



Diabetes Study Contd.

Diabetes Management Programs and Wellness Plans Costs

State of Arkansas – Employee Benefits Division

Disease Management Costs and ROI

ROI Modeling Assumptions

Program Fees and Participation

	Light Program		Intensive Program	
	Low Engagement	High Engagement	Low Engagement	High Engagement
# of Type 2 Diabetics	9,177	9,177	9,177	9,177
% Participating in DM Program	10%	20%	3%	7%
# of Participants	918	1,835	275	642
PPPM Fee ¹	\$75	\$75	\$250	\$250
Total Annual Fees	\$826,000	\$1,652,000	\$825,000	\$1,926,000

Notes

- The above program fees and participation rates are based on what we typically see for similar programs. It is likely that it'll take 6+ months for participation rates to reach the assumptions above and will be dependent on how the program is communicated and if financial incentives are offered.
- A light program typically requires less effort from the participant and focuses on disease monitoring, medication adherence, ongoing maintenance, and modest lifestyle changes.
- An intensive program typically requires more effort from the participant such as significant dietary modifications and other lifestyle changes, heavy involvement of a health coach / dietitian, in order to manage the condition with the goal of making the patient less reliant on prescription drugs. The intense diet and lifestyle modifications lead to less member engagement.

¹ PPPM = Per Participant per Month

ROI Modeling Assumptions

Universal Assumptions

	Baseline PMPM	Trend
Medical		
Professional	\$324	5.0%
Outpatient	\$275	8.0%
Inpatient	\$278	4.0%
Other	\$70	3.0%
Total Medical	\$947	5.4%
Rx		
Diabetic	\$441	14.0%
Other	\$307	7.0%
Total Rx	\$747	10.9%

Rx Rebates	Rebate %
Diabetic	50%
Other	0%

Notes

- The Baseline PMPMs above are based on 2022 data for diabetics trended to 2025.
 - Disease management programs typically attract more expensive individuals. Given this, we have also assumed diabetics who participate in the program are 30% more expensive than average.
- We are not assuming any rebates associated with non-diabetic drugs. However, no changes to non-diabetic drugs are modeled so the assumption does not impact the results.

ROI Modeling

Light Program

Low-Estimate

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Eligible Members ¹	9,177	9,177	9,177	9,177	9,177	
% Participating in DM Program	10%	10%	10%	10%	10%	
# of Participants	918	918	918	918	918	
PPPM Fee ²	\$75	\$75	\$75	\$75	\$75	
Total Annual Fees	\$826,000	\$826,000	\$826,000	\$826,000	\$826,000	\$4,130,000
Medical Costs / (Savings)	\$375,000	(\$79,000)	(\$554,000)	(\$976,000)	(\$1,040,000)	(\$2,274,000)
Rx Costs / (Savings)	\$0	\$0	\$0	\$0	\$0	\$0
Net Costs / (Savings)	\$1,201,000	\$747,000	\$272,000	(\$150,000)	(\$214,000)	\$1,856,000
ROI	-145%	-90%	-33%	18%	26%	-45%

Breakeven Year = **Year 10**

High Estimate

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Eligible Members ¹	9,177	9,177	9,177	9,177	9,177	
% Participating in DM Program	20%	20%	20%	20%	20%	
# of Participants	1,835	1,835	1,835	1,835	1,835	
PPPM Fee ²	\$75	\$75	\$75	\$75	\$75	
Total Annual Fees	\$1,652,000	\$1,652,000	\$1,652,000	\$1,652,000	\$1,652,000	\$8,260,000
Medical Costs / (Savings)	\$1,499,000	(\$250,000)	(\$1,695,000)	(\$2,721,000)	(\$2,896,000)	(\$6,063,000)
Rx Costs / (Savings)	\$0	\$0	\$0	\$0	\$0	\$0
Net Costs / (Savings)	\$3,151,000	\$1,402,000	(\$43,000)	(\$1,069,000)	(\$1,244,000)	\$2,197,000
ROI	-191%	-85%	3%	65%	75%	-27%

Breakeven Year = **Year 7**

¹ Eligible Members represents the number of Type II diabetics in the Plan.

