost inflation; this is especially true for Arizonan families.

To keep their health care premiums from sky rocketing, many employers and employees are choosing health plans with higher co-pays and/or deductibles (the subscriber's first dollar responsibility that has to be paid before their health insurance starts to pay). For healthy individuals this strategy may reduce premiums, yet places more of the health care expense risk on the individual or family. Choosing between a high deductible plan and a higher premium is often a difficult decision.

Being hit with higher co-pay and coinsurance obligations can exert a financial burden on individuals and families. Going without insurance is not a prudent option considering that without health insurance one major illness or health care issue can wipe out the finances of just about anyone.

For an employee of a small business, the situation is even more difficult. According to a recent study by Commonwealth Fund, employees in the nation's smallest firms pay, on average, 18% more in health insurance premiums for the same benefits as those in the largest firms. By examining coverage provided by various types of employers and insurance plans, the study also reveals wide variations by state – where employees in states with large urban populations, like California, Massachusetts, New York and Pennsylvania, receive better benefits and more value than those in largely rural states, such as Arizona.

### Health Plan Type

Researchers found the type of health plan to be the key determinant of both actuarial value (what the plan pays for your health care) and adjusted cost to the individual. The overall actuarial value in health maintenance organization (HMO) plans was 90%, 84% in point of service (POS) plans, 81% in

preferred provider organizations (PPOs), and 74% in indemnity plans. This means HMO plans cover more of the member's health care cost than other types of health plans. In addition, compared to HMOs, the adjusted premiums are 25% higher for indemnity plans and 18% higher for PPO plans. In dollars, an HMO in 2002 cost nearly \$700 less per employee than a PPO, and nearly \$1,000 less than an indemnity plan for similar benefits. One of the major differences between HMO and PPO is the network of providers from which the members can choose.

This is why Healthcare Group offers both PPO and HMO plans for small businesses. This provides employees the ability to determine how much personal financial responsibility they want to manage. That said, employees must be informed about the impact of the plan type they select on their future health care expenses.

### Monthly Premiums

There were considerable differences among quality-adjusted premiums by employer size (the amount of premium versus the amount of coverage). Small employers with one to nine workers paid adjusted premiums 18% higher than those paid by firms with 1,000 or more workers, while employers with 10 to 24 workers paid 10% more. This is why Healthcare Group bases their premiums on community rating rather than underwriting the small business employer. Underwriting means the health plan premium is determined by estimated medical cost risk that the business has from a covered employee who would require expensive health care services. In a small business, when one or more employees use a significant amount of health care, the premium rate will usually jump up as much as 50% the next year for all of the employees of that business.

Community-rated premiums are based on your employee's age and gender. This allows Healthcare Group to spread the health care cost risk for individuals and families across all of the employees within a community – such as a county (this creates a large group risk cohort). Community rating helps to reduce the problem of premium jumping often seen with underwritten health insurance coverage. Community-rated premiums provide small businesses and their employees a number of the same pricing benefits as large employers.

During your next renewal you will notice that your premiums have increased 6% to 15%, depending on the health plan option you have selected. You do have a choice to reduce your monthly premium by shifting to one of HCG's higher deductible plans (more personal first dollar responsibility) or to a lower benefit coverage plan. Whatever you choose, we want you to know we are continually striving to keep your premiums and out-of-pocket costs reasonable – both now and in the future.



## The Great Expansion: Better HMO Rx Coverage

Healthcare Group of Arizona has utilized the feedback received from members to expand and make improvements to the benefits offered to small businesses.

The most recent upgrade to better meet your health care needs is the expansion of the HMO prescription drug coverage, authorized by Senate Bill 1166. Members received a letter in November of last year regarding the exciting new extension of the formulary that went into effect February 1, 2006.

This change resulted in expanding from a limited two-tiered structure that included only generic and preferred drugs, to a three-tiered formulary with expanded generic drug availability at a \$10 co-pay, most preferred brand drugs at \$30, and non-preferred drugs at \$50 – overall, a much improved benefit with more value for our growing membership. The latest co-pays are reflected on the new member ID cards distributed in April.

