



# **On-site Clinic Feasibility Study for 2013 RFP and 2014 Implementation (Executive Summary)**

# Executive Summary - ROI Potential

## Details on slides 8-12

- Buck anticipates that in year 1 the Pinellas County clinic will experience a near break even ROI of .74:1. This is consistent with the initial investment required including build out and implementation costs.
- Because of the anticipated uptick in the utilization of clinic services by 10% year over year and the projected savings from this utilization; the ROI is anticipated to reach 1.66:1 in year 2 and 2.82 in year 3.
- Operating costs include the following:
  - A 10% annual inflation
  - Competitive pricing for biometrics screenings based on historic high utilization
  - A staff model for a 60 hour clinic that includes 1 MD, 1 Nurse Practitioner, 1 RN, and 1 medical assistant which is consistent with the suggested services and number of members residing in close proximity to Central Clearwater
  - A survey of what clinic vendors estimate the operating cost of this model to be
- Savings do not include the following and are therefore modestly estimated:
  - Copays (perhaps for non-covered UHC members)
  - Occupational Health services
  - Indirect savings such as productivity

*Per the American Journal of Preventive Medicine: Employers can see a return of \$3 to \$6 for each dollar spent over 2-5 years on workplace health promotion strategies such as on-site clinics. Buck has indeed seen modest ROIs of 3:1.*

# Executive Summary

## Recommendations

#	Recommendations	Why
1	Partner with a third party to implement an on-site/near site clinic for the Pinellas County Government population.	<ul style="list-style-type: none"> <li>• ROI: After the initial first year investment, and an increase in adoption; the clinic is expected to achieve a positive ROI in year 2 (slide 14) .</li> <li>• Indirect savings associated with productivity, convenience and compliance (slides 16-18).</li> <li>• 1,685 employees live within 30 minutes of Central Clearwater (slide 28).</li> <li>• The third party model means considerably less liability for the employer (slides 45-46).</li> </ul>
2	Provide convenient age-appropriate screening services to help with early detection of costly conditions.	<ul style="list-style-type: none"> <li>• To prevent costs from exploding for the percentage of individuals who are not incurring claims (slide 23).</li> <li>• To play a key role in early detection and/or referring people into the care/treatment system quickly and to the right providers (i.e. oncologists and cancer centers of excellence).</li> </ul>

# Executive Summary

## Recommendations

#	Recommendations	Why
3	<p>Staff the clinic with 1 full time MD and 1 RNP or PA to cover after normal business hours, for the following services :</p> <ul style="list-style-type: none"> <li>• Primary care</li> <li>• Acute care</li> <li>• Wellness Services</li> <li>• Pharmacy (phase in with dispensing machines)</li> <li>• Occupational Health</li> </ul>	<ul style="list-style-type: none"> <li>• An MD on staff is appropriate for groups of 2,000 or more.</li> <li>• Adoption rates for these particular services are expected to be higher than others.</li> <li>• Savings projections included primary care, ER, and wellness (slides 11-13)</li> <li>• Employees and covered spouses will exceed the projected 1,750 members needed to consider pharmacy services .</li> <li>• Occupational Health: Some OH services can be offered at the clinic, whatever is most convenient, as long as the clinic providers have the expertise to execute the services (slide 16). It is desirable to have a Board Certified Occupational + Environmental Medicine clinician on staff.</li> </ul>
4	<p>Allow employees and covered spouses to be eligible for the on-site clinic and expand to children over age 2 once established. Consider this during initial build out.</p>	<ul style="list-style-type: none"> <li>• Spouses contributed \$3.8 million towards office visit claims or 25% of Office visits</li> <li>• Children ages 1-19 years of age contributed \$887k towards office visit claims</li> </ul>