² PPPM = Per Participant per Month

ROI Modeling

Intensive Program

Low-Estimate

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Eligible Members ¹	9,177	9,177	9,177	9,177	9,177	
% Participating in DM Program	3%	3%	3%	3%	3%	
# of Participants	275	275	275	275	275	
PPPM Fee ²	\$250	\$250	\$250	\$250	\$250	
Total Annual Fees	\$825,000	\$825,000	\$825,000	\$825,000	\$825,000	\$4,125,000
Medical Costs / (Savings)	\$112,000	(\$199,000)	(\$441,000)	(\$754,000)	(\$801,000)	(\$2,083,000)
Rx Costs / (Savings)	(\$124,000)	(\$189,000)	(\$269,000)	(\$368,000)	(\$420,000)	(\$1,370,000)
Net Costs / (Savings)	\$813,000	\$437,000	\$115,000	(\$297,000)	(\$396,000)	\$672,000
ROI	-99%	-53%	-14%	36%	48%	-16%

Breakeven Year =

Year 7

High Estimate

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Eligible Members ¹	9,177	9,177	9,177	9,177	9,177	
% Participating in DM Program	7%	7%	7%	7%	7%	
# of Participants	642	642	642	642	642	
PPPM Fee ²	\$250	\$250	\$250	\$250	\$250	
Total Annual Fees	\$1,926,000	\$1,926,000	\$1,926,000	\$1,926,000	\$1,926,000	\$9,630,000
Medical Costs / (Savings)	\$524,000	(\$690,000)	(\$1,536,000)	(\$2,124,000)	(\$2,260,000)	(\$6,086,000)
Rx Costs / (Savings)	(\$484,000)	(\$662,000)	(\$880,000)	(\$1,147,000)	(\$1,308,000)	(\$4,481,000)
Net Costs / (Savings)	\$1,966,000	\$574,000	(\$490,000)	(\$1,345,000)	(\$1,642,000)	(\$937,000)
ROI	-102%	-30%	25%	70%	85%	10%

Breakeven Year =

Year 5

¹ Eligible Members represents the number of Type II diabetics in the Plan.

² PPPM = Per Participant per Month

Wellness Plan Projected Costs

Example 3 – Sample Activities

Type	Description	Incentive Dollars
Annual Exam	Required: Get an annual exam by your primary care physician	\$100 per year
Health Screening	Required: Get a biometric screening (options at an onsite event, off-site lab, doctor)	\$100 per year
Wellness Activities If you are not identified with a chronic condition	If you are not identified with a condition through claims and have within normal range labs, you can earn up to \$400 if you participate and remain engaged in at least three of the following activities: Fitness Your Way; Gym Pass; enroll in retirement plan; utilization your EAP program (more activities can be added based on Plan benefits)	Up to \$400 per year
Diabetes Management Program	If you are eligible for the diabetes management program, enroll and work on-on-one with a nurse and/or health coach to earn rewards for participating in and complete the program.	\$200 per year
Weight Management Program	If you are eligible for the weight management program, enroll and work on-on-one with a nurse and/or health coach to earn rewards for participating in and complete the program.	\$200 per year

Wellness Plan Costs

- Projected costs are based off Example 3 from prior slide
- Assumes program is offered to active subscribers:
 - 23,503 ASE
 - 47,942 PSE

	ASE	PSE	Total
Eligible Subscribers	23,503	47,942	95,884
% Participating Exam/Health Screening (\$200)	75%	75%	
# of Participants	17,627	35,957	53,584
Cost	\$3,525,000	\$7,191,000	\$10,716,000
% Participating Wellness/DM/WM Program (\$400)	45%	45%	
# of Participants	10,576	21,574	32,150
Cost	\$4,231,000	\$8,630,000	\$12,861,000
Total Cost	\$7,756,000	\$15,821,000	\$23,577,000

- Projected savings immaterial upfront and would grow over time. Any savings offsets would be a much lower magnitude compared to the costs.
- We don't project a positive ROI, even in the long-term.

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