

## Case Study: Mid-Sized Manufacturer

### Introduction

Historically, companies have struggled with the best way to package and deliver benefits to attract talent and retain staff. Today, companies understand that they need to leverage a variety of solutions to provide meaningful healthcare coverage, promote wellbeing and mitigate cost. Vital Incite delivers data-driven strategies designed to identify medical spend waste and improve efficient spend, allowing employers to reinvest in the correct resources that will improve employee health. For this employer, data was the key component in coordinating efforts between the employer HR and C-suite, the advisor and the Population Health consultant.

- Key information unique to this employer
  - Japanese owned and multiple nationalities employed with little knowledge of the American health care system other than in the HR team
  - Manufacturing company with predominately male employees
  - Onsite clinic opened April of 2014 with initial services including primary care, physical therapy, massage therapy, lab, nurse health coaching
  - Increase in medical plan participation due to growing workforce and rich medical plan offered at a low cost to employees.
- Value of what was delivered
  - Improved risk migration of high/very high risk members (total population and same cohort)
  - Improved efficiency of medical plan utilization and improved unit cost
  - Improved care coordination (decreased ER visits, decrease in multiple medications, increase in number of members with a primary care physician)
  - Targeted outreach from onsite clinic to improve overall health of members

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#### **Problem 1: Increase in medical plan spend**

Prior to the clinic opening, the medical plan saw utilization of ER visits and imaging services along with associated costs above benchmark. The number of covered lives (employees and spouses) was also increasing as well as the average employer paid amount per member due to high cost utilization of an unmanaged workforce. Current medical plans were two low deductible, PPO plans with little consumerism and offered at low cost to employees.

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#### **Problem 2: Low onsite clinic utilization**

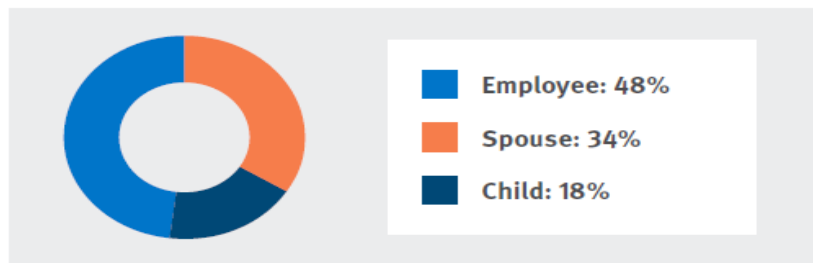
The first six months the clinic was open showed low utilization for several services resulting in the

employer reducing services effective January 1, 2015 – March 31, 2015 to help reduce costs. The suspended services included: patient advocacy, evening clinic hours, reduced health coaching hours and physical therapy. In order to fully recognize the benefit of an onsite clinic, employees needed easier access to the clinic during working hours; a better understanding of services provided (i.e. labs, medications and nurse coaching) and targeted outreach to key members.

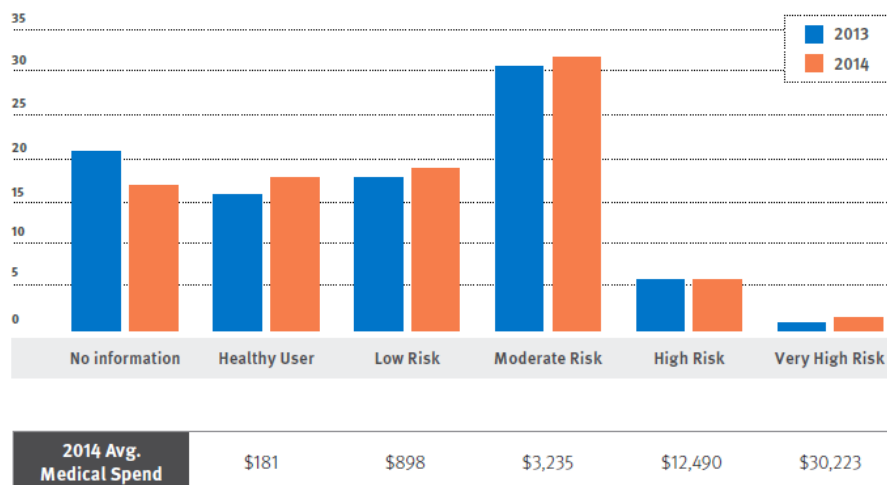
### 3 Problem 3: Increase in risk migration of member population

Data revealed employees carried the majority of the high/very high risk and risk migration from 2013–2014 showed a neutral to slight increase (*Figure 1*). Further analysis showed a higher than average percentage of untreated chronic conditions including diabetes, high cholesterol and high blood pressure. Cost information from a disease perspective, showed the potential impact specific disease programs within the clinic could have on employee health and medical cost.

