NFP™ Benefits Insurance Wealth Management

Employer-Sponsored Clinics & Telemedicine
Onsite, Online, Anywhere!

Presented By:

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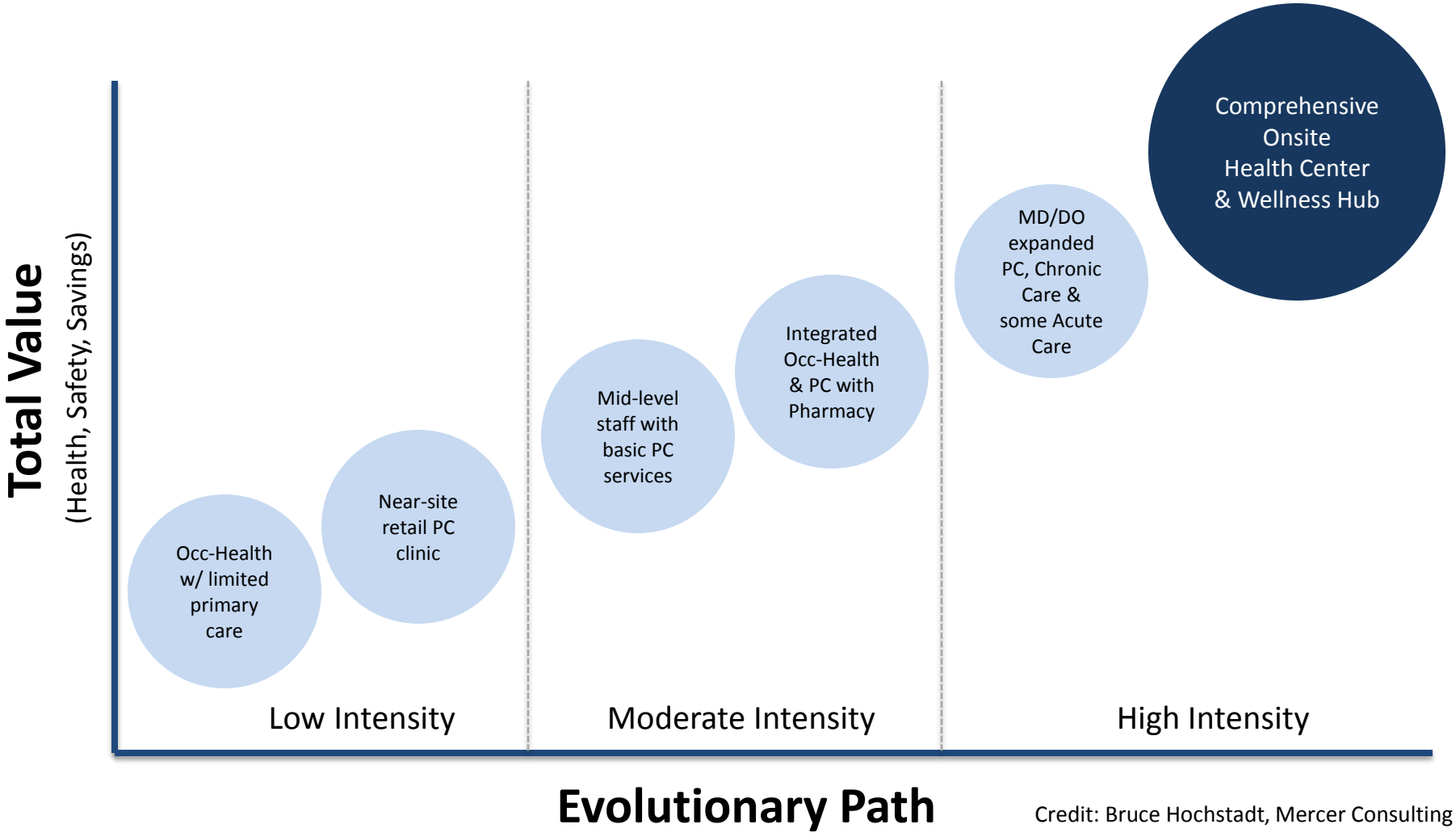
- **Evolution**
- Expected Benefits
- Scope of Services
- Delivery Models
- Feasibility
- Accountability

