

DEPARTMENTAL MATTERS

INDIAN RIVER COUNTY MEMORANDUM

To: Jason Brown
County Administrator

From: Suzanne Boyll *svb*
Human Resources Director

Date: January 11, 2021

Subject: Review of Consultant Findings – Phase 1 Employer Health Clinic/Wellness Center

Background

On May 11, 2021, the Indian River County Board of County Commissioners approved engaging Lockton Companies to perform consulting services related to pursuing an employer sponsored employee health clinic/wellness center.

The following guiding principles were identified as important to consider during this project:

- Clinic as added benefit to attract and retain employees
- Care available at no or low-cost to offset member impact of premiums increase and plan design
- Care needs to be convenient and easily accessible
- Clinic should be financially sound, producing plan savings over time

Lockton has completed Phase 1 of the project which includes the following:

- Population Health Claims Review
- Clinic Feasibility Study

Population Health Claims Review Insights

The group medical insured population was reviewed over a two year period to include active employees, retirees, spouses and dependents, as well as include COBRA participants. The data reviewed reflects activity from January 2019 through December 2020 (incurred). The analysis was completed in June 2021.

Baseline metrics are “norm values” which are based on Infolock Book of Business (BoB) consisting of 2.3 million member lives from 686 national employer group with various self-insured, commercial plans.

The results of this review reflect the following:

Key Elements	Key Insights
Demographics	<ul style="list-style-type: none"> The IRC population is an older average (38, Book of Business 34).
Cost	<ul style="list-style-type: none"> The Total Paid PMPM is in line with Book of Business. Spouses have a higher Paid PMPM (\$592.17) than employees (\$511.91).
Utilization	<ul style="list-style-type: none"> High percentage (84%) of members use the medical plan with favorable utilization patterns and great access to physicians. Increased urgent care and emergency room utilization, especially primary care treatable/non-emergent, among employees. Most treated conditions are hypertension, hyperlipidemia and musculoskeletal, which could be treated in a clinic setting. 72% of ER visits occur Monday through Friday.
Risk	<ul style="list-style-type: none"> High percentage (17%) of members have 3+ chronic conditions which represents 45% of plan Total Paid. IRC is expected to use 31% more health care resources than the Book of Business based upon population risk. Employees have conditions that can be most impacted with interventions resulting in improved outcomes.
Conditions	<ul style="list-style-type: none"> Diabetes (7%), Pre-Diabetes (7%), musculoskeletal disorders (43%) are the most experienced conditions and are more prevalent than the Book of Business.

Demographics and Costs (PMPM is Per Member Per Month)

(Children Not Reported)

		IRC Total Population	Book of Business	Employees	Spouses
Demographics	Current Members	3,690		1,690	811
	Average Age	37.7	33.9	48.8	49.6
Costs	Total Allowed Amount	\$23,383,083		\$8,531,294	\$4,591,365
	Paid Total PMPM	\$456.22	\$454.70	\$511.91	\$592.17
	Paid Medical PMPM	\$329.61	\$343.99	\$368.30	\$406.31
	Paid RX PMPM	\$126.61	\$111.71	\$143.62	\$185.87

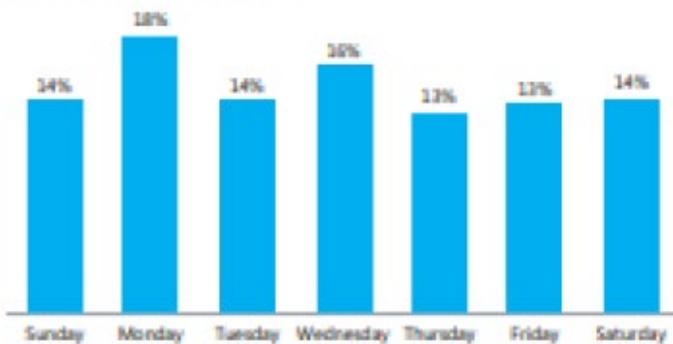
- Aging population which suggests need for preventive care and condition management, *services that a wellness center can offer.*
- Total Paid PMPM in line with the norm, with slight Paid RX PMPM surplus.
- Employees have conditions that can be most impacted with interventions resulting improved outcomes.
- On paid perspective, spouses have significantly higher PMPM. *Advance cost shifting strategy by phasing spouses into clinic eligibility, over a multi-year period, to divert care from the community to the clinic.*

