

BCC INFORMAL REGULAR SESSION

DATE: Wednesday, December 11, 2013

<u>NAME</u>	<u>TITLE</u>	<u>AFFILIATION</u>	<u>PHONE/EMAIL ADDRESS</u>
1. <u>Bob Sander</u>	<u>HR</u>	<u>BCC</u>	<u>—</u>
2. <u>Steve Ashe</u>		<u>HORAN</u>	<u>—</u>
3. <u>Jodi Meyer</u>		<u>HORAN</u>	<u>—</u>
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**Clermont County
Commissioner Meeting
December 11, 2013**

Judi Meyer, Sr. Vice President/Account Manager
Steve Ashe, CEBS, Account Manager



Onsite Clinic Review

- **Overview**
- **Financials**
- **Case Studies**
- **Recommendation for Next Steps**

Mercy Hospital Systems Partnership Discussion

ONSITE CLINIC REVIEW

Onsite Clinic Request for Proposal

- Employers goals for the onsite health center model to:
 - Control and reduce health care costs through accessibility and affordability
 - Measurably improve worker productivity
 - Provide an employment benefit that compares favorably to other employers

- Execution varies by employer:
 - Onsite full service clinic
 - Near site full service clinic
 - Shared full service clinic centrally located
 - A physician or nurse onsite regularly at different buildings with limited services
 - A current provider site that is open to public with limited services



Onsite Vendors

- Quote sent to the following:
 - Activate Health
 - CareHere
 - Concentra (owned by Humana)
 - Mercy
 - Novia Care

- Clinics can be onsite, near site and/or shared.
- Activate, CareHere, Novia Care Concentra core business
- Typical services first year:
 - Health Risk Assessment
 - Annual Physical/Biometric Testing
 - Health Coaching
 - Urgent Care
 - Chronic Care Management
 - Dispensing of generic drugs (generally top 20 to 30 utilized drugs for short term illness and chronic conditions)
- Shared Clinic:
 - Activate, CareHere and Novia Care will initiate contact with other employers in Clermont County to provide information and promote the shared clinic. This will reduce operating costs.
 - Concentra will work with Clermont County to evaluate potential employers for a shared clinic but Clermont County is responsible for identifying other employers and initiating process.

* Wellness return in second year

	Activate	CareHere	Concentra	Novia Care
Years in Business	3	9	19	7
Number of Clinics in Operation	15	136	276	40
Electronic Medical Record System	Yes	Yes	Yes	Yes
Can Provide Health Risk Score for Population	Yes	Yes	Yes	Yes

In order to evaluate onsite clinic financials HORAN requested a standard onsite clinic model for all vendors. This may not be the model that is best fit for Clermont County but will be a starting point for evaluation for selecting finalists for meetings.

Assumptions:

- 60% adult employee engagement (600 employees)
- 25% dependent adult participation (375 spouses) – (generally children do not participate at a high level)
- Clinic staff: Physician, Medical Assistant and Wellness coach
- 40 hour clinic (may want two clinics at 20 hours)
- Stand-alone clinic for comparison purposes (may want shared but that will be decided later)
- Start-up costs with specific lists of services provided including recruiting, training, equipment, technology and drugs. Assume start –costs do not include building retro fit or construction.
- Stand-alone wellness information so they can see cost separate from above.

Please Note: Employees enrolled in the HDHP with a Health Savings Account (HSA) may not be able to have full services offered at 100% through the clinic. HORAN is researching the regulations to understand this better and provide guidance.



Financials, Year One

* Wellness return in second year

In Clinic Services Cost	Onsite Clinical Annual Cost*			
	Activate	CareHere	Concentra	Novia Care
Labor/Staffing Physician, Medical Asst and Coach	\$446,000	\$310,000	\$507,468	\$412,748
Laboratories	\$13,433	\$42,444	\$59,080	\$43,056
Prescription Drugs	\$67,400	\$155,628	\$7,480	\$140,983
Medical Claims	\$11,194	\$0	\$0	\$0
Sub Total	\$538,027	\$508,072	\$574,028	\$596,787
Standard Wellnss Services Costs	\$33,240	\$50,304	HRA - \$15 or \$10 per participant; Biometric Screening \$50 pp = \$58,500	\$20,760
Sub Total	\$571,267	\$558,376	\$632,528	\$617,547
Operation/Administration Costs	\$169,474	\$264,096	\$152,948	\$260,160
Total Ongoing Costs	\$740,741	\$822,472	\$785,476	\$877,707
Humana Medical Plan Cost Savings	\$987,595	\$516,630	\$124,800	\$973,300
Net Total Costs	-\$246,854	\$305,797	\$660,676	\$95,593
Start Up Costs	\$128,570	\$35,000	\$106,856	\$0
Total First Year Net Costs	\$118,284	\$340,742	\$767,532	\$95,593

Onsite Clinic Recommendations:

- Given the variety of locations and geography of Clermont County, we suggest our existing Mercy Health facilities located in Clermont County are well placed to provide the desired services at very competitive rates. This provides an excellent opportunity to not only improve the health and wellbeing of Clermont County employees and its health plan members, but also promotes use of resources within the county itself.
- Mercy Health Physicians operates eight primary care practices in the Clermont County area, along with an Urgent Care and Occupational Health facility.
- No financial cost or savings information provided.

