

DEPARTMENTAL MATTERS

INDIAN RIVER COUNTY MEMORANDUM

To: Jason Brown
County Administrator

From: Suzanne Boyll *svb*
Human Resources Director

Date: May 2, 2021

Subject: Addition of SurgeryPlus Benefit as Optional Benefit for Individuals Insured on the County's Group Health Plan

Background

Indian River County offers a Group Health Plan to eligible employees, retirees and dependents of the Board of County Commissioners, Sheriff's Office, Clerk of Circuit Court, Property Appraiser, Tax Collector and Supervisor of Elections. The plan performance is reviewed throughout the year and opportunities for cost savings and benefit enhancements or modifications are reviewed, evaluated, and presented to the Board of County Commissioners for consideration.

Staff has been presented with a program to create an enhanced benefit for our covered members as well as provide a savings to the plan. The program presented for consideration is SurgeryPlus, which is a supplemental benefit for non-emergent surgeries using a national network of Surgeons of Excellence that have been credentialed by SurgeryPlus. The overall goal of the program is to improve quality and outcomes for plannable surgical procedures and also to reduce overall costs to the plan and covered members.

Under SurgeryPlus, covered members would have an additional option to choose from when seeking a provider to perform certain non-emergent surgeries. The types of procedures by category are:

- Joint replacement & Revision
- Spine
- Orthopedic
- Cardiac
- Gynecology
- Hernia Repair
- Ear, Nose & Throat (ENT)
- Gastroenterology (GI)
- Gallbladder
- Thyroid
- Pain Management Procedures

To qualify as a Surgeon of Excellence, licensed providers must be board certified, be fellowship trained, have no State sanctions, complete a reputational review, and pass a comprehensive malpractice review. This credentialing process ensures a high level of quality for surgical

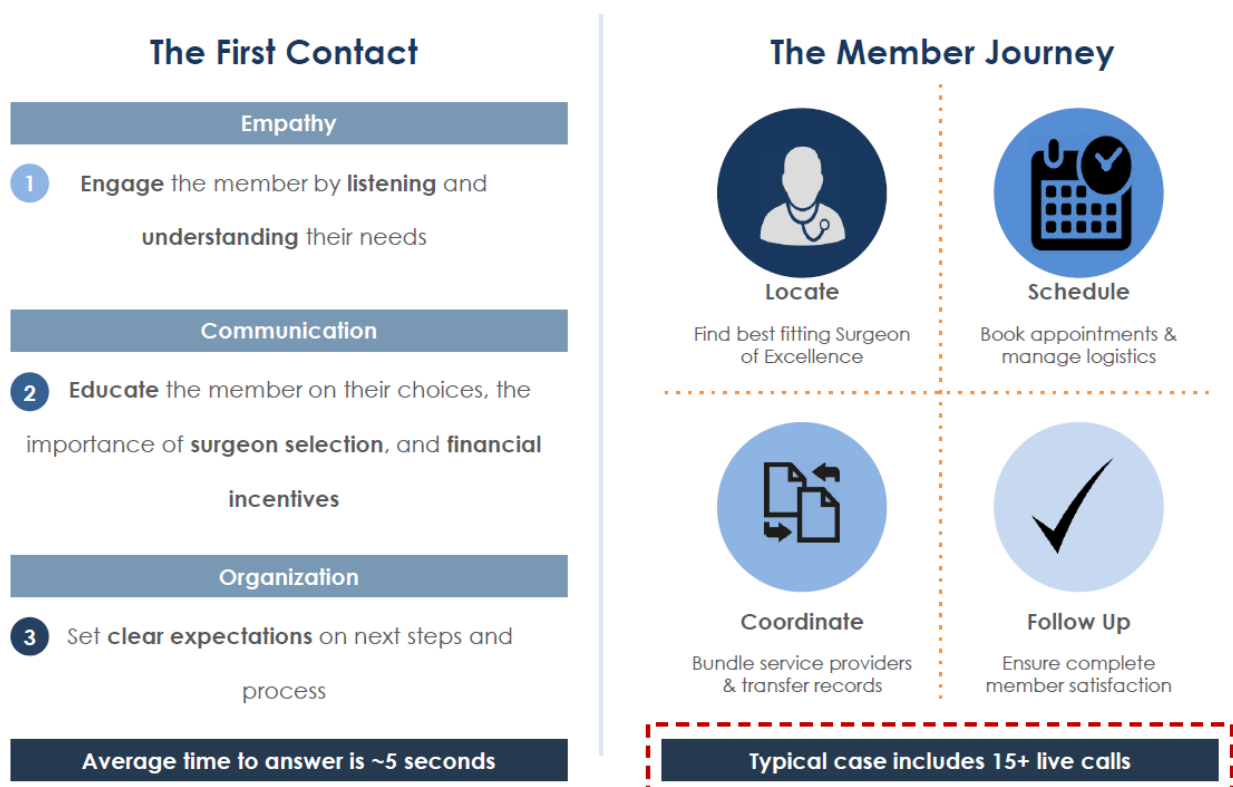
outcomes, and contracted bundled pricing ensures a savings to the plan and the member versus costs under the PPO network pricing with Florida Blue.