Utilization Patterns

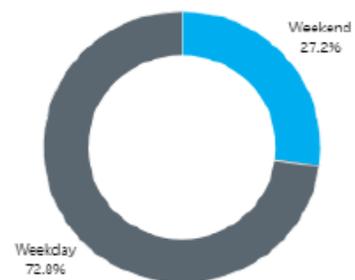
		IRC Total Population	Book of Business	Employees	Spouses
Utilization	Members with Claim Activity	84%	76%	85%	86%
	ER Visits/1,000	226	212	250	220
	ER % Potentially Non-Emergent or Primary Care Treatable	64%	61%	64%	68%
	Urgent Care Visits/1,000	361	181	355	364
	Telemedicine Visits/1,000	367	399	408	472
	Office Visits/1,000	4,101	3,266	4,754	5,035
	Specialist Visits/1,000	2,323	1,441	2,967	3,203
	PCP Visits/1,000	1,778	1,826	1,788	1,832
	Preventive Visits/1,000	562	538	398	535
	Prescription/1000	10,588	9,299	13,065	15,288

- Favorable claim activity across the total population, great utilization of office, specialist visits, preventive and telemedicine visits among Employees and Spouses specifically. *Utilization patterns suggests favorable engagement in a wellness center.*
- By place of service, ER visits are higher than the norm and a higher percentage of Potentially Non-Emergent or Primary Care Treatable. *Offering no/low cost and convenient care in a wellness center may help divert Potentially Non-Emergent or Primary Care Treatable visits.*
- Urgent care is in surplus of the norm, especially among spouses. *Utilize the wellness center to redirect care.*

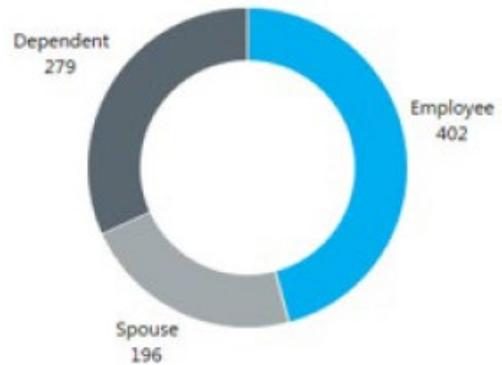
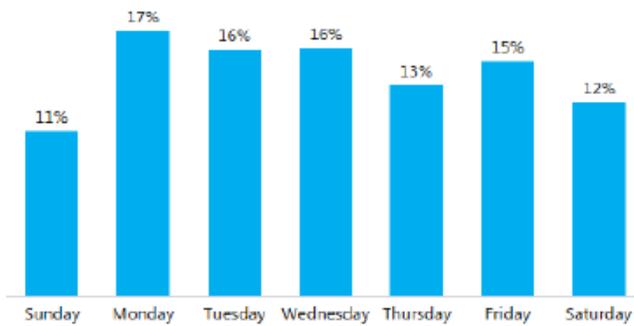
ER VISITS BY DAY OF WEEK



WEEKEND ER VISITS



URGENT CARE VISITS BY DAY OF WEEK



Risk and Conditions

		IRC Total Population	Book of Business	Employees	Spouses
Risk	Members with Three or More Conditions	17% / 617 members	9%	25% / 420	24% / 197
	Members with Three or More Conditions % of Total Paid	45%	37%	55%	54%
	Relative Risk Score (RRS)	1.37	1.05	1.75	1.86
	Chronic Condition Impactability (CCI)	1.86	1.14	2.18	1.57
Conditions	Pre-diabetes	7% / 264 members	5%	11% / 192	9% / 72
	Diabetes	7% / 254 members	5%	11% / 182	9% / 72
	Musculoskeletal condition	43.4% / 1,277 members	36%	51% / 862	51% / 415
	Depression	6% / 199 members	7.0%	7% / 122	9% / 77