The Evolving Onsite Clinic Model



Credit: Bruce Hochstadt, Mercer Consulting

Onsite Clinics 2.0

- Clinics are becoming more than just a treatment center
  - Store-fronts of health promotion and wellness
  - Catalysts for risk reduction, screening and prevention
  - Promoters of healthy lifestyles and behaviors
- Centralized hub for health promtion
  - Biometric screenings
  - Health risk assessments and review
  - Personal face-to-face health coaching
  - Provider-assisted Telemedicine
  - Annex for a Medical Home Model

Clinic Adoption Rates have Grown

- Large Employers (5,000 +)
  - 37% offer occupational and/or primary care services through an online clinic.
  - 15% are considering onsite primary health care services by 2014
- Midsized Employers (500 – 5,000)
  - 30% offer on-site services
  - 15% are considering onsite primary health care services by 2014

Source: Mercer's Annual Survey of Employer-Sponsored Health Plans 2013

Growth Factors

- **Greater awareness** that properly managed clinics can save money and improve population health
- **Increased willingness** by employees (and dependents, when eligible) to use worksite health centers for non-occupational health needs
- The **perceived risk** that health care reform may compromise access to care and create a PCP shortage
- The **onsite model has evolved**
  - There's solutions for smaller populations
  - Ability to reach employees in more remote locations
  - Focus on the chronically sick and highest-risk members
  - Onsite clinics are becoming the "hub" for a company's full range of health and wellness related offerings

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An Onsite Clinic Candidate

- Self-insured employer
- 250 or more employees in one location
- High retention and low turnover rates
- High level of PCP shortages in their region
- Travel to external care settings is time consuming
- Population behavior
  - Low utilization of screening, prevention and risk reducing services
  - High ER use (especially for non-emergent conditions)
  - High specialist referrals (misuse)
  - High absenteeism due to medical-related issues

Clinic Objectives

- Improve access to care for employees (& dependents)
- Improve health outcomes – individually and in aggregate
- Provide a higher quality of care than received in the community
- Boost employee morale, retention and recruitment
- Encourage employees to take a more active role in their personal health
- Save money and moderate the trend

Expected Savings

Direct Cost Savings

- Redirected costs
  - Office visits, blood draws, HRA/Biometrics, wellness and health coaching, flu shots and immunizations
- Avoided costs
  - Specialist visits, outpatient services, ER visits, hospital admissions

Indirect Cost Savings

- Reduced Absenteeism Costs
  - Less missed work resulting from employee health problems
    - Travel savings by redirecting off-site office visits
    - Reduction in employee sick days
- Reduced Presenteeism Costs
  - On-the-job productivity gains resulting from better employee health

Adoption and Utilization Drivers

- Great communication and broad awareness
- Exceptional patient experience
- Engaging staff and superior service
- Privacy, security and confidentiality assurances
- Attractive plan design and incentives
- Appealing location, layout and finishes
- Strong executive support and involvement

- Evolution
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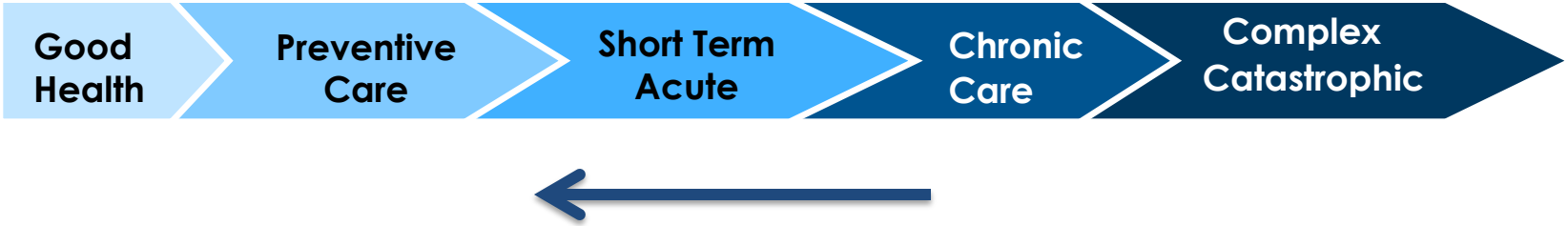
Scope of Services

- Primary Care
- Acute and Episodic Care
- Wellness and Prevention
- Occupational Health
- Pharmacy
- Fitness
- Rehabilitation
- EAP and Behavioral Health
- Ancillary Services
  - Physical Therapy
  - Labs
  - Radiology
  - Dental
  - Vision

