

A TOUGH NEGOTIATOR PROVES EMPLOYERS CAN BARGAIN DOWN HEALTH CARE PRICES

Marilyn Bartlett, CPA, CMA, CFM

Administrator, Health Care and Benefits Division

State of Montana



National Affordability Summit Sets the Stage for Local Healthcare Affordability Event

October 17, 2018 / in Community Forums, KHC News / by Randa Deaton

"I'll do my part by collaborating with others to improve health, reduce price, and eliminate waste" was the pledge that purchasers, payers, providers, patients, and policymakers across the country committed to at our nation's capital at the Network for Regional Healthcare Improvement's (NRHI) National Affordability Summit earlier this month. Several KHC members attended the summit, including Teresa Coutts, UAW/Ford and KHC; Don Lovasz, KentuckyOne Health Partners; Am

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“At lunch, I had an enjoyable conversation with a very, soft-spoken woman with kind eyes and a quick smile. I liked her immediately. It was to my surprise when she joined the stage that afternoon as the self-described “tough negotiator grandma” who reduced Montana’s employer healthcare spending and returned big funds to the state’s budget. [Marilyn Bartlett](#) was tough indeed, and she had just proven what employers and states can do to reduce healthcare spending through referenced-based pricing and drug pricing transparency. She was my favorite speaker of the day, and I hope one day we can have her come to Kentucky to speak about her work.”

Excerpt from October 17 Blog Post by Randa Deaton, KHC Co-Executive Director and Corporate Director, UAW/Ford Community Healthcare Initiative

KHC Attends National Affordability Event in October 2019

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Justin Viscio, special to ProPublica

HEALTH INSURANCE HUSTLE

In Montana, a Tough Negotiator Proved Employers Don't Have to Pay So Much for Health Care

KHN HEALTH LAW AGING INDUSTRY PHARMA INVESTIGATIONS MORE TOPICS DATA & DOCS

'Holy Cow' Moment Changes How Montana's State Health Plan Does Business

By Julia Appleby
2/25/19, 10:08 AM
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Health & Science

'Holy Cow' Moment Changes How Montana's State Health Plan Does Business

By Julia Appleby, Kaiser Health News
June 20, 2018

Marilyn Bartlett, the director administrator of Montana's Health Care and Benefits Division,

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www.benefits.mt.gov



HEALTH INC.

A Tough Negotiator Proves Employers Can Bargain Down Health Care Prices

3:52

+ QUEUE

October 2, 2018 - 5:00 AM ET

Heard on Morning Edition

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TRANSCRIPT

MARSHALL ALLEN

FROM **PI**



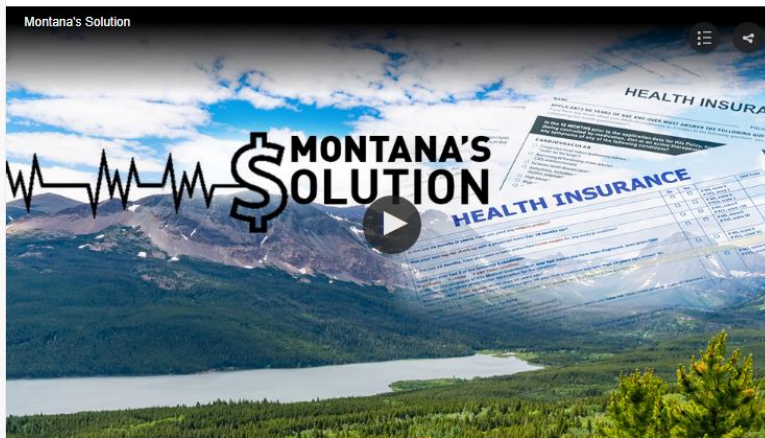
Marilyn Bartlett spent two years running Montana's employee health plan. She made better deals with hospitals and drug benefits managers and saved the plan from bankruptcy.
Lisa Albers for NPR

FULL MEASURE

NEWS ABOUT COMING UP MORE

Montana's Solution

BY FULL MEASURE STAFF | SUNDAY, FEBRUARY 3RD 2019



Montana's Solution



Marilyn Bartlett, CPA, CMA, CFM

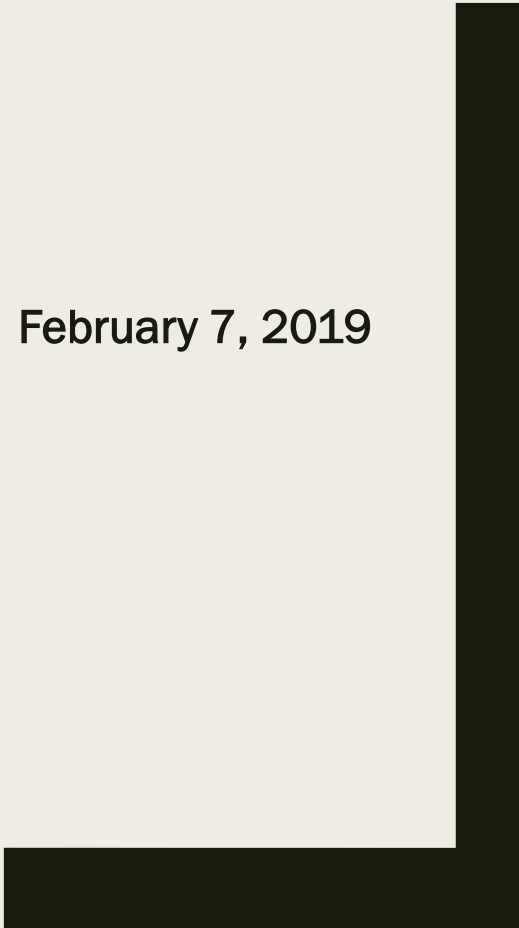
Administrator, Health Care and Benefits Division
State of Montana

Marilyn Bartlett is Administrator of Health Care and Benefits Division for the State of Montana. She is responsible for administration of Montana's largest self-funded health plan, with over 31,000 members. Marilyn assumed this position in 2014, with a focus on improving the plan's financial performance and enhancing benefit offerings. Marilyn was previously employed as CFO for a regional TPA firm, Controller for a Blue Cross and Blue Shield plan, Administrative Superintendent for an international mining company, and Controller for a regional CPA firm. She graduated with a Bachelor's Degree in Education from the University of Nevada Reno and completed the Accounting/Finance program at Montana State University – Billings. Marilyn earned Certified Public Accountant, Certified Management Accountant, Certified Global Management Accountant, and Certified Financial Management designations.