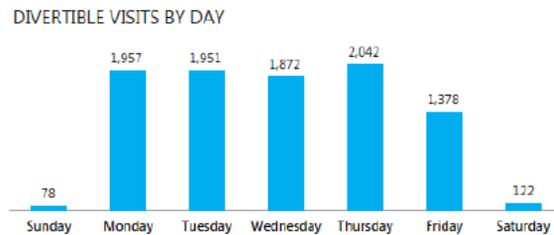
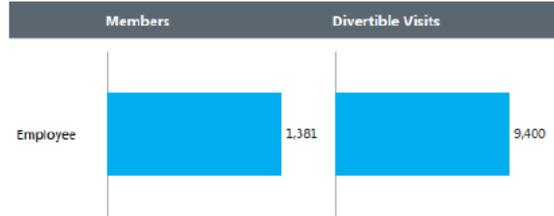
- Unfavorably high illness burden, relative risk, and CCI compared to the Norm. % of total paid attributed to risk is higher than benchmark.
- *A wellness center can offer access to care and serve as a hub for engaging members in condition management including the Kannact program.*
- Spouses present the highest risk (RRS) although Employees are the most impactable (CCI).
- Most prevalent conditions are in surplus of Norm and more experienced by Employees.
- *Employees can benefit from interventions including programs offered within a wellness center setting.*

Clinic Feasibility Assessment and Findings

Identified Divertible Visits Employees/Retirees Totals \$962.5K



Copay: Amount
\$0.00



Low Diversion Scenario Approximately \$202K (20-30%)

SELECT VISIT DIVERSIONS

	Divertible Paid Amount	Divertible Visits	% Diverted	Diverted Visits	Total Diverted Paid Amount	Total Copay Amount
Allergy	\$31,528	299	0.0%	0	\$0	0
Chiropractic	\$211	45	0.0%	0	\$0	0
Chronic Condition Management	\$13,743	123	20.0%	25	\$2,749	0
Dermatology	\$33,948	282	10.0%	28	\$3,395	0
ENT Services	\$5,808	37	10.0%	4	\$581	0
Immunizations	\$966	9	30.0%	3	\$290	0
Injectable Drugs	\$67,830	39	0.0%	0	\$0	0
Laboratory	\$12,069	435	30.0%	131	\$3,621	0
Maternity	\$2,989	15	0.0%	0	\$0	0
Medical Equipment and Supplies	\$4,179	11	10.0%	1	\$418	0
Minor Musculoskeletal Procedures	\$7,608	56	10.0%	6	\$761	0
Minor Surgery	\$23,105	94	0.0%	0	\$0	0
Office Visit - Behavioral Health	\$558	6	0.0%	0	\$0	0
Office Visit - Medical Care	\$513,829	5,876	30.0%	1,763	\$154,149	0
Office Visit - Preventive Care	\$98,273	585	30.0%	176	\$29,482	0
Ophthalmology/Optomety	\$28,313	325	0.0%	0	\$0	0
Other Procedures	\$37,353	365	20.0%	73	\$7,471	0
Physical Therapy, Rehab, and Occupati.	\$13,547	598	0.0%	0	\$0	0
Pulmonary	\$6,746	27	0.0%	0	\$0	0
Radiology	\$59,905	173	0.0%	0	\$0	0
Total	\$962,591	9,400	↑	2,208	\$202,915	0

- Chronic Condition Management
- Immunizations & Labs
- Office Visits – Medical Care
- Office Visits - Preventive Care

2,208 \$202,915

It is difficult to project actual savings that may be realized by implementing a health clinic/wellness center. A conservative diversion estimate during the first year of clinic operations is \$200K and diversion over time would likely increase; however, this diversion may not reduce actual health claims experience since claims can vary based on the medical conditions that are being treated during a given reporting period. The utilization of the clinic by eligible members will have a positive impact beyond diverted claims savings. In other words, while there is no guarantee that a clinic will have an overall impact on claims costs, there are other savings and benefits that would likely be experienced by offering a health clinic/wellness center to our eligible employees.