Population Health Management



Shift from fixing to preventing

Wellness Programming

- Health promotion/awareness/ education
- HRA
- Biometric screenings
- Immunizations
- Preventative care
- Onsite programming
- Group campaigns (smoking cessation, weight/nutrition mgmt, exercise/fitness, stress mgmt)
- Incentivized wellness tracking

Disease Management

- Major event prevention (diabetes, asthma, hypertension)
- Targeted counseling services
- Compliance (testing and medication)
- Prevention of crisis stages
- Ongoing symptom management
- Mail and telephonic outreach
- Management of chronic conditions/diseases

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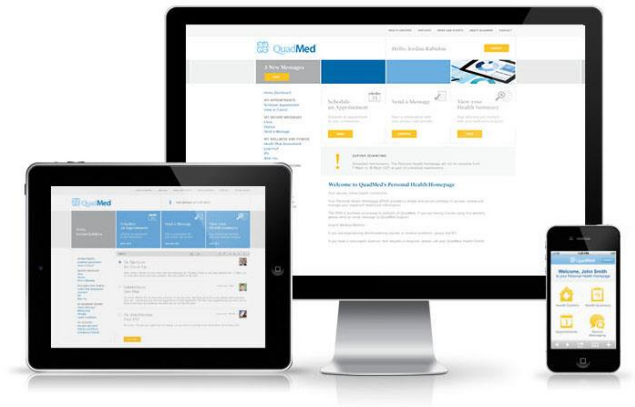
Integrated Patient Portals

Web and mobile application suites



- Online scheduling
  - Virtual visits
- Personal health records
- Prescription refills
- Visit history
- HRA and Biometric trend analysis
- Secure messaging
- Health content, videos and media

Telemedicine

- Online Doctors Visits
  - State licensed and board certified physicians and other professionals
  - Video, chat, text and phone
  - Used for basic acute care, CCM, EAP and other consultations

How it works

1. Select provider and schedule in advance or on-demand
2. Provider accepts invitation and sends confirmation
3. Provider reviews patient records and initiates a live online visit using video/chat/phone – to discuss symptoms, diagnose and prescribe treatments and medications
4. Complete record should be captured in the EMR – to be shared across care team to maintain continuity of care

Health & Wellness Suites

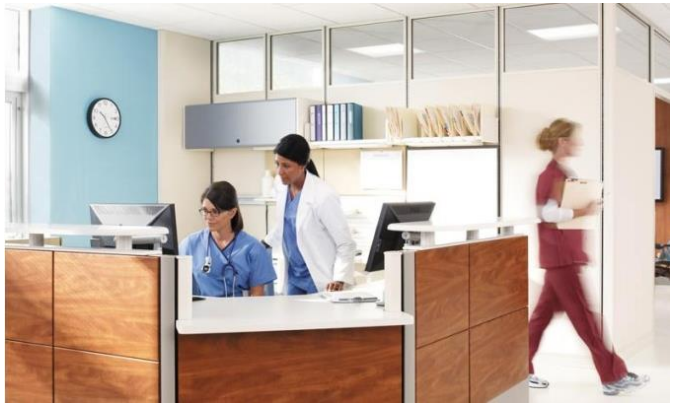
- 250+ Members
- Single provider (RN, NP)
- ~ 500 Square feet
  - Modular design - Maximize utility and efficiency
- Services include:
  - Acute Care
  - Wellness and Prevention
  - Health coaching
  - Assisted Telemedicine
  - Lab draws, Pre-packaged Rx