**FIGURE 1. Risk Distribution**  
*High to Very High Risk – 2014*



**FIGURE 1. Risk Distribution**



## Analysis of Alternatives

The data reported from the population health team was instrumental in developing a strategy to have an impact on the member population and a successful onsite clinic. Once there was an understanding of the prospective risk and impact of chronic disease management by the employer C-suite, the HR team gained support for the initiatives developed by the population health and HR teams. A key illustration (*Figure 2*) to this point was showing a cost avoidance calculation for key services provided by the onsite clinic.

**FIGURE 2. Avoided Cost Calculation**

Cost of Services if the Clinic Not in Operation*	# of Units	Non-Clinic Cost per Unit	Total YTD Avoided Cost	Total YTD Clinic Cost
Primary Care Visits	955	\$112.00	\$106,960	
Lab	2,744	\$29.00	\$79,576	
Drug Testing	134	\$48.75	\$6,533	
Therapy (Massage)	184	\$101.00	\$18,584	
Meds	1,636	\$20.00	\$32,720	
<b>Total Avoided Cost</b>			<b>\$244,373</b>	<b>\$248,257</b>

*\*Services that occurred in the clinic. Avoided cost calculated by # of units at average Employer Paid plan amounts. Represents cost that did not go through the plan since they were delivered in the clinic.*

## Recommended Solution

- Improve onsite clinic utilization:
  - New hire physicals completed at the clinic
  - Employees allowed allotted number of visits per year on the clock to visit the clinic
  - Benefits fair/clinic open house for employees to get to know the clinic staff
- Reduce the risk of employee population:
  - Chronic condition programs developed for diabetes and high blood pressure:
    - **Diabetes program:** members enrolled in the program where required to meet with the health coach and show compliance with medication and Hgb A1c testing, in order to receive free testing supplies.
    - **High blood pressure program:** members enrolled in the program were required to meet with the health coach at least quarterly, have frequent blood pressure checks, and received maintenance medications for free.
  - Clinic outreach to high risk populations:

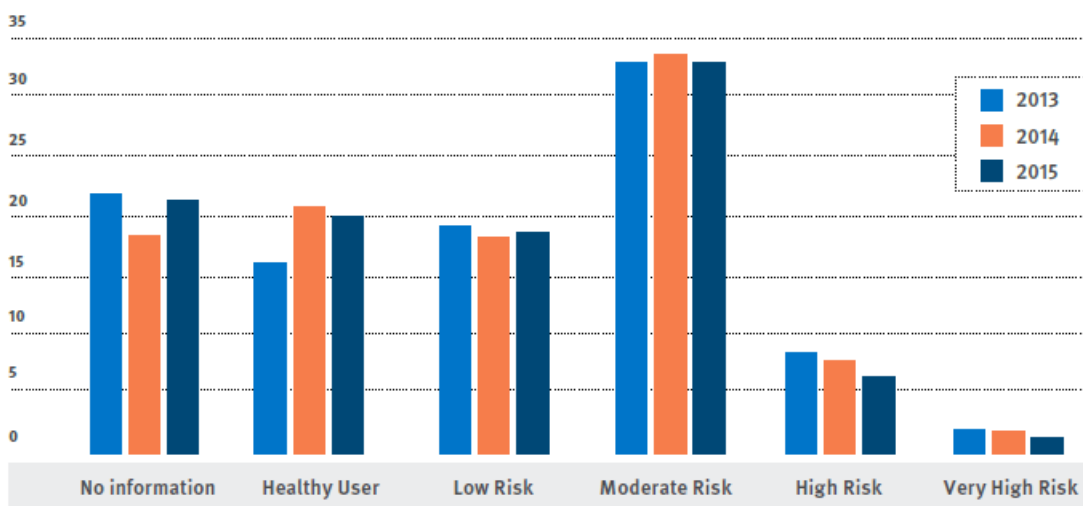
- Multiple gaps in prescription coverage for chronic conditions
- Uncontrolled, high risk biometrics
- Additional outreach
  - No annual physical for current year
  - Multiple ER visits
- Reduce utilization and unit cost on medical plan:
  - Employees were provided with healthcare choices, education pieces and assistance for price transparency
  - Education emphasis was placed on chronic condition maintenance and wellness activities