# Executive Summary

## Recommendations

#	Recommendations	Why
5	Consider scheduling on-site time each month/quarter for specialists with follow-up provided by the clinic.	To help control costs and improve quality and access to care (slide 21).
6	Establish convenient access for patients with high lipids, high blood pressure and diabetes . For example: regular standing appointments for blood sugar or blood pressure tests and disease management appointments.	<ul style="list-style-type: none"> <li>To manage and/or monitor conditions (slide 22).</li> <li>To integrate with care management programs.</li> </ul>
7	Consider the following optional services and survey potential third party partners to determine their capabilities in providing the following: <ul style="list-style-type: none"> <li>Blood and specimen collection for lab pickup</li> <li>Audiology</li> <li>Radiology</li> <li>Physical Therapy including Ergonomic Assessments</li> </ul>	<ul style="list-style-type: none"> <li>Convenience - some services are portable.</li> <li>Potential to negotiate discounts with local providers for added savings (slide 21)</li> </ul>
8	Administer some IV chemotherapy. Also consider allergy injections (slide 24)	Collect IV therapy admin fees.

# Executive Summary

## Recommendations

#	Recommendations	Why
9	Make the clinic a network provider.	Optimal use of primary care visits can yield fewer admits and lower inpatient costs.
10	<p>Waive copays for UHC covered employees/spouses to visit the clinic and charge a copay for noncovered UHC employees .</p> <p><i>Consult with internal legal counsel to ensure clinic is in compliance with state and federal regulations.</i></p>	<ul style="list-style-type: none"> <li>• Drive members to the clinic with this incentive in order to increase savings.</li> <li>• To support the culture of health for everyone....If 28% (this could increase by 10% each year) of the 218 opt outs visited the clinic annually and paid a \$20 copay, that would result in additional revenue of \$1,220 in year one.</li> </ul>
11	Set up a narrow network of referral providers.	To provide ease of accessibility, consistency and efficiency for patients who have been newly diagnosed.

# Background

- Pinellas County is exploring the potential of offering an on-site clinic to its workforce
- Developing a successful worksite clinic program to meet the needs of an individual population involves understanding multiple factors:
  - The current health care environment and utilization
  - Population demographics
  - Current and projected costs
  - Chronic disease prevalence
  - Employee/employer relationships
- Buck Consultants conducted a data analysis for the purpose of identifying the medical appropriateness (by procedure, diagnosis, timing and setting) for potential clinic services and to determine the cost effectiveness of an on-site clinic for Pinellas County



# Assumptions

- The health center could provide the following services for the County's 5,927 employees and their spouses enrolled in the Pinellas County health plan:
  - Primary care
  - Acute care
  - Wellness services
  - Pharmacy
  - Occupational health
- Other potential services may include:
  - Lab
  - Audiology
  - Radiology
  - Chemotherapy
  - Physical therapy
  - Specialist visits
- We assumed that there would also be a financial incentive for a member to utilize the on-site clinic such as lowering or waiving office visit copays compared to using community providers
- We projected a gradual increase in utilization over a 3-year period as employees become familiar with the clinic and the health care providers (adoption rates are increased by 10% per year for each category of expected likelihood ("low, moderate or high") for members to seek various services at the clinic)
- We anticipated a gradual increase in operating hours each year with a staff of 1 – 1.5 full time practitioners on site
- We also projected a 10% healthcare cost inflation year over year



# Year 1 Projections

For year 1, following the opening of an on-site facility, our analysis projects gross savings of \$1.6 million\* from avoided costs in the plan with approximately 12,685 services sought during the year or an average of 244 encounters per week.