**MONTANA'S
EFFORTS:
*HEALTH PLAN COST
CONTAINMENT***

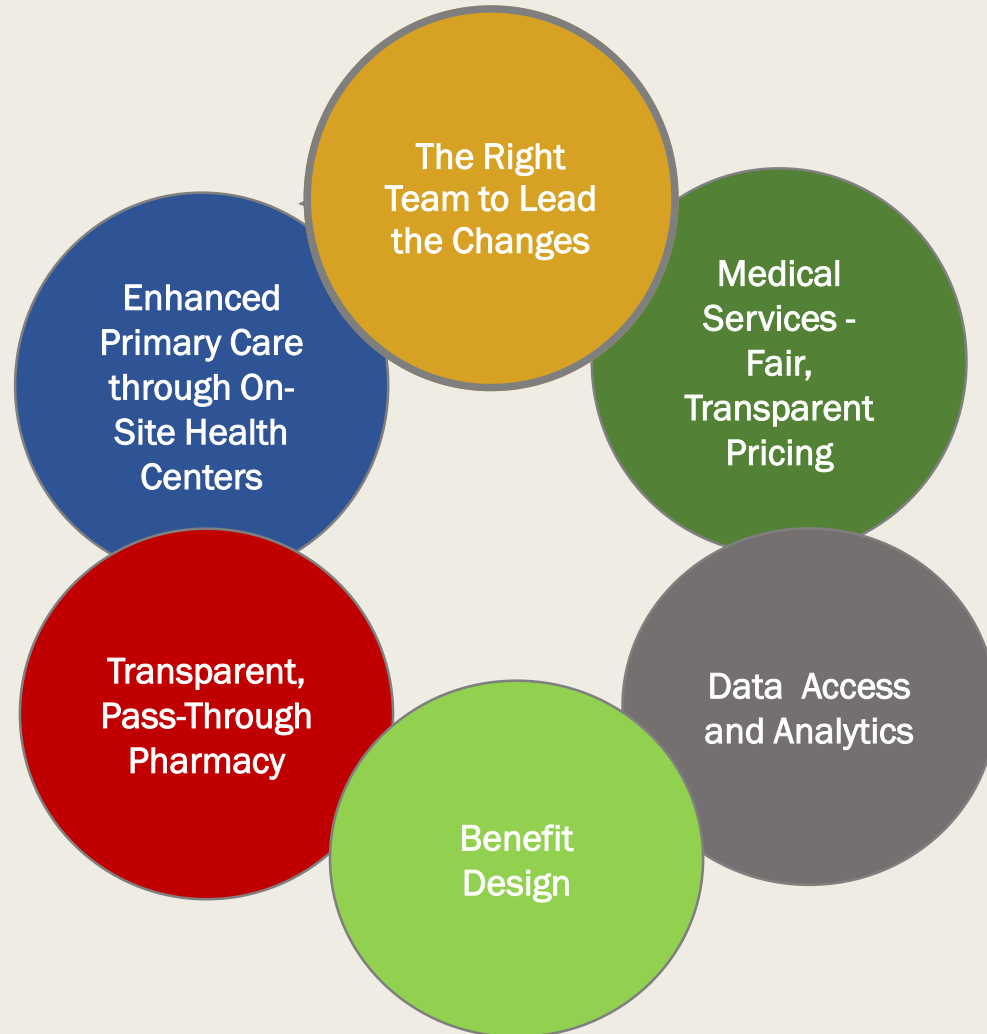
February 7, 2019



State of Montana Employee Health Plan

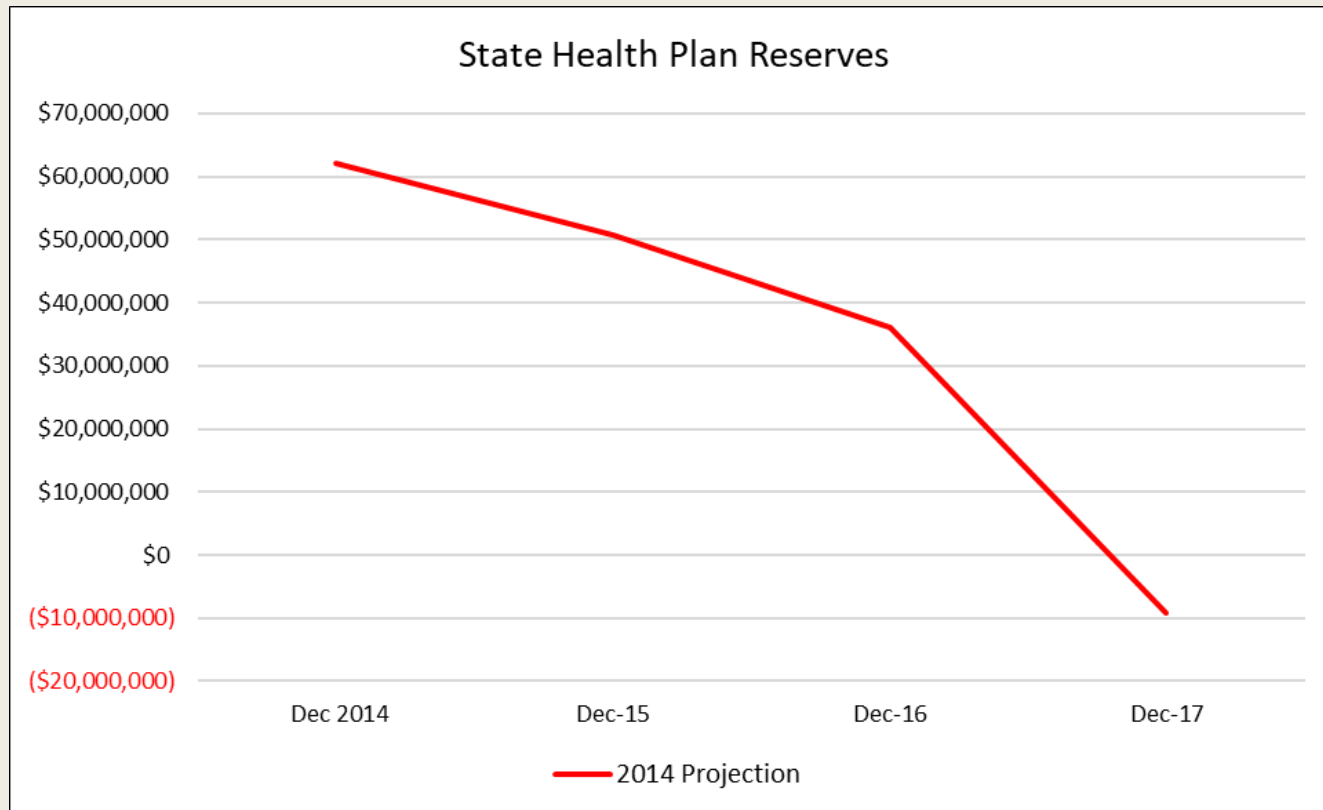
- 12,700 Employee Lives; 2,000 Retirees