Shared & Near-Site Clinics

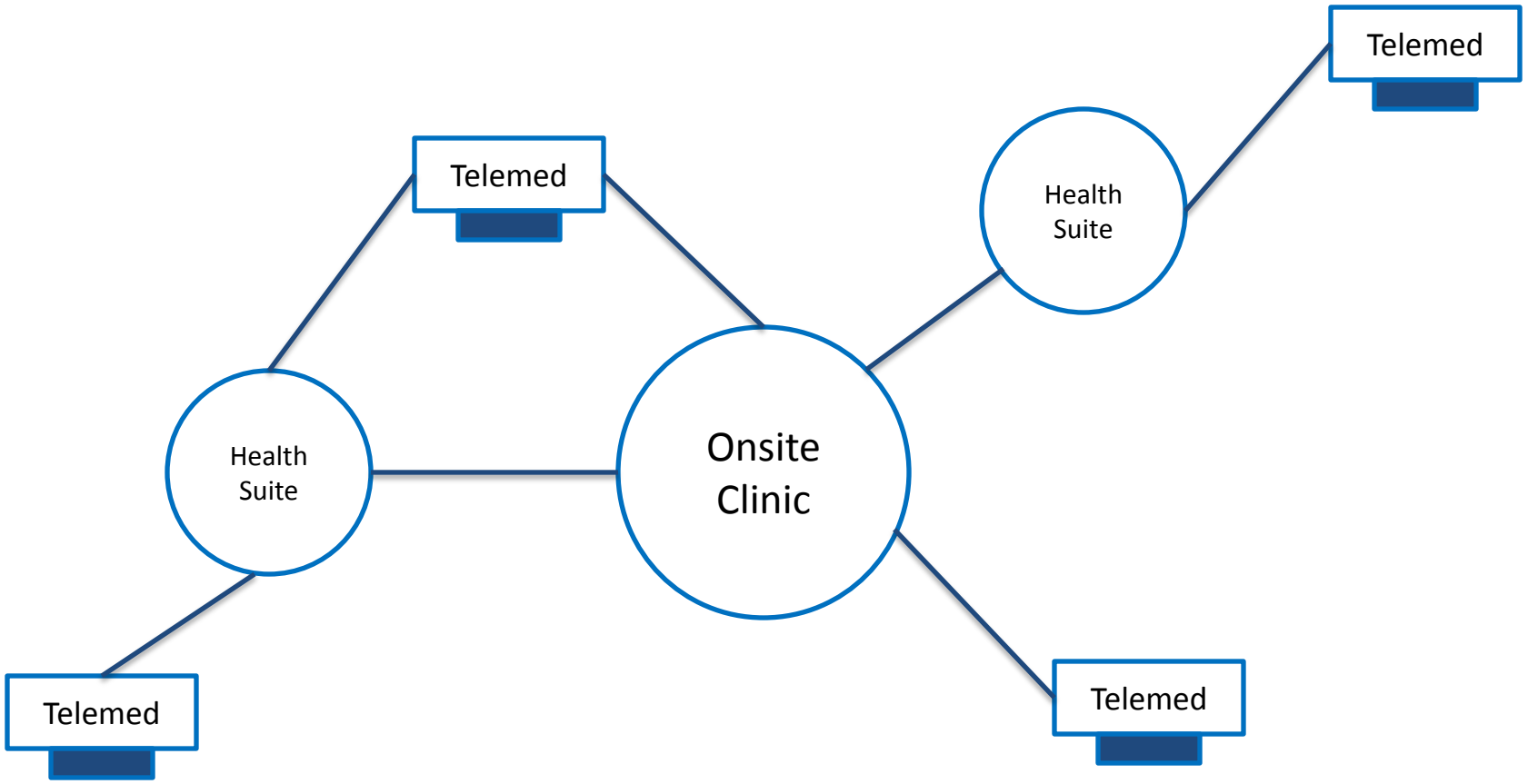
- 500+ Members
- Staffing: Physician, NP, RN
- Employer can "open up" their clinic to other companies
- Neighboring companies can join forces to establish a communal health facility
  - Aggregate employees reach critical threshold
  - JV or other formal contracting arrangement to structure ownership, financing and management
- Property Manager or Landlord provides a clinic as a building amenity
  - Multi-tenant office building, office park or manufacturing facility
  - Open to tenants or general public on membership or fee-for-service basis

Comprehensive Dedicated Clinics

- 1,000+ Members
- Large provider staffs, including specialists
- Comprehensive and integrated scope of services
- Patient Centered Medical Home
- Population Management
- High-performance referral networks
- Onsite Pharmacy, Labs, Radiology, Fitness and Rehab Centers



Hub & Spokes



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The Key Questions

- Eligibility – who can use the clinic?
- What services to offer? Utilization assumptions?
- What will patients be charged for services?
- How will the clinic be staffed and managed?
- Where will the onsite clinic be located? Will it be dedicated or shared with other employers?
- What benefits are most important? How will performance be measured?
- What is the initial capital budget?
- What are the ongoing operating costs?
- What are the unit costs for services? What are they in the community?