Coverage was developed for non-preferred brand drugs, which added member access to over 250 new formulary drugs. Limited behavioral health drugs are also now covered.

And finally, a mail order benefit has been established that saves HCG members one co-pay per 90-day supply of certain drugs.

For more information on the new formulary, or to sign up for the mail order plan, contact your health plan network:

**Care1st Health Plan Arizona:**  
602.778.8300, 866.560.4042, or  
[www.care1st.com/az/healthplans/hcg.asp](http://www.care1st.com/az/healthplans/hcg.asp)

**Mercy Healthcare Group:**  
602.798.2800, 800.780.2300, or  
[www.mercyhealthcaregroup.com](http://www.mercyhealthcaregroup.com)

**University Physicians Healthcare Group:**  
520.690.6811, 888.708.2930, or  
[www.universityphysicianshcg.com](http://www.universityphysicianshcg.com)

## What's Inside

NEW PPO  
OPTIONS

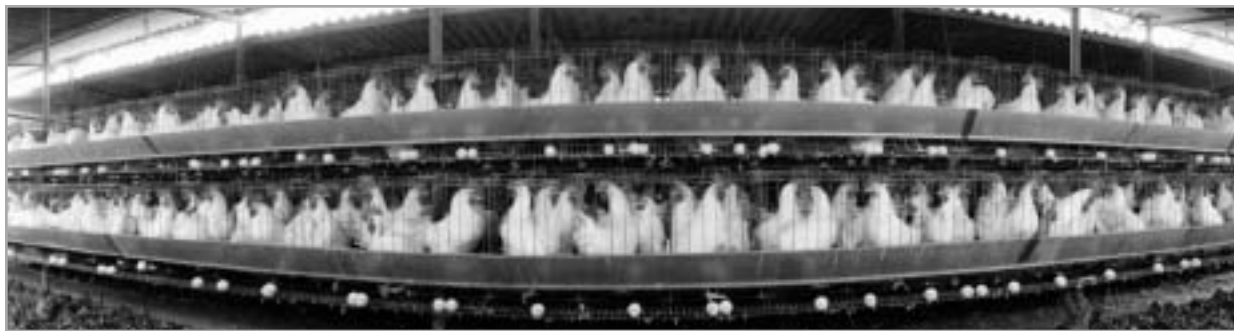
PANDEMIC  
PREPARATION

THE FUTURE OF  
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OPTIMISTIC  
OUTLOOK FOR  
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8 STEPS TO BEING  
A GOOD BOSS

STRENGTH IN  
NUMBERS - HCG'S  
MEMBERSHIP GROWS



influenza virus that can cause serious illness in humans, and can spread easily from person to person. The most devastating influenza pandemic of the 20th century occurred worldwide in 1918, during the final stages of World War I.

Governor Janet Napolitano recently urged Arizona's businesses to prepare for a possible outbreak of the avian influenza, more commonly known as "bird flu." With human cases of the disease occurring in areas of Asia and the Middle East, an epidemic in the United States is a sobering possibility.

To learn more about how your small business can survive an unexpected tragedy, visit [www.cdc.gov](http://www.cdc.gov). The Centers for Disease Control and Prevention have multiple resources, to include outbreak statistics and 180-day Pandemic Planning Reports, to help you protect your business.

## No Panic Pandemic Preparation

Is your small business prepared for the worst? Emergency preparedness and contingency planning are often thought of as a luxury. Some small businesses are reluctant to allocate the necessary time, staff or funds to prepare for the possibility of emergencies.

While natural disasters like hurricanes and mudslides aren't a problem for Arizonans, a building fire, computer virus, or a pandemic, can be devastating to a small business that hasn't planned properly.

A pandemic is an epidemic that spreads rapidly around the world with high rates of illness, which can, in some cases, turn fatal. An influenza pandemic is a global outbreak resulting from the emergence of a new

## New PPO Options: More Choices, Better Coverage



HCG has made some changes to its existing PPO plans to ensure the best coverage possible, as well as increased rate stability. In addition, new PPO plans (Medallion Gold and Medallion Silver) have been developed for businesses in the northern rural counties of Apache, Coconino, Gila, La Paz, Mohave, Navajo, Yavapai, and Yuma. These plans are being offered to those areas without HCG HMO coverage, or with low HMO provider participation.