- 31,000 Total Lives
- Self-Funded Plans for Medical, Dental, RX, Montana Health Centers, Vision
- Largest Self-Funded Plan in Montana
- 5 On-site Employee Health Centers

The Strategy

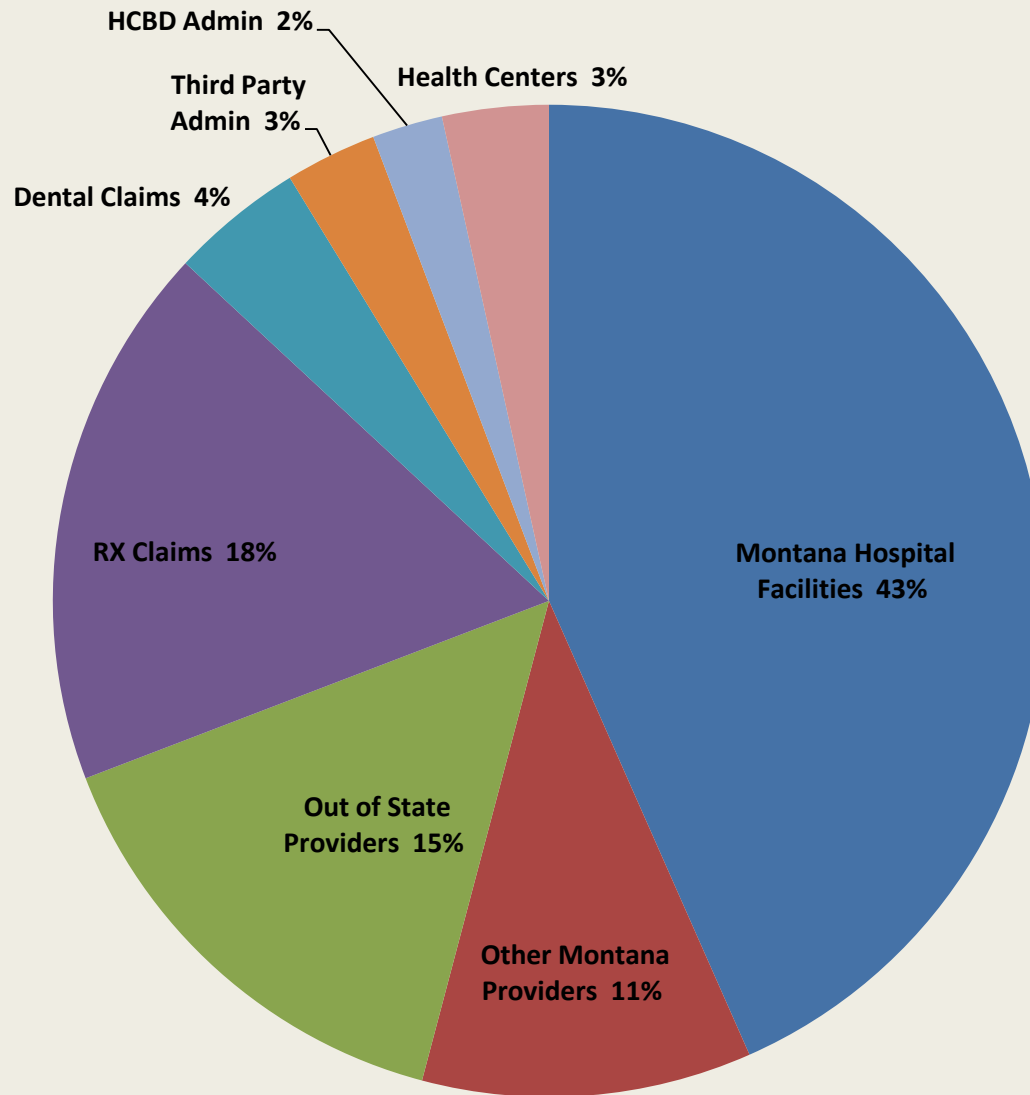


What did we find?

