



**GROUP BENEFIT
SYSTEMS, INC.**

A photograph of a medical professional, likely a nurse or doctor, wearing a white stethoscope and a light-colored scrub top. They are sitting and holding their hands together in a supportive gesture. The image is overlaid with a semi-transparent blue filter.

CASE STUDY

DELIVERING RESULTS THROUGH DIRECT PRIMARY CARE

A three-year study shows cost savings, improved clinical outcomes and strong patient satisfaction



THE CHALLENGE

We worked with a City that was trying to balance their strong civic leadership with a high quality of life along with an understanding and support of business and economic development.

Like other municipalities and private sector organizations across the nation, this City looked for ways to significantly improve the health of their employee population while simultaneously retaining competitive benefits. While many employers have focused on changes to benefit plan design as a way to

manage and control costs, these changes can be limited in their impact on the underlying root healthcare cost drivers. Recognizing these limitations led the City to examine other new and innovative health solutions available in the marketplace.

THE SOLUTION

After an extensive analysis by a prominent employee benefits consulting firm—the City recognized the need for a new comprehensive, long-term strategy. To implement this strategy, the consulting firm recommended a two-pronged solution: 1.) switch from a fully-insured to a self-funded health insurance plan and 2.) provide employees and their families a personalized primary care program. It was the only benefit scenario that could bring costs down while the employees get better care.

“It’s the only benefit scenario that I can bring to my clients that’s win, win.”

The City’s human resources team along with their city manager led the implementation of the strategy starting with the change to a self-funded plan. As possible healthcare solutions were identified, the team utilized their Benefits Advisory Committee to provide feedback, involving stakeholders from every department across the City to ensure consensus was achieved in the decision-making process. Additionally, they gained the involvement of City leadership and elected officials early in the process, which later helped with buy-in to the new healthcare strategy. “It was critical that we were building consensus throughout the entire decision-making process,” said the City’s benefits specialist. “As a public organization, it was extremely important to do our due diligence and carefully consider all of our options. It was a significant decision – one that we did not take lightly.”

HOW PATIENT HEALTH AND SATISFACTION IMPROVES

- 1 Creates a partnership and collaboration between physician and patient** to encourage patient engagement – and patient’s shared responsibility for care
- 2 Increases access to physicians,** including 24/7 phone access and same or next-day appointments for urgent needs
- 3 Provides unhurried time with a physician** whose panel size is an average of 70% smaller than a primary care physician in traditional practice
- 4 Coordinates care across the healthcare system** through a physician who assists with referrals and interfaces with specialists
- 5 Aligns incentives for physicians** who are compensated based on health outcomes, patient engagement and patient satisfaction rather than the amount of services or procedures delivered

“We were shown a completely different model. Where you could actually have a relationship with your doctor – the emphasis is on doctor-patient relationship and access to care.”

IMPROVED ACCESS

Benefits of improving access to Primary Care:

- Reduction in emergency department visits
- Prevention of illness by detecting early warning signs/symptoms
- Detection of chronic conditions at an earlier stage, potentially preventing acceleration
- Increased employee productivity

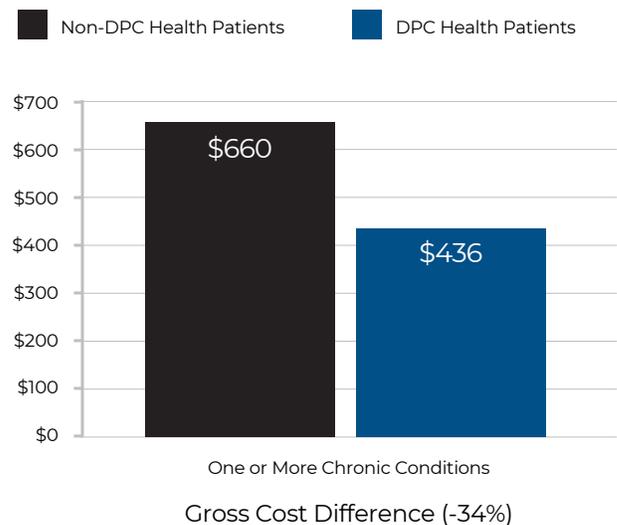
“It was critical that we were building consensus throughout the entire decision-making process.”

The Benefits Advisory Committee reviewed the finalist candidates for the healthcare solution and provided feedback to the City – with a decision for their new partner of choice. After reviewing the ROI analysis and learning the costs, benefits and risks involved, we realized direct primary care was an ideal fit for our organization,” said the deputy director of human resources. “We were shown a completely different model. Where you could actually have a relationship with your doctor – the emphasis is on doctor-patient relationship and access to care.”