Every subscriber of each group can select the plan of his or her choosing. This means that a small business owner can choose the PPO plan with a \$1000 deductible, while an employee in the group can choose the HMO with no deductible.

For more information about the options available to you, contact the HCG Customer Care Department at 602.417.6755 or 800.247.2289 (outside of Maricopa County).

## Get Involved with the Future of Health Care

Last year, Healthcare Group received a grant from the U.S. Health Resources and Services Administration (HRSA) to study the characteristics of the working uninsured in Arizona. Since the majority of the working uninsured is employed by a small business, part of the study will include an analysis of the challenges of insured and uninsured small businesses.

During the months of July and August, a number of focus group meetings are being held throughout the state with existing HCG Employer Groups to help in this study. These meetings will last between two and three hours, and participants will be compensated for their time. The results of this study will help Arizona and other states better address the needs of small businesses. Focus group participation will be limited. If you are interested in being considered for focus group involvement please contact Alexis Gee at 602.792.6321, or via e-mail at [agee@healthcaregroupaz.com](mailto:agee@healthcaregroupaz.com).

## Healthcare Group of Arizona Aims to Reduce Barriers to Health Care in Yuma



*back row l-r: Christine Winters, Eva Mendez, Russell Clark, Madeleine Coil, Dr. Jose Munoz, Jerry Paulin, Kevin Driesen, and Carolyn Hasty*

*front row l-r: Kevin Lichtenthal, Mary Castillo, Dr. Anita Murcko, Judy Gresser, Marlene Lorona, Renee Dinwiddie, and Pastor Sam Norris*

Did you know that there are over 4,600 small businesses in the Yuma area? Did you know that while Yuma is one of the fastest growing economic areas in the state, 29% of Yuma residents are on AHCCCS? Did you also know that only 25% of uninsured workers receive preventive services like flu shots, cancer screenings or blood pressure checks?

To address some of these issues, earlier this year, Healthcare Group of Arizona launched a community outreach campaign in Yuma and surrounding areas. Through a Robert Wood Johnson Foundation State Coverage Initiatives grant, HCG has set up a "Covering the Uninsured Task Force," which includes local community leaders, business owners, healthcare providers, and elected officials.

The mission of this task force is to increase the number of Yuma businesses able to provide health care coverage, and to increase their access to wellness resources and services. Goals of the task force include: 1) identifying barriers to health care coverage for small businesses in Yuma; 2) providing direction on the collection and analysis of county data to better define health coverage needs and potential solutions; 3) exploring community needs for wellness and disease management programs; and 4) supporting a local public information campaign around the national observance of Covering the Uninsured Week.

The task force currently meets once a month. For more information, contact Hope Harris at 602.417.6742, 800.247.2289, or via e-mail at [hharris@healthcaregroupaz.com](mailto:hharris@healthcaregroupaz.com).



## Legislators Need to Hear from You

Two Healthcare Group-related bills were developed last year that supported the growth and expansion of HCG, contributing to guaranteeing premiums and promoting stability. Unfortunately, the bills were dropped, but Healthcare Group appreciates the representatives and senators who supported these bills and who work to make affordable insurance available to small businesses. Please continue to read the HCG *News to Use* for the opportunity to have your voice heard next year to endorse reasonably priced health care. To find a list of your legislators, please visit [www.azleg.gov/MemberRoster.asp](http://www.azleg.gov/MemberRoster.asp).

*As a small business owner, Healthcare Group wants to keep you, and your business, healthy. The following article, an excerpt from Mary Mitchell for iVillage, is one of the steps we are taking to ensure the health of your business.*

## 8 Steps to Being a Good Boss



Whether you've just been assigned your first assistant, or have managed a team for years, your ability to do your job well can be enhanced by your relationship with subordinates. And while every person and every dynamic is different, basic strategies will help you make the most of this relationship. Follow this outline to lay out your team's goals and improve their performance.