The SurgeryPlus network of providers is nationwide, which means that all of our group health plan participants (employees, retirees, and dependents) would have access to obtain services at the SurgeryPlus Centers of Excellence.

Group plan participants who are planning a non-emergent surgery would contact SurgeryPlus directly and be provided a full-service member experience as outlined below:

Member Experience Critical for Utilization

Full-Service Concierge, Driven by Live-Contact



Covered employees, retirees and dependents accessing the Centers of Excellence through SurgeryPlus, will also have reduced out-of-pocket costs due to the waiver of employee cost share (deductible & co-insurance). Approved travel costs and lodging will also be paid and billed according to the terms of the SurgeryPlus program.

SurgeryPlus offers three pricing models for their program:

- 1) Fixed Fee \$4.00 PEPM (\$3.00 Intro Rate in Year 1) + .25 PEPM marketing fee
- 2) Hybrid Fee \$2.00 PEPM and 15% of coordinated services fee + .25 PEPM marketing fee
- 3) Variable Fee 35% of coordinated services fee + .25 PEPM marketing fee

SurgeryPlus is so confident that this program would result in savings, they are willing to guarantee that savings will be double the value of the fees paid under the program. The greatest potential return on investment (ROI) is under the Fixed Fee model where the plan would experience the full benefit of savings rather than sharing the savings under the Hybrid Fee or Variable Fee model with SurgeryPlus. The estimated first year annual fee is \$60,336 under the Fixed Fee model (\$3 PEPM). This would increase to \$80,448 in the second year (\$4 PEPM). The marketing costs would be an additional \$5,028 annually (\$.25 PEPM based on 1,676 employees/retirees), and robust marketing of the program to members is required in order to secure a savings guarantee. SurgeryPlus anticipates that we will experience a minimum guaranteed initial net savings of \$60,336 and that additional savings would be generated as utilization increases. The proposal indicates that a typical savings would be expected between the range of \$298K to \$695K dependent upon utilization.

Use of the SurgeryPlus program is optional and members will have no out-of-pocket costs when utilizing this program. Employees may continue to utilize the Florida Blue group health plan benefits for these planned procedures; however, members choosing to do so will be responsible for out-of-pocket costs (deductibles, copays, and coinsurance).

Attached is a sample agreement from the City of Sebring. If approved by the BOCC, staff will negotiate an agreement similar to the terms of the City of Sebring agreement. Once an agreement is reached, covered members would be provided SurgeryPlus communications explaining the SurgeryPlus benefit to include a personalized member card and begin accessing the plan benefits at a date to be determined. Marketing would also occur throughout the year to encourage utilization.

Funding

Funding for SurgeryPlus administrative fees, claims, and approved travel costs, would be from the group insurance trust. Based on the 2x performance guarantee, the cost of the program would be covered by the overall plan savings that are realized.

Recommendation

Staff respectfully requests the Board of County Commissioners approve the addition of the SurgeryPlus benefit under the Fixed Fee pricing model, authorize staff to negotiate an agreement consistent with the City of Sebring agreement, and authorize the Chairman of the Board to execute the negotiated agreement and any and all documents necessary to effectuate the agreement.

Attachment: SurgeryPlus Proposal Overview
Sample Agreement – City of Sebring