Direct primary care gives patients greater access to their doctors and the opportunity to build trusting relationships with them, which leads to greater engagement and satisfaction in their personal healthcare. Rather than just treating patients once they become sick, care teams leverage a population health management approach through

COST BY CHRONIC CONDITIONS

Patients with one or more chronic conditions cost at least 30% less than with DPC



PATIENT GROSS COST DIFFERENCE BY NUMBER OF CHRONIC CONDITIONS

proactive care screenings and personalized outreach designed to better manage chronic conditions. When outside care is needed such as specialists, physicians actively work to guide patient care to high-value, lower-cost providers leading to better outcomes and optimized care in the broader healthcare system.



DPC Physicians are given more time with their patients that allows them to provide a broader scope of services than traditional primary care practices. This helps avoid redirecting care needs into higher cost, specialty settings. When combined with proactive, patient-

centered population health management the result reduces overall costs – while increasing a patient’s access to his or her physician and improving overall health outcomes. The City wanted to develop a culture of health and also improve medical cost spending. This innovative approach to care has helped the City achieve both objectives. In fact, in 2018 the City was able to unbundle their carrier solution and are now relying on DPC for all their population health management. They no longer have to pay for tertiary medical management programs.

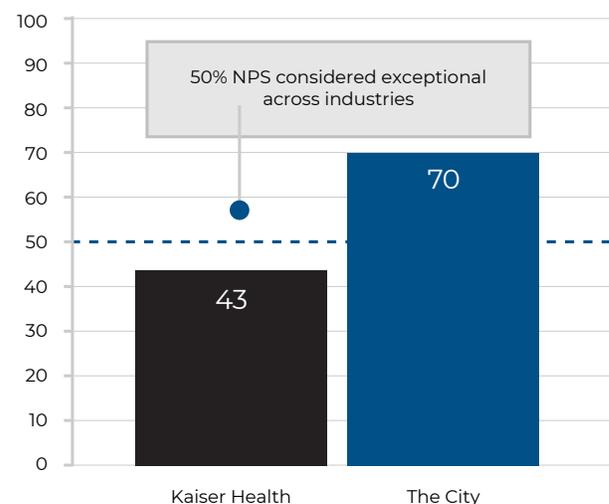
As a result of the collaborative partnership between the City and their benefits partners in implementing a transformative healthcare solution; the City began offering direct primary care with very high population adoption.

RESULTS: OVERVIEW

The City has shown overall positive results with their DPC provider relative to their goals across multiple dimensions: patient satisfaction, impact to population health and cost savings. Based on a recent analysis, enrollment continues to increase – 70 percent of eligible members are enrolled and patient feedback, as measured through Net Promoter Score (NPS)*, reflects strong satisfaction with the program.

NET PROMOTER SCORE

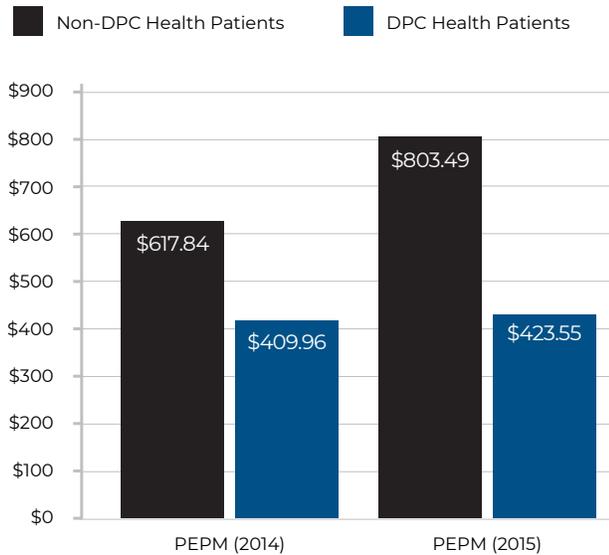
*Member feedback reflects a high level of satisfaction with the program as patient experience was measured through the Net Promoter Score (NPS); a customer loyalty and satisfaction metric.



NPS SCORE OVER PRIOR 12 MONTHS BASED ON 165 SURVEY RESPONSES

Satmetrix 2016 Net Promoter Industry Benchmarks

To date, a very high portion of the City's members have engaged with their DPC doctor including more than 85 percent of patients who are in the moderate to high risk category for chronic conditions. Engagement also continues to be strong with members utilizing the online patient portal and phone as a way to interact with their doctor.



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Analyses showed 22% Gross Savings.*

*Analyses was reviewed by an outside actuarial firm. Methodology utilized for the period 2014-2015 may differ from the methodology used by the DPC in 2016.