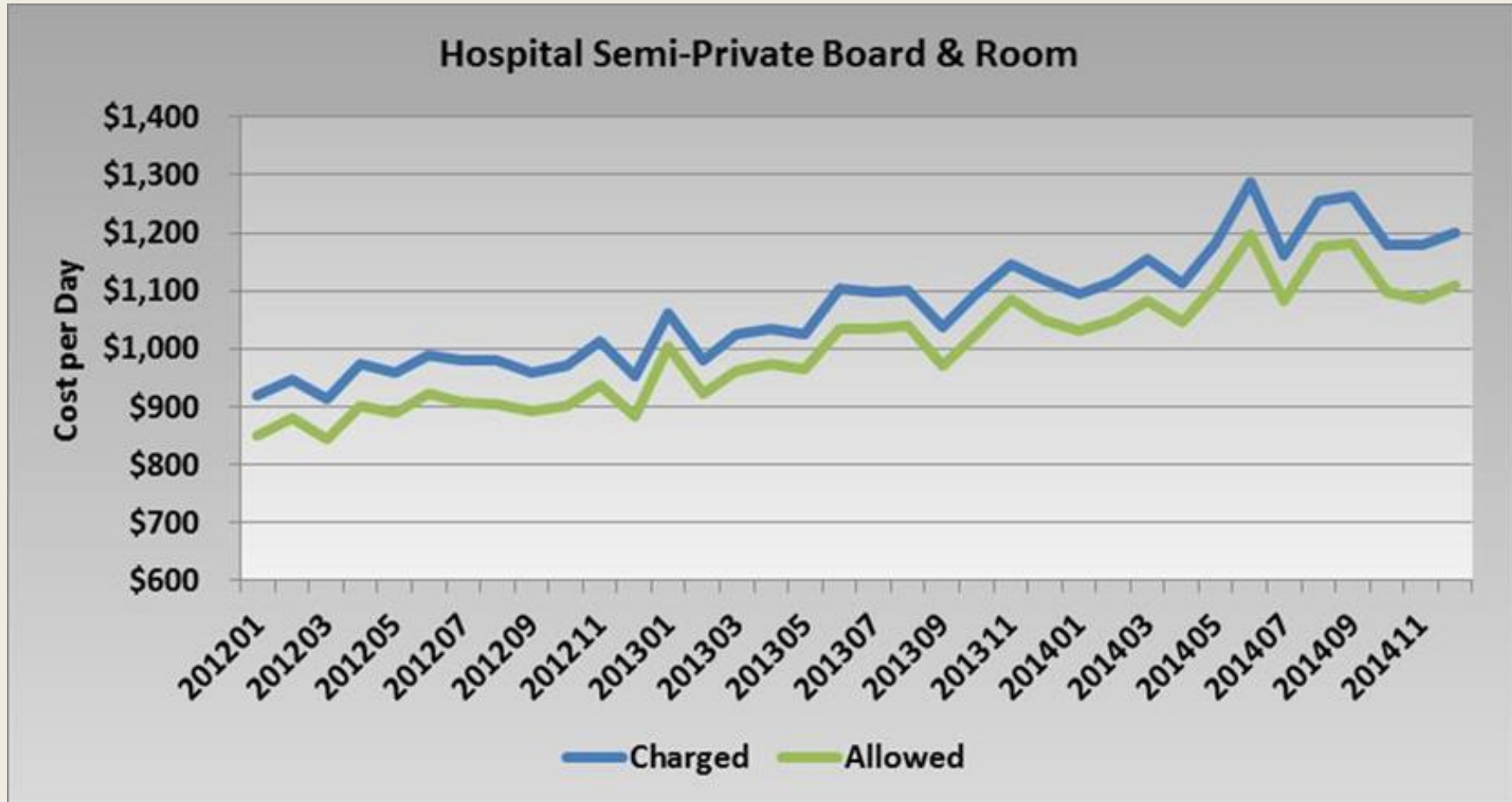
- Health Plan Condition
 - *Financial Condition of Plan – Late 2014*
 - *Montana Legislature – Senate Bill 418*



How are the plan costs distributed?



MONTANA HOSPITALS - Charge less Discount



MONTANA HOSPITALS - Charge less Discount

- State Plan Claim Data - Knee Replacement Surgery
- Comparison between two Montana Hospitals
- Higher Discounts don't always result in Lower Costs