Other Potential Benefits of Employer Health Clinic/Wellness Center

- Alignment and integration with other benefits (Kannact, SurgeryPlus, CanaRx)
- Referring for appropriate follow-up testing/care to in network providers without any conflicts of interest
- Employee reduced time away from work due to near or on-site access to an efficient run clinic setting
- First site of treatment for workplace injuries
- Prescription savings (generic low cost vs. expensive brand name)
- Improved communication with medical provider and coordination of care
- Increased compliance with management of chronic conditions
- Avoidance of high cost claims over time due to improved management of chronic conditions

Clinic Model/Staffing/Eligibility/Cost Share Proposed Recommendation

In keeping with guide principles, for a cost effective clinic to align with the services that are recommended based on the Claims Population Health Review and Clinic Feasibility Assessment, the following is recommended:

- Clinic Model: Focusing on preventive care, episodic care, labs, and condition management. Limited pharmacy benefit may be pursued. Limited occupational health may also make sense (first aid and referral to W/C network when needed).
- Clinic Staff: Midlevel clinician (Nurse Practitioner, Physician Assistant) and Medical Office Assistant.
- Eligibility: Enrolled Employees and Retirees 1st year with Spouses added in the future if determined to be financially feasible.
- Member Cost Share: There would be no member copay or cost share for services.

Health Plan Design & Employer Health Clinic/Wellness Center

An employer health clinic/wellness center would be an increased benefit to our workforce and would complement the health plan, yet would be independent of the health plan. Although a clinic would be separate from our group health plan, offering free benefits beyond wellness benefits (ex. acute care) through the clinic is considered a significant benefit according to

Internal Revenue Service (IRS) guidance. Any employee who had access to this care at no cost would not qualify for a High Deductible Health Plan (HDHP) with HSA account. If the County offered a HDHP with HSA account in the future, employees using the clinic for acute services beyond wellness would experience a fair market value fee for those services in order to maintain their HSA eligibility.

Estimated Start Up Costs (\$100K-\$150K)

Startup clinic costs include:

- Technology
- Implementation
- Supplies
- Equipment
- Clinic/wellness center space & buildout
- If determined to be needed, procurement of real estate can be requested during the request for proposal phase. Additional real-estate costs and retrofitting the space may increase the projected startup costs.

Estimated Annual Recurring Costs (\$600K-\$700K)

Ongoing clinic fees include:

- Administrative fee paid to the clinic vendor assessed as flat fee or subscriber fee (PEPM or PEPY)
- Provider fee
- Pass through cost of supplies, labs, medication dispensing
- Technology/Electronic Medical Record
- Increasing clinic/wellness center services offered could increase costs

Support from County Staff

Following a Request for Proposal (RFP) process, after a clinic vendor is selected the BOCC, the implementation process for a health clinic/wellness center would involve support from County staff which would likely include Human Resources, Public Works, Information Technology, Budget, and Purchasing.

Funding

The expense for an employer health clinic/wellness center would be paid out of the Health Insurance Fund. Estimated first year costs are \$700K-\$850K and would need to be allocated on a future budget amendment utilizing Health Insurance Fund/Cash Forward Oct 1st.

Next Steps

Staff is seeking for direction from the Board of County Commissioners on whether to proceed with the marketing and RFP process for an employer health clinic/wellness center. If authorized, Lockton Companies will proceed with the process and will review all responses and present findings and analysis to the BOCC at a future date.