Services	Total # of Services	Medical Plan Paid	Average cost per visit	Estimated % of Services at clinic	Estimated Onsite clinic utilization	Estimated Amount Saved	Estimated # of services per week
Office Visits	33,718	\$4,476,178.00	\$132.75	28%	9,441	\$1,253,292.70	182
Preventive Care	2390	\$260,601.00	\$109.03	20%	478	\$52,116.34	9
ER	1075	\$755,065.00	\$702.38	30%	322	\$226,166.36	6
Immunizations	6111	\$208,692.00	\$34.15	40%	2,444	\$83,462.60	47
<b>Total</b>	<b>43294</b>	<b>\$5,700,536.00</b>	<b>\$131.67</b>		<b>12,685</b>	<b>\$1,615,038.00</b>	<b>244</b>

- Note: These are gross savings before attributing any cost to the set up, staff salaries or operation of the clinic.*

*We have also not included any potential revenue generated in the clinic by collecting a copay or fee for each visit or service provided: For example, a \$10 OV copay in year 1 could generate ~ \$126,850 in revenue for the clinic*

# Year 2 Projections

For year 2, our analysis projects gross savings of about \$2.4 million\* with approximately 17,867 services sought during the year or 343 encounters per week.

Services	Total # of Services	Medical Plan Paid	Average cost per visit	Estimated % of Services at clinic	Estimated Onsite clinic utilization	Estimated Amount Saved	Estimated # of services per week
Office Visits	35,404	\$4,923,795.80	\$139.07	38%	13,454	\$1,871,047.70	259
Preventive Care	2510	\$286,661.10	\$114.21	30%	753	\$86,000.13	14
ER	1129	\$830,571.50	\$735.67	40%	452	\$332,522.84	8.7
Immunizations	6416	\$229,561.20	\$35.78	50%	3,208	\$114,782.24	61.7
<b>Total</b>	<b>45,459</b>	<b>\$6,270,589.60</b>	<b>\$137.94</b>		<b>17,867</b>	<b>\$2,404,352.91</b>	<b>343.4</b>

**Assumption of 10% healthcare cost inflation over Year 1**

*\* Note: These are gross savings before attributing any cost to the set up, staff salaries or operation of the clinic.*

# Year 3 and Beyond Projections

For years 3 and beyond (“steady state”), our analysis projects gross savings of about \$3.3 million\* with approximately 23,533 services sought during the year or 452 encounters per week.

Services	Total # of Services	Medical Plan Paid	Average cost per visit	Estimated % of Services at clinic	Estimated Onsite clinic utilization	Estimated Amount Saved	Estimated # of services per week
Office Visits	37,174	\$5,416,175.30	\$145.69	48%	17,844	\$2,599,692.30	343
Preventive Care	2636	\$315,327.21	\$119.62	40%	1054	\$126,079.48	20.3
ER	1185	\$913,628.65	\$770.99	50%	593	\$457,197.07	11.4
Immunizations	6737	\$252,517.32	\$37.48	60%	4,042	\$151,497.16	77.7
<b>Total</b>	<b>47,732</b>	<b>\$6,897,648.48</b>	<b>\$144.51</b>		<b>23,533</b>	<b>\$3,334,466.01</b>	<b>452.4</b>

**Assumption of 10% healthcare cost inflation over Year 2**

*\* Note: These are gross savings before attributing any cost to the set up, staff salaries or operation of the clinic.*

# Estimated Costs vs. Estimated Savings

## Year 1

Implementation Costs	\$113,000	
Operating Costs	\$736,000	
Biometrics – estimated \$25pp	\$75,000	
Gross Savings		\$1,615,038
Net Savings (ROI)		\$691,038 (.74:1)

## Year 2

Operating Costs - 4% annual increase	\$765,440	
Biometrics - estimated \$25pp	\$75,000	
Gross Savings		\$2,404,352
Net Savings (ROI)		\$1,563,912 (1.66:1)

## Year 3

Operating Costs - 4% annual increase	\$796,057	
Biometrics – estimated \$25pp	\$75,000	
Gross Savings		\$3,334,466
Net Savings (ROI)		\$2,463,409 (2.82:1)

~ Operating Costs for 1MD, 1 NP, 1RN, and 1MA for a 60 hour clinic.