- 1. Define the employee's role.** Make sure your expectations of a worker's role in a team project or with individual responsibilities are clear and understood. Misinterpretations will result in wasted energy and time on both your parts.
- 2. Sketch out a more nuanced list of your expectations.** That's the only way her performance can measure up – if she has set goals to achieve. Expectations should include time frames for tasks and projects, deadlines and quality guidelines.
- 3. Communicate these expectations to the employee.** Putting things in writing is the easy part. When it comes to one-on-one conversation, communication can break down. Most of us think that when we've said something, we have been understood. That's not always the case.
- 4. Praise in public, criticize in private.** Criticism, by its very nature, is demeaning. It always should be done in private. Good news should be shared in public.
- 5. Show respect for subordinate's ideas and contributions.** When was the last time you thanked a subordinate for a contribution? When was the last time you wrote him a personal note of appreciation? Those investments have an enormous rate of return.
- 6. Show by doing.** We teach best through our best example. Whatever standards you hold for anyone else must be at least equally high for yourself.
- 7. Check in with employees.** When giving instructions, ask the person to restate what she has heard. When you ask, "Do you understand?" Nine times out of 10, people will nod their heads and say, "Yes," even if they don't.
- 8. Help subordinates prioritize.** When something is vital, let the employee know.

Understand that if your team fails to perform, it can speak more of your inability to manage than your subordinates' inability to perform. Thus is the privilege, and the responsibility, of managing others.

## Positive Results Show HCG is on the Right Track



Earlier this year, the Office of the Auditor General completed a special audit. This audit was undertaken pursuant to Laws 2005, Chapter 328, Section 24, which provided for the following scope: 1) examining HCG's administrative costs; 2) determining whether HCG's financial reserves are adequate compared to reserves required for private health insurance providers; and 3) determining whether HCG requires employer groups to be without health insurance for 180 days before enrollment in HCG. The favorable results of the audit showed that HCG not only acts in accordance with all state guidelines, but is also taking steps to ensure financial stability and is ably meeting its bare period criteria. Generally unheard of following an audit, no recommendations were made to HCG as a result of the positive findings. For more information, visit [www.auditorgen.state.az.us](http://www.auditorgen.state.az.us).

## Save the Date: 9/27/2006

### Arizona Small Business Association Health & Safety Conference (in the ASU Memorial Union)

You choose from 36 workshops covering a wide range of health care, health insurance and safety topics. Attend a luncheon where industry leaders will present their ideas for reforming the health care industry in Arizona, and participate in a discussion of the ASBA task force for improving health care quality and reducing insurance costs. To register, visit [www.asba.com](http://www.asba.com).

## We're Moving

Healthcare Group has been growing and expanding not only its membership, but the staff that serves you.

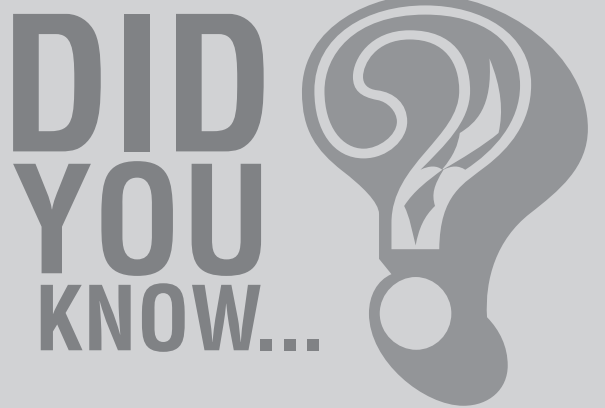
By early September, HCG's new address will be:

10851 N. Black Canyon Hwy.  
Suite 660  
Phoenix, AZ 85029

Within the next six weeks, HCG will be moving its operations to the Southwest Gas building in Phoenix at 10851 N. Black Canyon Highway. Be on the lookout for more information regarding the exact dates of our move. Until further notice, please continue to use our current contact information.

## TIDBITS \*\*\*

One of the best ways to obtain quality employees and remain a competitive employer is to offer benefit perks. As an employer, you can choose to waive your new employee's waiting period when adding him or her to your company's HCG plan. New employees can begin coverage on the first day of the month after they are hired!