Hospital A	
Hospital Charge	\$115,000
Discount	10%
Cost to State Plan	\$103,500

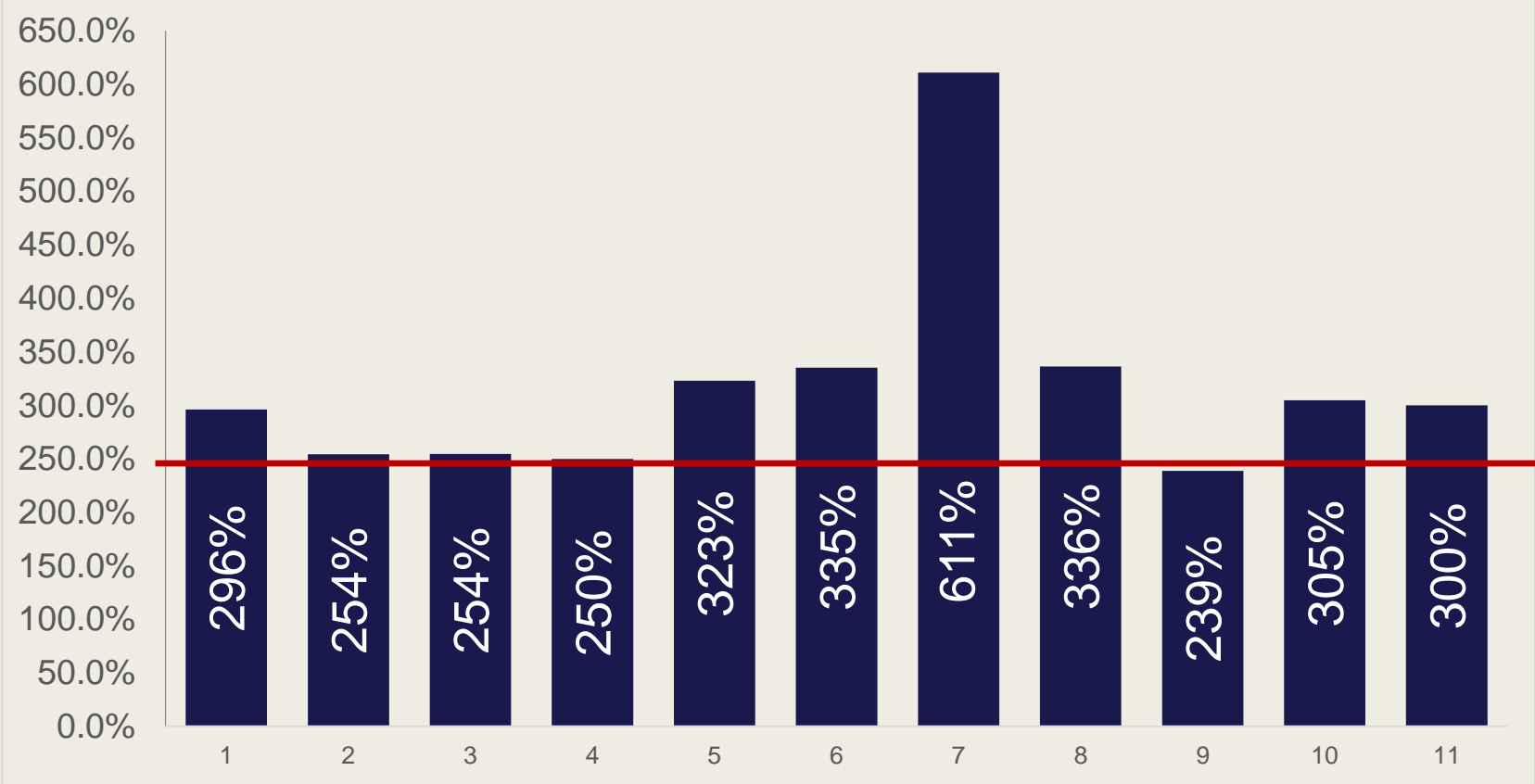
Hospital B	
Hospital Charge	\$25,000
Discount	7%
Cost to State Plan	\$23,250

Develop Fair, Transparent Hospital Pricing

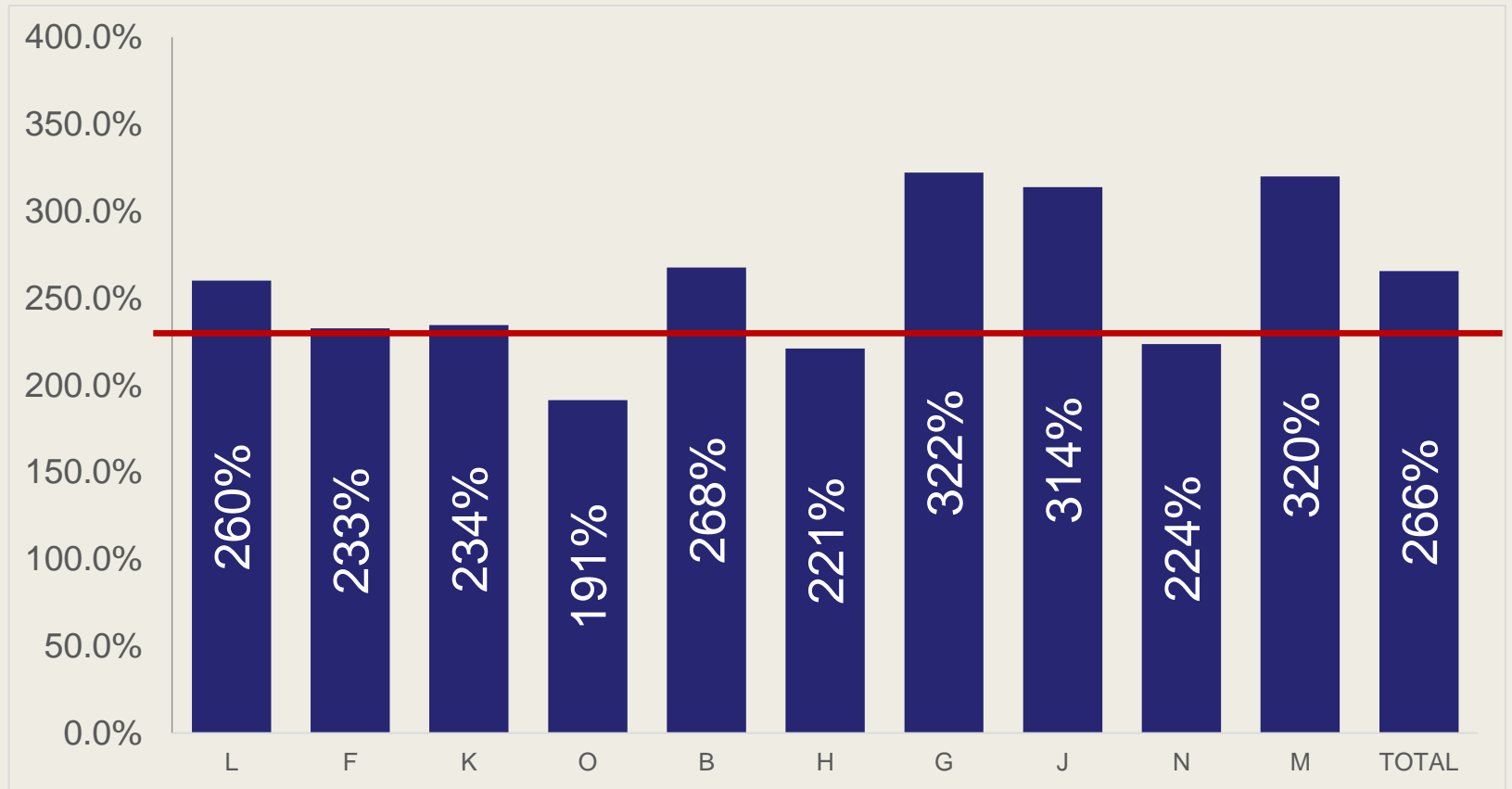
Goal = Montana Hospital Reimbursement will be a multiple of Medicare for ALL facility services