Patient-Centered Medical Homes

- By January 2014, more than 90% of Mercy Health Primary Care Physician practices will be Level 3 NCQA-certified Patient-Centered Medical Homes. Patients who are part of Medical Homes receive coordinated care that addresses acute and chronic health conditions. Patients have access to same-day appointments, and through the electronic health record, physicians have all patient information at their fingertips. Whether the patient was seen in a Mercy Health Emergency Department, hospital or by a Mercy specialist, the primary care physician will see all of the details so the best care is provided without repeating tests or waiting for results.

Onsite Physician or Nurse Services.

- We can provide onsite physician or nurse services for care coordination, chronic condition management, and health promotion/education. Packages can be developed on a set number of days per week or hours per location that are desired. It is important to have an end goal in mind and a specific review of health plan experience, worker's compensation data, short-term and long-term disability data can help identify areas of need.
 - Other services we commonly provide onsite are:
 - Biometric screening
 - Influenza and/or pneumonia vaccines
 - Work-related physicals
 - No financial cost or savings information provided

Case Study, Aurora Casket

HORAN spoke to Aurora Casket:

- Aurora Casket has had an onsite clinic since 2009. This is offered through St Elizabeth Hospital and they are located in Northern Kentucky. They offer a full clinic to treat illness, prevent drugs and preventive services. Currently, they do not have a wellness requirement to steer employees to clinic and do have 98% engagement rate.
- The clinic is a private clinic and only utilized for Aurora Casket employees. There are 450 employees. It is located five miles from their office. It is open forty hours a week, Monday, Tuesday, Thursday and Friday from 8-5:30 and Wednesday from 11-7:30.
- They offer a traditional plan because a clinic can't pay 100% for all services for an employee enrolled in a High Deductible Plan with a Health Savings Account. Their plan is self-funded through United Medical Resources with the UnitedHealthcare network.
- The person I spoke to had only been there three months and did not have financials. They know they have had cost avoidance by managing chronic conditions and their medical plan increases have consistently been below trend.

County Government

Members = 1,000; Employees = 460

Participation level year 1 - 100% employees

First year saved 15% or \$340,000

Second year saved additional 5% or \$112,000

Third year saved additional 11% or \$225,000

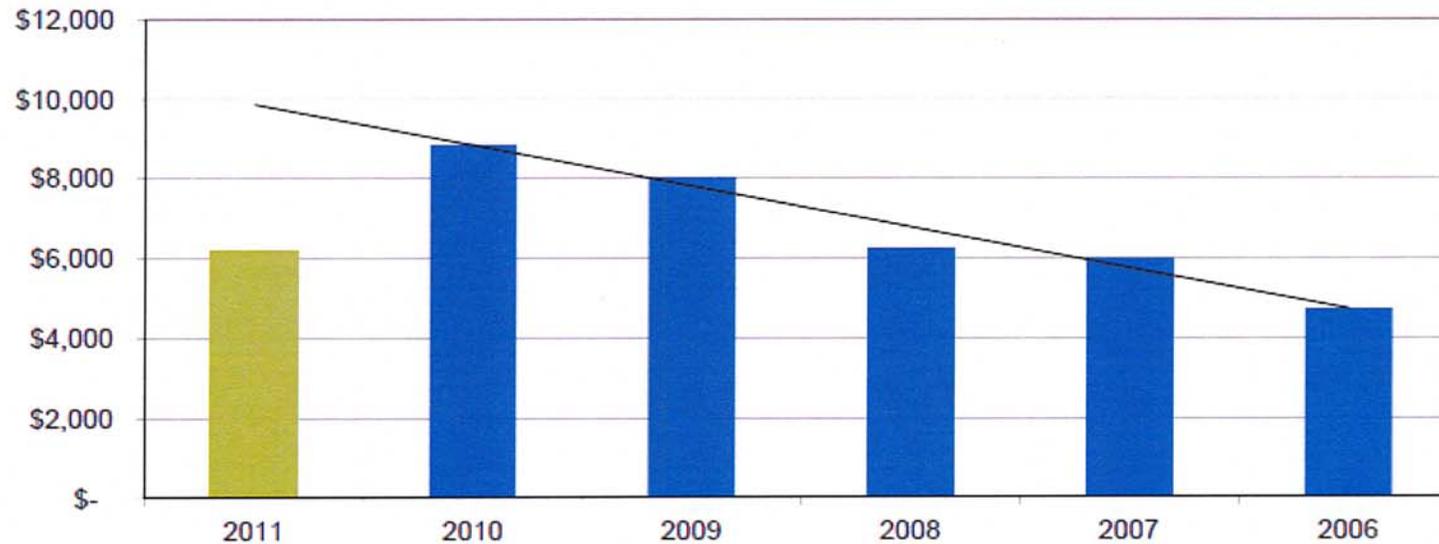
TOTAL SAVINGS OVER THREE YEARS = \$677,000

Case Study, CareHere!