# Potential Savings - Occupational Health

Services	Total number	Paid amount	Estimated per cent at clinic	Estimated amount saved	Estimated number of services per week	Total number estimated or actual; with remarks
Expanded Exam (Incl Fitness For Duty)	10	\$ 100	100%	\$ 1,000	0.19	Estimated
Divers Exam	4	\$ 140	100%	\$ 560	0.08	Estimated
Pre Employment Exam	94	\$ 75	100%	\$ 7,050	1.81	Actual
Independent Medical Evaluation	4	\$1,000	100%	\$ 4,000	0.08	Estimated
Hearing Test	25	\$ 20	100%	\$ 500	0.48	Estimated
Urine Drug Test	112	\$ 27.5	100%	\$ 3,080	2.15	Actual
Random UDT	193	\$ 20	100%	\$ 3,860	3.71	Actual. Contract requests available in North, Mid, South County; without delay; after-hours
Alcohol Breath Test	39	\$ 25	100%	\$ 975	0.75	Actual. Contract requests available in North, Mid, South County; without delay; after-hours
Blood Test Pesticide Exposure	10	\$ 60	100%	\$ 600	0.19	Estimated
Prescriptions Dispensed For WC	359	\$ 38	100%	\$ 13,642	6.90	Actual
Workers Compensation Office Visits	921	\$ 131	100%	\$ 120,651	17.71	Actual
Immunizations HEP B	24	\$ 40	100%	\$ 960	0.46	Estimated
Immunizations HEP A	12	\$ 35	100%	\$ 420	0.23	Estimated
Immunizations Tetanus	30	\$ 25	100%	\$ 750	0.58	Estimated

# Indirect Savings

- Greater staff productivity and reduced absenteeism
- Contributes to an overall healthier employee base
- Convenient, quality care
- Employees benefit from the flexibility of making and attending appointments during business hours and maintain focus on work activities while addressing their health and wellness needs
- Travel time is minimized and the need to take extra time off work is reduced
- Reduced employee out of pocket costs
- Decreased use of higher cost and more time consuming care settings (i.e., emergency rooms and urgent care centers)
- Improved recruiting and retention tool
- Employees tend to build a trusted relationship with the providers
- Increased utilization of health promotion programs, screenings and preventive services through enhancements such as:
  - Coordinating and complimenting any existing care management programs
  - Introducing new programs
  - Emphasizing health education, self-care and treatment compliance

# The Reasons Are Varied

## High Touch and Compliance

- Medical providers spend on average of 7 minutes with patients during routine office visits.
- The current health care system incents providers to take care of the sick rather than focus on prevention.
- More than 90 million Americans presently live with chronic illness.
- Patient non-compliance with physician recommended and prescribed treatment is approaching 50%.

## Comprehensive Clinics Provide Care for Routine Health Needs and Occupational Health Issues

- Clinics are set up to provide the full range of primary, acute, chronic, pharmacy and work-related care.
- The benefits that accrue are spread over several areas: group health, workers' compensation, occupational health (like pre-employment screens, drug screens, DOT exams).
- Retention and recruitment (because an on-site clinic is seen as a HUGE benefit)
- Productivity (i.e., absenteeism and presenteeism).



# The Reasons Are Varied

## Convenience

- Employees can get care at work, significantly reducing the lost work time required to seek care off-campus.
- Clinics also can offer extended hours, which means that families can get care conveniently as well, once they are included.
- Per the *March 2008 report by the National Association of Community Health Centers and the American Academy of Family Physicians*; 20% of Americans have inadequate or no access to PCPs. Florida, Texas and California are the hardest hit.

## Trading Higher Network Care Costs for Lower Costs inside the Clinic

- Well-configured clinics can save money by providing equal or better services at much lower cost than the network.
  - primary and urgent care visits
  - medications
  - laboratory tests
- To produce an acceptable ROI, it is recommended that a minimum of 750 – 1,000 covered lives be in close proximity to the clinic.
- In order to drive the population to the clinic, some employers offer incentives in the form of reduced or waived copayments/deductibles.