- Selected Medicare as reference point:
 - *Common reference to overcome variation in charge masters and differences in billing practices*
 - *Largest healthcare payer in country*
 - *Adjusted for case mix and geography*
 - *Calculation process publicly available*
 - *Moves Plan to DRG reimbursement methodology*
- State of Montana Plan “constraints”:
 - *No Balance Billing = Contracting*
 - *No steerage or narrow network = Include all facilities, if possible*
 - *Needed quick financial results*
 - *Control over future reimbursement increases*
 - *State Procurement Regulations*

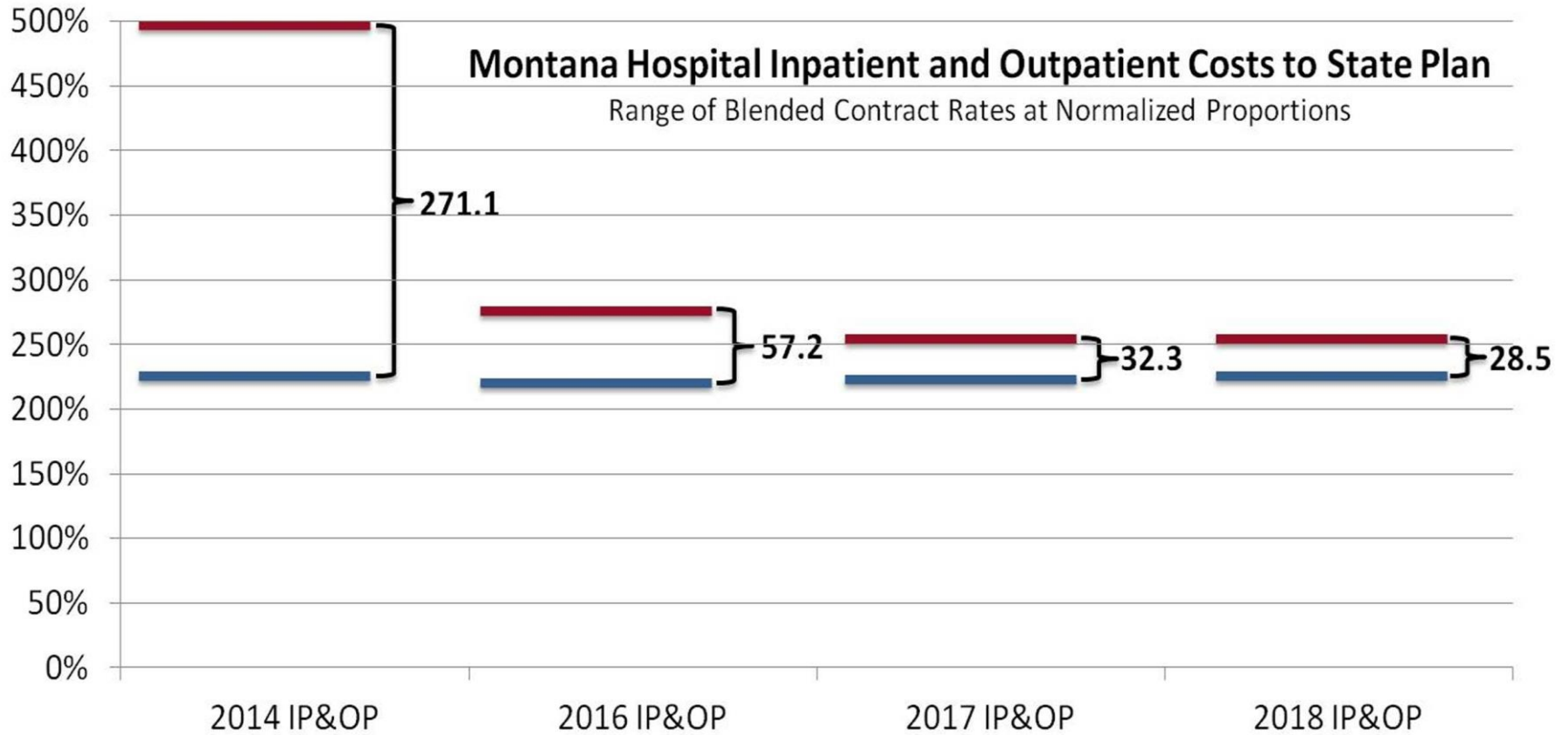
Outpatient Cost Comparison



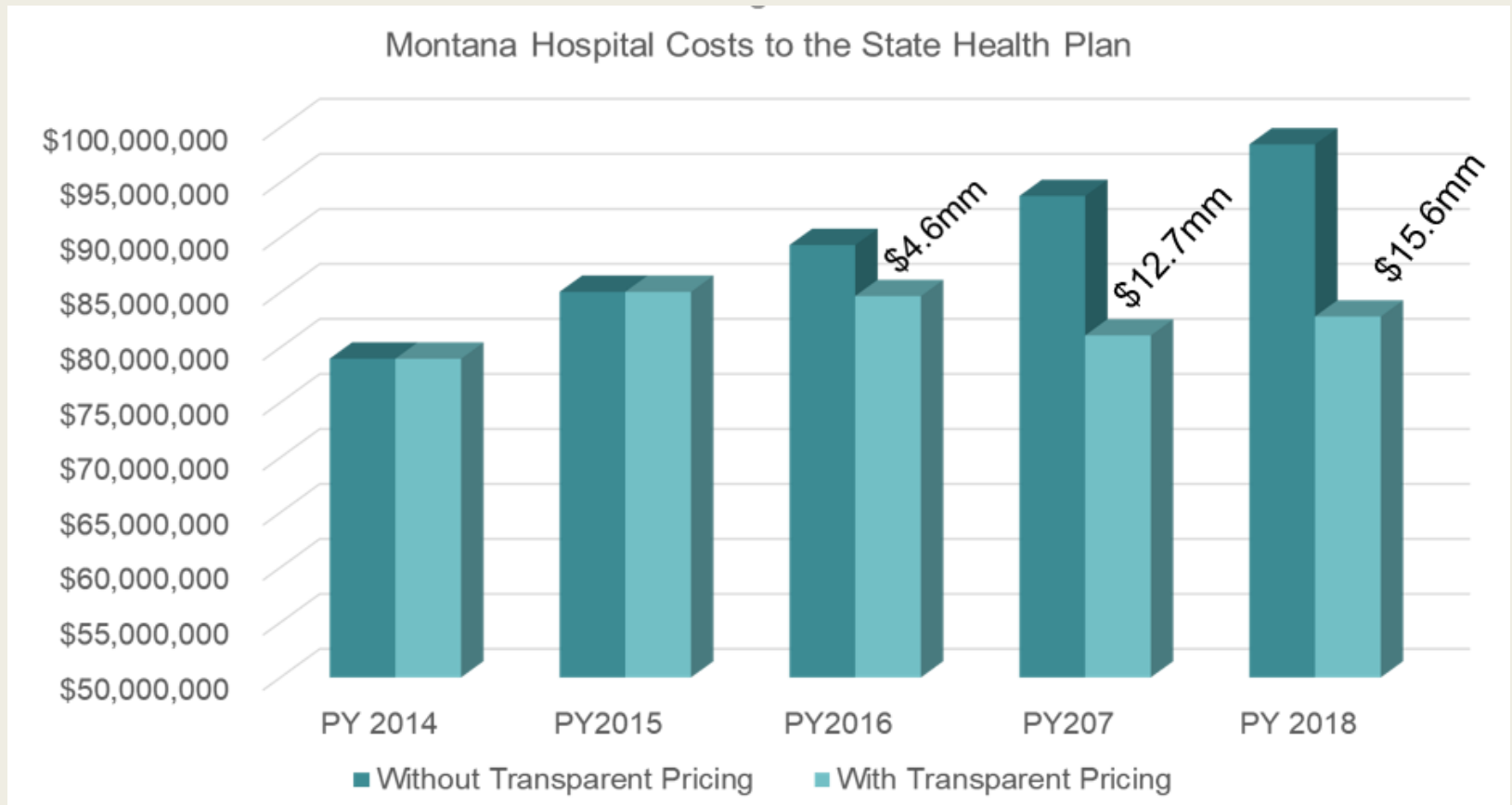
Inpatient Cost Comparison



Contracted Reference Based Pricing



Contracted Reference Based Pricing Projection

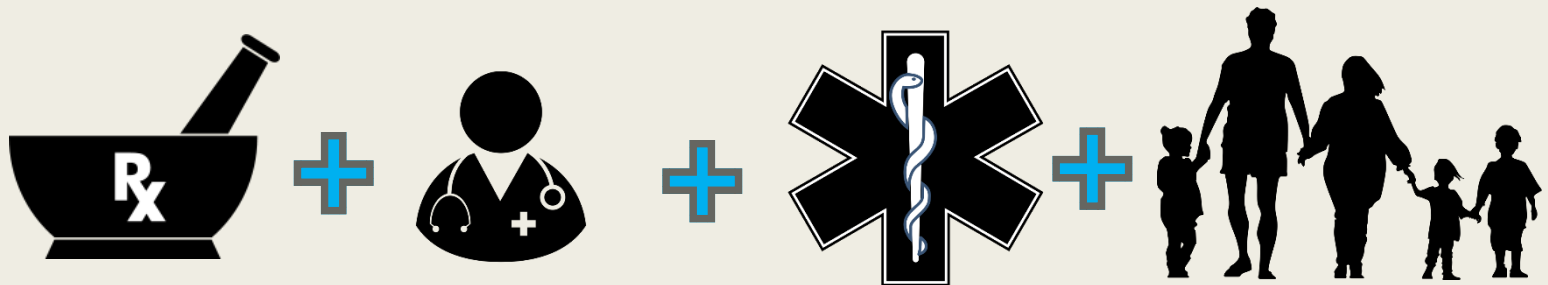


Transparent, Pass Through Pharmacy Benefit

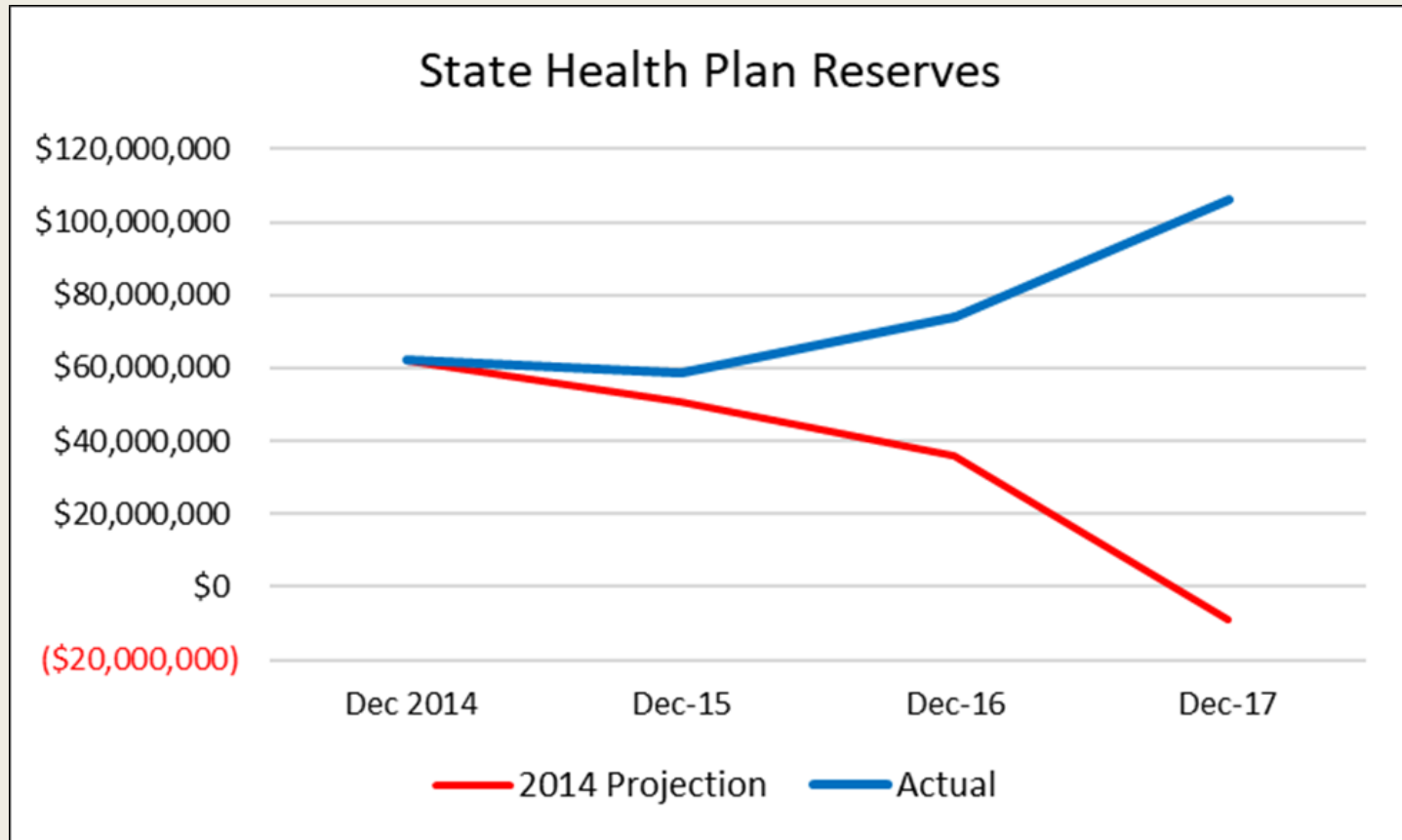
- 18% Plan Costs
- Analyzed current PBM contracts:
 - *Spread Pricing*
 - *Cap on Rebates*
 - *Internal RX Appeals Process*
 - *Administrative Fees*
- Contracted for Transparent Pass-Through PBM
 - *Saved \$7.4 million the first year*
 - *EGWP Plan for Medicare Eligible Retirees – Saved \$2.8 million*

Medication Management Program

- Drugs don't work in patients who don't take them
