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TO SAY HEALTH CARE IS EXPENSIVE IN THE UNITED STATES *is an Understatement*

According to the Centers for Medicare and Medicaid Services (CMS), in 2013, the U.S. spent \$2.9 trillion — or \$9,255 per person — on health care. That is more than twice the cost of health care in the rest of the developed world. In fact, one of every six dollars spent (on anything) in the U.S. is spent on health care.

In 2014, for certain health care plans, Wellmark paid more in claims than members paid in premiums. That trend has continued in 2015, and for any insurance to work, there must be enough premium dollars ready to pay claims.

Almost 85.1 CENTS of every premium dollar paid to Wellmark is used to pay claims to doctors, clinicians, hospitals and pharmacists who provide services to our members.

Understanding the steep price of care

HIGH HEALTH CARE COSTS AND INCREASED USAGE ARE MAJOR FACTORS IN RISING HEALTH INSURANCE PREMIUMS:

1) MEMBERS ARE BEING TREATED FOR VERY SERIOUS HEALTH CONDITIONS, which has increased the need for high-cost hospital services.

2) MEMBERS ARE ALSO USING MORE MEDICATIONS to treat their conditions, and the medications are costing more. They are also using more specialty drugs, which can cost as much as \$20,000 per prescription. In the U.S., spending on specialty drugs is expected to INCREASE BY 361 PERCENT BETWEEN 2012 AND 2020. One widely prescribed specialty medicine used to treat Hepatitis C costs \$84,000 per course of treatment.

3) NEW HIGH-COST MEDICAL DIAGNOSTIC AND TREATMENT SERVICES. State-of-the-art technology comes with a huge price tag. For example, a PET scan costs an average of \$3,000. An MRI of the spine costs approximately \$1,025.20 Treatment for knee replacement surgery costs more than \$25,000. The United States spends more on knee and hip replacements than Hollywood collects at the box office.

Keeping it in Check

What is Wellmark doing about the rising cost of care?

OUR GOAL AT WELLMARK IS TO INCREASE QUALITY WHILE CONTAINING COSTS, PROVIDE A VARIETY OF HEALTH PLANS AND PREVENT INSURANCE FRAUD. WE ARE CONSTANTLY STRIVING TO:

NEGOTIATE SAVINGS for members by working with physicians and hospitals to provide you with appropriate medical care at a lower cost.

ELIMINATE WASTE AND UNNECESSARY EXPENSES by continually looking for ways to cut administrative expenses and improve our internal processes.

PROVIDE CASE MANAGEMENT for complex or long-term care. Our case management team works closely with members who have complex, chronic, or long-term health conditions. Case managers coordinate care to provide the most cost-effective options, while improving quality of life and providing peace of mind.

ENCOURAGE PREVENTION by helping members take an active role in maintaining good health.

LEAD PUBLIC POLICY by providing legislators with information and analysis on the impact of health care proposals being considered in Iowa and South Dakota.

IN ADDITION, WE HAVE MAJOR INITIATIVES THAT RESULT IN BETTER QUALITY AND INCREASED SAVINGS, INCLUDING:

SPECIALTY DRUG PROGRAM. This program provides access to medication to treat chronic conditions in a cost-effective, convenient way. Specialty providers offer extra support to help members understand their condition and take the medication as prescribed. The Specialty Drug Program has helped save an average of \$45 million annually since its inception in 2013, according to the Wellmark Pharmacy Department.

ACOS. In 2014, Wellmark's Accountable Care Organizations (ACOs) helped save \$17 million. ACOs are arrangements that pay hospitals and clinics more if they reduce health care costs. Hospitals and clinics do this by preventing patients from becoming so ill that they need intensive and expensive care. The new types of contracts are meant to replace the traditional way of paying for health care, in which doctors and hospitals are rewarded for providing more and more care, whether it improves patients' health or not. The ACOs achieved savings by reducing hospital admissions by nearly 11 percent, reducing readmissions by 8 percent, and reducing emergency department visits by 10 percent.

BLUE ZONES PROJECT®. Brought to Iowa through an innovative sponsorship by Wellmark, in collaboration with Healthways and Blue Zones®, Blue Zones Project is designed to transform communities and make the healthy choice the easy choice. The focus is on making Iowa a happier, healthier place to live, work and play. We've already had great success in several Iowa communities, including Algona, Cedar Falls, Fairfield, Harlan, Marion, Mason City, Muscatine, Oskaloosa, Sioux City, Spencer, Spirit Lake and Waterloo. *

1PricewaterhouseCooper's (PricewaterhouseCooper's PwC) Health Research Institute: Behind the Numbers 2015 and analysis of CVS Caremark data

*Sears Insurance has been trusted by families and businesses spanning four generations for their health insurance needs and we were recognized again in 2013 as being in the Top 1% for Wellmark Blue Cross and Blue Shield in Iowa. Learn more about us on our website www.searsinsurance.info, or follow our RSS feed and "like" us on Facebook to receive the most current information. **Ask about Blue Rewards - an exciting new product that is a collaborative effort utilizing the homegrown and trusted resources of Wellmark, Hy-Vee and UnityPoint.***

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