# Suggested Services

Service	Details
<b>Primary Care:</b> <ul style="list-style-type: none"> <li>• Appropriate for &gt;1,000 people</li> </ul>	<p>Pinellas County Specifics:</p> <ul style="list-style-type: none"> <li>• For year 1, our analysis projects gross savings of \$1.2 million from avoided office visit costs in the plan with approximately 9,441 services sought during the year or an average of 182 encounters per week.</li> </ul>
<b>Acute Episodic Care:</b> <ul style="list-style-type: none"> <li>• Appropriate for 300-1,000 people</li> </ul>	<p>Pinellas County Specifics:</p> <ul style="list-style-type: none"> <li>• For year 1, our analysis projects gross savings of \$226k from avoided ER costs in the plan with approximately 322 services sought during the year or an average of 6 encounters per week.</li> </ul>
<b>Wellness:</b> <ul style="list-style-type: none"> <li>• Biometric screenings</li> <li>• Health Assessment (Consider requiring for clinic access)</li> <li>• Wellness, Health Education</li> <li>• Flu Shots and Immunizations</li> </ul>	<p>Pinellas County Specifics:</p> <ul style="list-style-type: none"> <li>• For year 1, our analysis projects gross savings of \$83k from avoided immunization costs in the plan with approximately 2,444 services sought during the year or an average of 47 encounters per week.</li> <li>• For year 1, our analysis projects gross savings of \$52k from avoided preventive costs in the plan with approximately 478 services sought during the year or an average of 9 encounters per week.</li> </ul>

# Suggested Services

Service	Details
<b>Pharmacy</b> <ul style="list-style-type: none"> <li>Appropriate for &gt;1,000 people</li> </ul>	<ul style="list-style-type: none"> <li>Client may be able to select meds based on claims experience and fill gaps</li> <li>Consider a phased in approach               <ol style="list-style-type: none"> <li>Start with dispensing machines</li> <li>Concierge or delivery services leveraging PBM's retail network</li> <li>Multidimensional contracted services model with local pharmacies</li> <li>Full service on-site pharmacy</li> </ol> </li> </ul> <p><i>Florida state law does NOT dictate that a work site clinic has to dispense Rx to the general public.</i></p>
<b>Occupational Health:</b> <ul style="list-style-type: none"> <li>Appropriate for 300-1,000 people</li> </ul>	<p>Pinellas County Specifics:</p> <ul style="list-style-type: none"> <li>~100 fitness tests/year; ~ 12 Fitness for duty exams/year: Conducted both by HR and by Risk Management under the workers compensation (WC) program; a functional capacity evaluation is generally performed for employees who need work restrictions; ~400 directed to follow up care/year under WC</li> <li>Modified duty/return to work program; geared toward WC and every department is required to provide light duty to employees who are injured on the job and are given work restrictions. If departments have questions about restrictions and if an employee can perform a specific job function they will call Risk Management for input. ~75% have work restrictions</li> <li>Vision screening and drug and alcohol testing preformed through HR. 10 standalone 8 panel drug screens, most or all of which were for reasonable suspicion testing or for random follow up tests for someone who had tested positive, were performed in a year</li> <li>34 months of WC data = 359 Rx dispensed that could be appropriately provided in the clinic; financial impact low at \$13k, but convenience factor high</li> <li>12 months of WC data = 971 visits for total payments of \$117k</li> <li>94 pre-employment physicals, including an 8 panel drug screen in one year</li> </ul>