Claims Trend and Savings Analysis

Claims Per Employee Per Year

■ With CareHere ■ Pre-CareHere Impact



	Since Inception:	Year Ending: December-11 2011
CareHere Cost:	\$ 676,648	\$ 676,648
Savings:	\$ 3,876,714	\$ 3,876,714
ROI:	For every \$1 invested in CareHere, \$5.73 is returned.	



Case Study, Concentra!



SAMPLE CLIENT
Evaluation: Savings
 1/1/2013 to 3/31/2013

Productivity Savings

	Minutes	
Avg. Hourly Wage		\$20.00
Average Time In Clinic	24.5	\$8.17
Estimated Travel Time	30.0	\$10.00
Avg. Total Time Onsite Clinic Appt.	54.5	\$18.17
Avg. Time for Outside Appt.	150.0	\$50.00
Per Visit Savings		\$31.83
 Total Employee Visits in Reporting Period		 889
 Total Savings for Reporting Period		 \$28,299.83

Health Care Cost Savings/(Loss) Analysis

All Procedures at Fee Schedule

	Number	Total Price
	3,351	\$164,784.95
 Direct Cost Invoiced		 \$134,711.00
 Savings/(Loss)		 \$30,073.95

Total Savings

Productivity Savings	\$28,299.83
Health Care Cost Savings	\$30,073.95
 Total Savings/(Loss)	 \$58,373.79
 Return on Investment	 38.7%

The SAMPLE CLIENT Worksite clinics produced a robust 38.7% return on investment during the 1st quarter. Excluding the productivity savings the worksite clinic produced a solid 22% ROI.

In an effort to demonstrate the on-going value of your onsite Concentra clinic, the calculations to the left approximate the savings experienced by employees that do not have to travel off-site for treatment.

Average Time in Clinic is derived directly from MIE and ties to the Visits: Operations Management slide.

Average hourly wage, estimated travel time, and the average time for an outside appointment are based on assumptions that can be modified.

Case Study, Novia Care

- This case is a county government with about 800 employees covered on its self-funded health plan. After years of increasing claims cost, the County benefits committee decided to implement an onsite health clinic focused on primary care and population health improvement. The group also decided to hire an independent clinic manager to (1) provide expertise and infrastructure for managing such a model, (2) prevent a conflict of interest in the referral of care because of its independence from hospital ownership, and (3) avoid any legal liability that might otherwise accrue to the County. After interviewing several such independent managers, the County selected Novia CareClinics to manage the service and began operating on 11/1/2010.
- The County had two major goals for the clinic: (1) reduce the upward “trend” of overall health plan costs, and (2) provide an attractive employee benefit to employees (and their dependents).
- After two years and two months of full-time operation, both goals have been met. Financial results are shown in the table and graph on next page.



Novia Care Financials

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Medical Plan Cost PEPM	\$513.09	\$490.00	\$475.02	\$426.19
Clinic Cost PEPM	<u>\$0.00</u>	<u>\$60.81</u>	<u>\$71.01</u>	<u>\$78.27</u>
Combined Cost PEPM	<u>\$513.09</u>	<u>\$550.81</u>	<u>\$546.03</u>	<u>\$504.47</u>
Change		7.4%	-0.9%	-7.6%
Estimated Medical Trend		8%	9%	10%
Projected Claims PEPM		\$554.14	\$604.01	\$664.41
Percentage Difference from Actual		0.6%	10.6%	31.7%
PEPM Difference (Actual versus Projected)		(\$3.32)	(\$57.98)	(\$159.94)
Employee Count		<u>10,260</u>	<u>9,584</u>	<u>9,439</u>
Estimated Savings		<u>(\$34,107)</u>	<u>(\$555,657)</u>	<u>(\$1,509,718)</u>

PEPM = Per Employee Per Month

Decide on “clinic” model: (Select finalist for meeting to provide additional information)

- Onsite full service clinic
 - Near site full service clinic
 - Shared full service clinic centrally located (will reduce administration costs)
 - A physician or nurse onsite regularly at different buildings with limited services
 - A current provider site that is open to public with limited services
 - Onsite clinicians or promote Patient-Centered Medical Homes by mandated or incenting employee to have a physical with primary care physician
- **Conduct finalist meetings with 2-3 onsite clinic providers to continue evaluation**