 - *32 million Americans use three or more medicines daily*
 - *75% of adults are non-adherent in one or more ways*
 - *The economic impact of non-adherence is estimated to cost \$100 billion annually*
- Marketplace solutions of mailings and out of state calls = 7% effective
- Our solution:
 - Collaboration between Montana Independent Pharmacists, University of Montana Pharmacy School, Physicians, On-site Health Centers, and Member
 - Use data and outreach to help our members




So what happened in December 2017?



- Reserves reached \$112 million
- No rate increases for 3 years (2017, 2018, 2019)
- OPEB Liability: \$374 million (2015) to \$54 million (2017)
- What we didn't expect: Health Plan Reserves larger than MT General fund in 2017

Quality



Healthcare Bluebook

Procedure
Doctor
Hospital

Search for a procedure, test or service

Hospital
Physician
X-ray, Imaging
Labs
Cosmetic Medicine
Hearing Aid

Share Bluebook:
Email or Download PDF:

Appendectomy

Fair Price

\$17,338

\$13,871\$43,342+

Allegiance Reference Based Pricing Program

This procedure is subject to the Procedure Based Maximum Expense as defined in your Summary Plan Description. Green providers' charges are at or below the Maximum Expense; Red providers are not.

If you are considering using a Red provider click here for important information. Or contact us at 855-999-1057 or AskAllegiance.com/som/findaprovider.php

Learn More

QUALITY ✔ Highest Quality ✔ Average Quality ✔ Lowest Quality

COST ● At or Below Fair Price ▲ Slightly Above Fair Price ● Highest Price

Please check if your provider and/or facility is participating and ask for their price before seeking care.

Sort By: Quality Ranking Distance: All

Quality Ranking Cost Ranking

Provider (Distance)	Quality	Cost
Community Medical Center (~ 97 miles)	✔✔	●
Benefis Health Care - East Campus (~ 72 miles)	✔✔	▲
Saint James Healthcare (~ 47 miles)	✔✔	▲
Bozeman Health Deaconess Hospital (~ 80 miles)	✔	●
St Peter's Hospital (~ 2 miles)	✔	●
Community Hospital of Anaconda (~ 54 miles)	✔	●
Marias Medical Center (~ 133 miles)	✔	●
Saint Patrick Hospital (~ 95 miles)	✔	▲
Kalispell Regional Medical Center (~ 155 miles)	✔	▲
North Valley Hospital (~ 163 miles)	✔-	●
Livingston Healthcare (~ 96 miles)	✔-	●
Northern Montana Hospital (~ 173 miles)	✔-	▲
Indian Health Service - Blackfeet Community Hospital (~ 144 miles)	n/a	●
Marcus Daly Memorial Hospital (~ 104 miles)	n/a	●
Health Center Northwest (~ 155 miles)	n/a	●

Please check if your provider and/or facility is participating and ask for their price before seeking care.

Questions?