



The Christian and Missionary Alliance

The C&MA and HCMS show the power of health information services in reversing losses on benefits program.

Executive Summary

After a series of expensive illnesses, the benefits arm of The Christian and Missionary Alliance (C&MA) needed to overhaul its self-insured health program. Together with Human Capital Management Systems Group (HCMS), the C&MA redesigned the program to reduce healthcare expenses and encourage good stewardship. The measures laid a foundation in 2016, and after additional changes in 2017, the new system allowed the program to move back into the black, reducing healthcare costs while ensuring high-quality care.

High-Cost Claims

Since 1994, the C&MA has managed a self-funded health benefits program for pastors, international workers, and other employees of its 2,000 U.S. member churches and its overseas missions. The C&MA offered several health plans in the U.S. covering almost 5,000 employees and dependents. The financially healthy system ended 2013 with a \$1.9 million reserve.

However, changes in federal health law and a series of high-cost claims upset the program's financial balance. By the end of 2015, the reserve fund was wiped out, and the program had a \$3.1

million deficit. Seeing this begin to unfold as early as 2014, the C&MA Benefit Board began to consider new options.

Finding an Alternative

The Alliance contracted with HCMS Group to develop an alternative scenario. HCMS obtained health plan, pharmacy, and other data on people covered by the C&MA's U.S. health plans. The resulting population risk analysis showed that the high-cost 5% of patients accounted for 57% of expenses, averaging \$48,000 a year—higher than national norms.

The board accepted a recommendation to adopt HCMS Group's KnovaSolutions® health information services. There were three elements to the program:



Figure 1. The C&MA's average monthly health benefit cost per member by year. Plan changes went into effect at the beginning of 2016.



"HCMS has been instrumental in the turnaround of the C&MA's self-funded health plan. Their ability to bring data, analytics, and clinical services together was key for us—and something we hadn't

seen in the market. The clinical intervention service of KnovaSolutions and the predictive modeling HCMS developed to identify those in need helped improve the experience of our members with complex health issues.

"HCMS's partnership and excellent working relationship with our health plan consultant, Benefit Dynamics, has leveraged the strengths of each organization, and together, we're better!"

Ken Baldes

*Vice President & Treasurer
The Christian & Missionary Alliance*

◇ **Online Business Intelligence (O|BI)** HCMS built an integrated data warehouse combining data from health, pharmacy, and other programs. The O|BI platform provides access to data and advanced analytical tools. HCMS uses the data to calculate the patent-pending Human Capital Risk Index (HUI) for each individual, enabling data-driven risk management.

◇ **Clinical Prevention**

People in the highest-cost 5% face complex health situations and account for 50% of healthcare expenses. They need help navigating the medical system and support in making decisions about care. The clinical prevention service of KnovaSolutions (KS) is proven to help people reduce healthcare costs and return to health and work more quickly. Starting in 2015, KnovaSolutions engaged and enrolled the C&MA members with the highest health risk based on the HUI risk metric. Over time, the number of people in the high-cost group began to decline, partly reflecting attrition.

◇ **One Plan: A high-deductible health plan (HDHP) with health savings accounts (HSA)**

The C&MA was offering the choice of four health plans. Using econometric modeling, the C&MA and HCMS

customized a single HDHP linked to HSAs for 2016, replacing the old plans. While the premiums rose more than 20% from 2015, they included employer contributions to HSAs to help cover the new deductibles. The plan's incentives encouraged use of primary and preventive care and reduction of healthcare expenses.

Turnaround in Costs and Health

As this system went into full effect in 2016, costs began declining (Figure 1). The C&MA's benefits program swung from a substantial deficit in the first half of 2016 to a substantial surplus in the first six months of 2017.

The turnaround also reflected a change in third-party administrator for 2017 with the help of C&MA consultant and HCMS business partner Benefit Dynamics Company.

Average HUI risk scores in 2017 fell 14% from the 2015 peak, reflecting improved health for members. Monthly costs dropped by 22% between the first half of 2016 and the first half of 2017.

"Nonprofit businesses dedicated to doing good for their workers and clients are even more challenged by unexpected costs for employee benefits, as there is little opportunity to increase revenues," said Dr. Hank Gardner, the CEO of HCMS. "HCMS appreciates the opportunity to work with the C&MA."

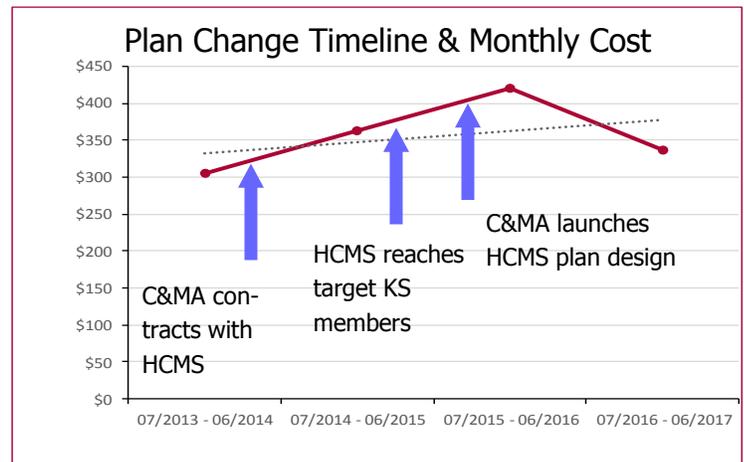


Figure 2. Monthly medical & pharmacy benefits cost per member, showing timeline of plan design changes.