## Implementation

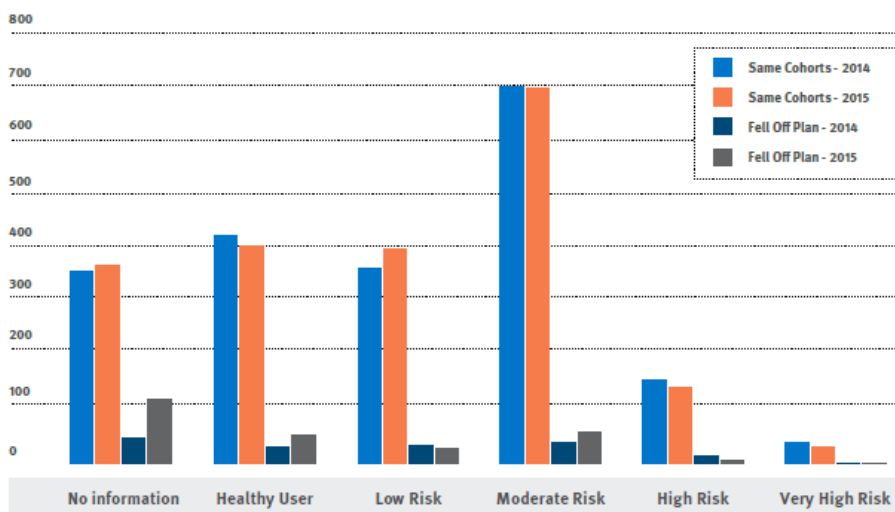
Once the initial strategy was developed, the employer HR, onsite clinic provider, advisor and population health strategist met on a quarterly basis to review the following key data points:

- Risk migration – total population and same cohort (*Figures 3 & 4*)

**FIGURE 3. Risk Distribution 2013–2015**



**FIGURE 4. Risk Distribution (Same Cohort) 2014 – 2015**



- Care coordination including multiple ER visits, percent of individuals with primary care physicians and gaps in prescriptions for chronic conditions (*Figure 5*)
- Clinic utilization and engagement including those with high risk biometrics engaged in primary care and health coaching
- Annual physical exam compliance
- Year to date medical plan utilization and unit cost (*Figure 6*)

As needed, strategy was adjusted to ensure the key objectives were showing progress.

**FIGURE 5. Care Coordination**

	2013	2014	Sept. 2015
# of Adults ≥ 21	1,271	1,478	1,553
% on > 4 Active Ingredients	35%	35%	30%
% on ≥ 12 Active Ingredients	10%	9%	8%
% with ≥ 1 ER Visits	18%	15%	13%
% with ≥ 2 ER Visits	5%	5%	3%
No Primary Care Provider	62%	47%	42%

FIGURE 6. Plan Performance

Category	Measure	Contract Period 04/13-03/14	Contract Period 04/13-03/14	Contract Period 04/15-09/15 Annualized	Overall % Change
Utilization	Hospital Admits (per 1,000)	53.1	54.6	52.4	-1.23%
Utilization	ER Visits (per 1,000)	261.4	242.0	224.4	-14.13%
Utilization	Imaging Services (per 1,000)	1,040.8	907.8	783.4	-24.73%
Utilization	Lab Services (per 1,000)	3,710.6	2,930.5	2,946.0	-20.61
Utilization	Clinic Lab Units (per 1,000)	0.0	1,314.6	3,153.6	139.89%
Utilization	Total Lab Units Per (per 1,000)	3,710.6	4,245.1	3,882.5	4.63%

\*Increase in total lab units driven by clinic lab utilization. Members were encouraged to use clinic lab for convenience and lower cost of labs

Category	Measure	Contract Period 04/13-03/14	Contract Period 04/13-03/14	Contract Period 04/15-09/15 Annualized	Overall % Change
Unit Cost	Hospital Cost per Admission	\$20,196	\$20,560	\$13,154	-34.87%
Unit Cost	ER Visit Cost per Admission	\$1,310	\$1,544	\$1,381	5.41%
Unit Cost	Imaging Costs per Service	\$200	\$226	\$170	-15.10%
Unit Cost	Lab Costs per Service	\$36	\$32	\$29	-17.58%
Unit Cost	Clinic Lab Costs per Unit	\$0	\$7	\$7	100.7%
Unit Cost	Total Lab Costs per Unit	\$36	\$25	\$10	-71.31

\*Increase in ER Visit Cost acceptable as utilization decreases indicating more severe cases going to ER

## Results

As a result of the current strategies, the customer has seen improved health of employees, better medical plan spend and improved utilization and efficiency with their onsite clinic. Further benefits for each stakeholder include:

- **Employer** – improved outcomes with investments, identified and managed risks
- **Employees** –improved appreciation of benefits and overall health awareness, less time away from work
- **Advisor/Population Health consultant** – data driven strategy and outcomes



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250 West 96th Street, Suite 350 | Indianapolis, IN 46260  
 P: 317.663.8302 | E: mdelaney@vitalincite.com | www.vitalincite.com