HEALTH IMPROVEMENTS AND COST REDUCTIONS ARE REALIZED IN THREE IMPORTANT WAYS

- Redirecting care into a lower cost primary care setting
- Proactively managing preventive care and chronic conditions
- Coordinating all outside care with high-value, lower-cost providers

The City's director of human resources, said "I can't say enough about how this has been paying off for us as an organization and most importantly for those individuals in their health care. Our goal as an organization was to find a way to manage healthcare costs and lower the renewal rates, we've been able to do that in large part due to the fact that we've gone with this direct primary care facility. It's been transformational in the way healthcare is provided to our employees and families, and transformational in the way we can manage our healthcare costs as an employer."

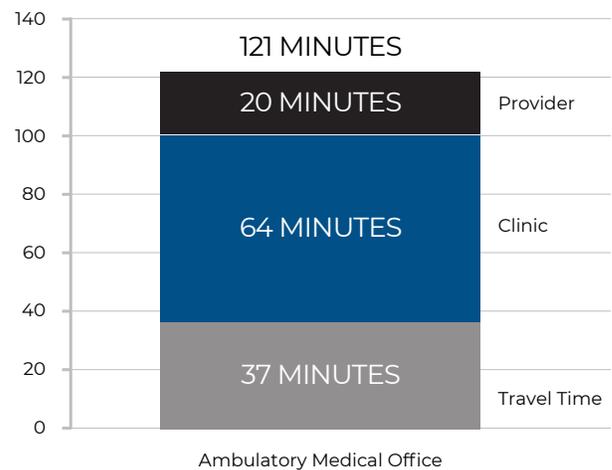
"Our goal as an organization was to find a way to manage healthcare costs and lower the renewal rates, we've been able to do that..."

TIME SAVED FROM IMPROVED ACCESS

City employees saved ~1138 hours last year by using the direct primary care facility compared to a traditional clinic.

EMPLOYEE TIME SAVED FROM IMPROVED ACCESS

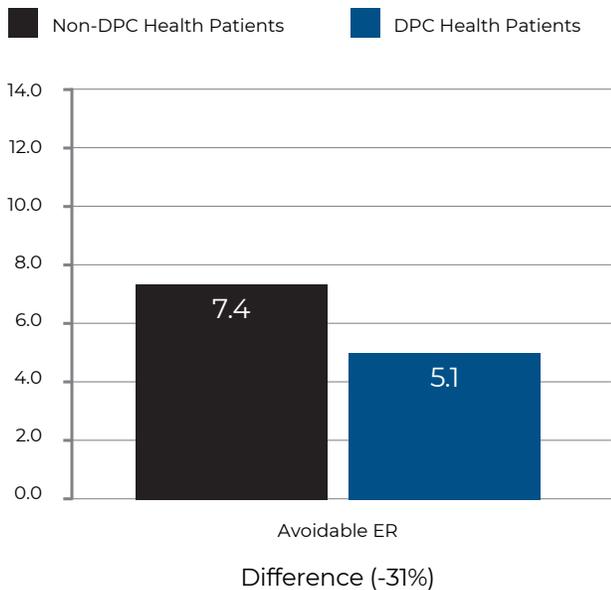
Minutes by Category at Medical Office



Opportunity Costs of Ambulatory Medical Care in the United States. Am J managed Care. 2015; 21 (B); 567-574.

A key finding from a cost analysis completed found that participants' costs have been much lower per City employee than the non-participants. In addition, members had at least 30% less visits to the emergency room. "We set out to get at least 50% of our employees enrolled in the program and we've overachieved that and we've gotten really high engagement, which I think is really affecting our results. We're really delivering quality healthcare to our staff and reducing our costs to a manageable state," said the city manager.

EMERGENCY ROOM UTILIZATION



The City uses the New York University Avoidable Emergency Room algorithm to identify, manage, and report Emergency Room utilization.

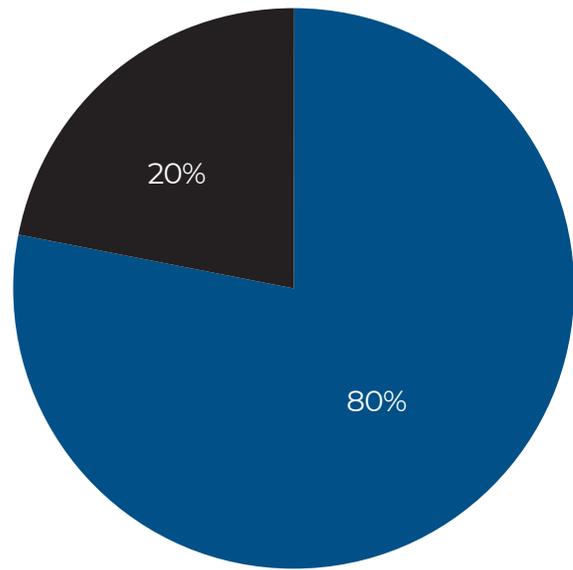
Risk Adjusted Visits Per 1000 member months.