Projecting Costs

- Start-up Costs
  - Construction, engineering/design, equipment, IT, Fees
  - $75-100 per square foot for modest remodel
  - $180-250 per square foot for an extensive build-out

- Operating Costs
  - 75% of operating costs are staffing related
    - Reflects the population size, scope of services and expected utilization

Projecting Savings

- Analyze paid claims data to understand population conditions and costs of services that could be delivered onsite
  - Encounters and costs that could have been avoided
  - Encounters and costs that could have been redirected
  - Productivity and absenteeism savings from saved time
- Sensitivity analysis to forecast potential onsite clinic volume
  - Based on population-specific conditions and encounters
  - Assumptions based on % of members expected to use services – low, moderate and high scenarios
  - The impact of operating costs and incentives on clinic utilization
  - Adjustments for "induced demand" created by the clinic

Sample ROI Drivers

Savings Components	Key Assumptions	Values in Model	Reference Points
Moving visits to fixed fee cost structure (Unit cost savings)	Employee Capture rate of visits	Year 1 – 35% Year 5 – 55%	80%
	Current allowed cost per visit	Office - $147 Lab - $33 Rehab - $105	Claims Data
	Staff Salaries	NP - $100,000 MA - $35,000 PT - $75,000	Market Rates
Health Care Trend	Health care inflation rate	6% annually	Conservative Assumption
Cost Avoidance (Cash savings)	Reduction in ER/Urgent Care Utilization	Allowable cost per ER/Urgent care visit $294 5% reduction of visits	Claims Data Benchmark Experience
	Reduction in Specialty Care Visits	Allowable specialty care visit $145 2% reduction of visits	Claims Data Benchmark Experience
	Reduction in Inpatient Hospitalization Admits	Allowable cost per admit $20,147 3% reduction of visits	Claims Data Benchmark Experience
Productivity Savings	Time saved by employee	2 hours per visit	Benchmark Experience
	Hourly rate of employee	$15 per hour	Assumption

Sample ROI Analysis

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Expenses of Clinic		(447,517)	(474,088)	(501,759)	(517,792)	(533,137)
Redirected Claims - Plan Primary Care Savings		237,050	312,280	395,683	487,971	548,040
Redirected Claims - Plan Lab Savings		72,744	91,737	112,747	119,512	126,682
Redirected Claims - Plan Rehab Savings		110,922	134,374	160,240	188,728	220,056
Avoided Specialty Care - Plan		3,305	6,936	10,918	15,277	20,042
Avioded ER - Plan		2,161	4,467	6,926	9,549	12,344
Reduced Medications - Plan		11,520	22,810	33,875	44,718	55,344
Reduced Hospitalizations - Plan		87,605	179,222	275,109	375,541	480,807
Total Cash Savings	-	77,789	277,736	493,740	723,504	930,179
Productivity	-	32,947	38,784	44,941	51,432	58,272
Total Savings	-	110,737	316,520	538,681	774,936	988,452
ROI Cash Savings		1.25	1.67	2.07	2.50	2.85

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Initial Investment	(344,298)					
Ongoing CapEx replacements				(2,500)	(2,500)	(2,500)
Cash Savings	-	77,789	277,736	493,740	723,504	930,179
Terminal Value						4,638,395
Net Cash Savings	(344,298)	77,789	277,736	491,240	721,004	5,566,075
Internal Rate of Return	107%					
Payback Period	Year 3					
Total Savings (Cash and Productivity)	(344,298)	110,737	316,520	536,181	772,436	5,915,710
Internal Rate of Return	114%					
Payback Period	Year 3					

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Accountability

- Visibility into performance is key
- Performance criteria should be established up front
- Fees tied to performance guarantees
  - Utilization and adoption
  - ROI and savings projections
  - Patient satisfaction
  - Clinical quality measures
  - Same day appointments
  - Patient wait times

Balanced Scorecard

- Simple and easy to track
- Provides Scoring
  - Overall Score (Roll up Indices)
  - Index scores (Roll up KPIs)
    - Patient Satisfaction
    - Population Management
    - Operational Efficiency
    - Financial Return
  - Key Performance Indicators
    - 2 to 4 KPIs per index
    - Establish benchmark targets
    - Tie performance guarantees to KPIs
- Maintains Strategic Alignment

Thank You!

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