\* Enrollment has increased to over 22,000 medical plan members in Arizona.

\* Healthcare Group offers a wellness Web site to members. Just visit [www.hcgaz.com](http://www.hcgaz.com) and click on Health and Wellness for information on finding the best weight loss plan for you, information on thousands of health issues, and to play fun and informative games.

\* HCG has been providing health care coverage to Arizona's small businesses since 1986. The health plan was started as a result of a grant from the Robert Wood Johnson Foundation.



## Strength in Numbers – Healthcare Group’s Membership Continues to Grow

Whether you’re a player on a sports team trying to win a final game, part of a design crew constructing a new house, or a member of a Healthcare Group health plan, one thing is certain – there is strength in numbers. In Healthcare Group’s case, higher membership numbers mean stability of cost and coverage to its members, as well as greater support from the legislative community.

Healthcare Group is pleased to announce that over the past 24 months, enrollment in HCG medical products has grown an astounding 94%, from 11,345 in 2004, to 22,027 in July 2006. Approximately 48% of this growth occurred within the past 12 months. Additionally, a total of 14,586 members have enrolled in the optional Dental and Vision plan. Healthcare Group’s enrollment, for all products combined, was 36,613 in July.

Many factors have contributed to this stellar growth, among them the introduction of new products and deductible options; the additions of a new health plan, as well as dental and vision options; the introduction of a statewide PPO; and finally, strengthening relationships with various health insurance brokers across the state.

Healthcare Group appreciates its ongoing relationships with its multiple members, those who are new, as well as those who have been enrolled since HCG’s humble beginnings over 20 years ago. We hope to continue to strengthen these relationships in the years to come. If you have any questions, concerns or suggestions, HCG is always happy to hear from you. Please contact Customer Care at 602.417.6755 or 800.247.2289 (outside of Maricopa County).

## Spread the Word... We Provide More Health Plan Choices

Many of you have probably heard or read about the proposed legislation that would affect the way small businesses purchase their health insurance. The intent is to provide a level of health insurance purchasing power for businesses with less than 50 employees, reflective of what larger businesses currently experience.

One of the main goals of the legislation is to create a program that affords small businesses more health plan choices. At Healthcare Group of Arizona, we believe we already offer our members the type of choices this legislation is proposing.

Our members have the ability to choose from three different HMO benefit plans through three different networks, each containing a variety of deductibles. Furthermore, our small business clients have the choice of four different PPO benefit plans, each containing various deductible options. And to make the program even more attractive, we allow each employee to choose the HMO or PPO plan that best accommodates the needs of their family.

Our mission, simply stated, is to serve the health insurance needs of small businesses in the state of Arizona. As a current client, your referral is the best means we have of helping other small businesses.

*If you are aware of any other small businesses we can help, please e-mail Michael Balsan, sales manager, at [mbalsan@healthcaregroupaz.com](mailto:mbalsan@healthcaregroupaz.com).*

### REMINDER... ENSURE YOUR COVERAGE – MAKE YOUR PAYMENTS ON TIME!

Healthcare Group of Arizona is a prepaid plan, which means premium payments must be paid 30 days in advance of the coverage month, and they must be paid in full (overpayments will be credited on the next billing statement). When premium payments are less than the amount due on the statement, the automated billing system terminates coverage for the entire group; so don’t be late! Premium payment options are:

1. Mail payment to: Healthcare Group of Arizona, P.O. Box 52333, Phoenix, AZ 85072-2333
2. Pay online: [www.healthcaregroupaz.com](http://www.healthcaregroupaz.com)
3. Apply for automatic debit (forms may be downloaded from [www.healthcaregroupaz.com](http://www.healthcaregroupaz.com))



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700 E. Jefferson St., Suite 200 • Phoenix, AZ 85034 • ph: 602.417.6755 or 800.247.2289 • f: 602.417.6798 • [www.hcgaz.com](http://www.hcgaz.com)



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### Questions or Comments?

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or visit us on the Web at  
[www.hcgaz.com](http://www.hcgaz.com).