"We're really delivering quality healthcare to our staff and reducing our costs to a manageable state."

MEMBER SURVEY: IMPROVED HEALTH QUESTION

To what degree has this facility helped you improve your overall health?

■ No Change ■ Improved/Somewhat Improved Health



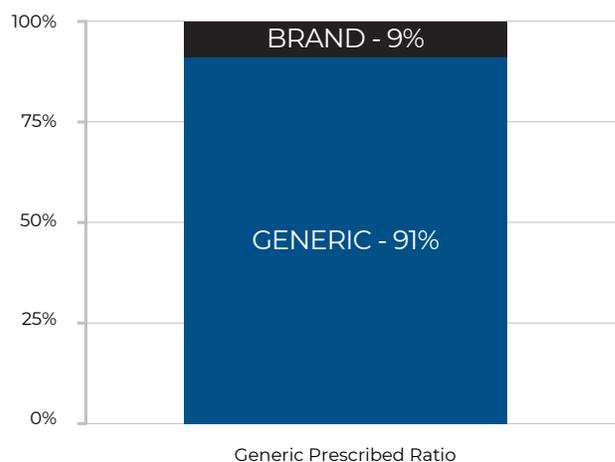
80% of respondents reported that their health has improved after joining.

(Improved Health score over prior 12 months based on 146 survey responses).

PRESCRIBED MEDICATIONS

91% of medications prescribed for the City were generic medications.

PERCENTAGE OF TOTAL PRESCRIBED MEDICATIONS



Prescribed medication based on the last 12 months. Generic classification based on the Medispan reference database.

KEY DRIVERS OF A SUCCESSFUL PROGRAM

Key factors for continued success, including a highly collaborative partnership with the DPC facility, are:

STRONG LEADERSHIP INVOLVEMENT:

The City's leadership actively supports and encourages participation in the program by showcasing the facility at organizational meetings. The ongoing support by the City's leadership of the program has had a direct impact in further strengthening their culture of wellness at all levels of the organization and within the community.

BENEFIT PLAN DESIGN:

The plan design drives employee engagement with the program; for example, the City provides their employees with an incentive for getting an annual physical. They also promote the DPC facility through programmatic activities — for example, flu shot clinics are used to educate their employee population about the facility and it has been an effective recruitment tool for the City — information is included in the City's benefits summary and they talk about the program in interviews.

TRANSPARENT COMMUNICATION:

When operational glitches have occurred, open dialogue and collaboration between the City and the facility has helped to quickly resolve the issues. The City's manager, shared, "The facility is very open to taking both criticism and praise. Particularly criticism and taking action on that."

FACILITATED COMMUNICATION TO EMPLOYEES AND DEPENDENTS:

The facility is able to communicate directly to the City's employees with educational videos and other promotional materials. The City includes them in their newsletter and they have also developed internal educational resources for new and existing employees. A City employee, shared, "We've always been really deliberate about communicating the model. Communication is key to engagement."

DATA PROVIDED FOR PROGRAM EVALUATION:

Ongoing reporting helps the City clearly see how the program is contributing to managing their healthcare costs. The City has seen overall lower healthcare utilization, and therefore, lower renewal rates because of the program. "We can attribute our savings greatly to this new facility," said the city manager.

ONGOING PARTNERSHIP BASED ON CONTINUAL IMPROVEMENT:

The DPC facility and the City continue to identify opportunities for program growth. A City executive, had this to say about the program, "I feel lucky to have this as an option. I feel confident that we made the right decision with this facility and as we continue to grow, I'm confident that we'll continue to reach and exceed our goals."

CONCLUSION

Many employers in their efforts to manage healthcare costs focus on changes to benefit plan design; however, those changes don't impact underlying root healthcare cost drivers. By following the City's lead and implementing an innovative solution, like a direct primary care facility, employers can address lack of access and care inefficiencies in the healthcare system.

This model is designed to help employers provide high touch, highly accessible, comprehensive primary care and care coordination; in so doing, employers

impact employee satisfaction, productivity, retention, and better optimize healthcare spending in the long term. Making a transformative change to the way healthcare is delivered and implementing a value-based payment model enables employers to provide "win, win solutions" to healthcare. city manager, offered sage advice, "With an innovative model, looking at the numbers is critical. Even with that assurance, change is hard. In the end, you have to have the courage to change."

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To learn more about Group Benefit Systems, please visit groupbenefitsystems.com.

Randy Howell

randy@groupbenefitsystems.com