EVALUATION OF OPTIONS WITH MERCY HEALTH SYSTEMS

Milliman Purpose and Objectives

- Purpose: Clermont County is interested in evaluating a partnership with Mercy Clermont and Anderson because of proximity of these facilities to The County and the number of members that seek care from these facilities.
- Mercy owns Health Span Preferred network and Mercy Preferred network. These networks would replace the Humana NPOS network.
- In order to evaluate the cost impact of utilizing these networks and/or member steerage to these facilities billable charges and facility/provider allowable charges is required. The only data accessible today is the Humana claims data which includes billable charges and Humana negotiated allowable charges.
- HORAN engaged Milliman, a third party actuarial and consulting firm specializing in health care to complete a narrow network analysis based on Mercy inpatient and outpatient facilities. Two years of Clermont Counties claims data was utilized to conduct this actuarial analysis.

○ Facts:

- 61% of Clermont Counties claims are made up of inpatient and outpatient facility costs. Over 24 months this cost is \$10,800,000.
- 36% of Clermont Counties claims are made up of physician costs. Over 24 months this cost is \$6,470,000. The detailed data was not provided to conduct an in depth physician utilization analysis.
- Humana's average discount for Clermont County claims off billable charges is 53.9% for facilities and 45.2% for physicians.
- Mercy has a 10-20% lower billable charge than most facilities utilized by Clermont County members. Health Span has communicated to HORAN that their average discount off billable charges is 57% for facilities and 35-45% for physicians.
- Mercy facility claims make up 31.6% of Clermont County claims. Other facilities (mostly The Christ Hospital, Good Samaritan, Bethesda and University) make up 55.6% of Clermont County Claims. Children's Hospital Medical Center makes up 12.8% of claims.
- For the purpose of the steerage analysis only Mercy, The Christ Hospital, Good Samaritan, Bethesda and University Hospitals claims data was utilized.
- Milliman was provided 3 digit zip codes of members to determine how far members drive to a facility. This was utilized in the steerage of claims analysis.

- Based on Humana's contracted and negotiated discounts with facilities if Clermont County incented employees to seek care at a Mercy facility it would cost Clermont County .08% - 1.2% in increased claim costs. This is based on 100% steerage to these facilities utilizing the Humana network.
- This steerage would also cause facility spend differential for 55.6% of the claims.
- Clermont County provider disruption showed that 58% of members seek care from a Mercy Preferred network provider which means 42% of members if offering a narrow network would be required to change providers.
- The study has proven that Mercy facilities have a 10-20% lower billable charge. Health Span has communicated but not provided the data to prove a 57% average facility discount. If the 57% discount is achievable this means that steerage to these facilities would be positive for Clermont County and member costs.
- Health Span has communicated but not provided data to prove a 35-45% physician discount. Today, Humana physician discounts are 45.2%. The physician costs to members and Clermont County could be higher with Health Span. A 35% discount would achieve a \$600,000 increased cost to Clermont County.

Humana, Mercy Provider Options

- Mercy can manually administer a reduced/waived copay at the time of service. No impact to Humana network/benefit build. Clermont County will need to negotiate this direct. – ***Can be implemented any time***
- Humana can build a tiered network/benefit to drive members to Mercy physicians and/or hospitals. Tier 1: Mercy, Tier 2: NPOS Open Access, Tier 3: Non-network. Note: 1) agreement would need to be signed between Mercy and Clermont County since Humana's contracts cannot steer to a particular provider. 2) HDHP benefits in a tiered design would need to be modified to remain HSA compliant 3) Need to know if this includes Mercy hospitals, physicians, or both. Humana can administer either or both due to a limited number of tax IDs associated with Mercy hospitals and physicians. While it is possible to administer specific Mercy hospitals (due to different tax IDs for each location), it is not possible to administer some of the physicians since Mercy physicians are grouped under single tax ID. – ***Must be implemented at renewal and decided 10/14***
- Same as Option 2 but Clermont County could negotiate an additional discount with Mercy. This written agreement will be between Mercy and Clermont County. Humana recommends the following to be written into the agreement: *Clermont County will utilize this additional discount of x% over Humana's existing rates, but still using Humana's payment systems, reimbursement methodology, terms and conditions, and claim processing.* If the Mercy/Clermont agreement does not follow the Humana methodology/Claims payment/ and terms and conditions, as stated above, the County should be concerned about negotiating a deal that is less favorable than what they have today. Also, this additional discount needs to be clear: ie if Mercy provides an extra 10% discount does a 20% discount go to a 22% (an actual 10% increase) or does it go to 30% (10 point improvement). ***Can be implemented any time off renewal***

QUESTIONS