# Optional Services

Service	Details
<b>Lab</b>	<ul style="list-style-type: none"> <li>• Routine and as needed blood work/urinalysis as a part of biometric screenings, physicals or acute illness with lab pickup.</li> <li>• Potential to negotiate discounts with local lab provider for added savings.</li> </ul>
<b>Audiology</b>	<p>Because audiologists are portable and most testing is diagnostic in nature consider providing this service on a monthly or quarterly basis.</p> <p>Pinellas County Specifics:</p> <ul style="list-style-type: none"> <li>• Historical claims data averaged ~800 procedures/year and a total of \$25k net paid.</li> </ul>
<b>Radiology</b>	<p>Pinellas County Specifics:</p> <ul style="list-style-type: none"> <li>• ~ 200 injured workers have an x-ray performed/year on-site if recommended by the physician and equipment is available otherwise the injured worker is directed to an ancillary community provider.</li> <li>• Historical claims data analysis of simple x-rays revealed the following:             <ul style="list-style-type: none"> <li>• ~1,400 CXR/year</li> <li>• ~ 2,500 extremities x-rays/year</li> <li>• 32 portable x-ray procedures/year</li> </ul> </li> <li>• With over 2,600 mammograms conducted/year, consider providing mobile mammography in conjunction with the clinic at set times of the year.</li> </ul>

# Unlikely Services

Future Service	Details
<b>Ophthalmology</b>	Because ophthalmology equipment is constantly evolving and very expensive, this service may be difficult to provide on-site.
<b>Occupational Therapy</b>	Pinellas County Specifics <ul style="list-style-type: none"><li>Historical claims data averaged 45 visits/year and a total of &lt; \$2k net paid.</li></ul>
<b>Speech Therapy</b>	Pinellas County Specifics <ul style="list-style-type: none"><li>Historical claims data averaged 4 visits/year and a total of &lt; \$2k net paid.</li></ul>
<b>Specialized PT Services:</b> <ul style="list-style-type: none"><li>Aquatic Therapy</li><li>Whirlpool Therapy</li></ul>	Although inexpensive to deliver, the low number of claimants doesn't justify the need for specialized equipment.

# Models

# Clinic Models

Model	Pros	Cons and Considerations
Own and operate the clinic	<ul style="list-style-type: none"> <li>• Employer hires and manages staff</li> <li>• Employer purchases equipment and supplies</li> <li>• Employer establishes protocols</li> </ul>	<ul style="list-style-type: none"> <li>• Requires very specific expertise and a vast amount of resources</li> <li>• Employer accepts liability for medical malpractice and any violations of HIPAA</li> <li>• Perception of 'company doctor' only trying to get employee back to work</li> </ul>
Consider a "shared" model with a nearby employer with one company being the lead	<ul style="list-style-type: none"> <li>• One employer sponsors clinic but other employer partners can utilize the clinic and are billed in the background for services.</li> <li>• Vendor handles billing and all legal matters (City of Tampa and City of Clearwater both utilize CareATC)</li> </ul>	<ul style="list-style-type: none"> <li>• Consider the cons of partnering with a healthcare system should they cease the network relationship with the carrier</li> </ul>
Affiliate clinic with local area health systems	<ul style="list-style-type: none"> <li>• Access to group purchasing</li> <li>• Can deliver the necessary staffing, data services, ancillary programming, knows the appropriate specialists, and has a management team that is used to handling these factors of production.</li> <li>• Can provide support services (staff pools, maintenance, after hours, programming, radiology, lab)</li> </ul>	<ul style="list-style-type: none"> <li>• What if the health system leaves the network?</li> <li>• Not focused on the specific unique needs of the employer; focused on survival and on the needs of the community in which it exists.</li> <li>• A provider of commodity goods – not boutique services.</li> <li>• May conceive the clinic as being part of "their" larger program.</li> <li>• Can it be inclusive of 'other' health care providers outside of their own?</li> </ul>



# Staffing

- Nurses
- Nurse Practitioners
  - State practices and laws vary regarding the flexibility of non-physician medical practitioners to prescribe drugs and practice medicine. Specific to this, there are no Florida laws found in the scope of practice legislative database. <http://www.ncsl.org/issues-research/health/scope-of-practice-legislation.aspx>
- Physicians: Appropriate for groups of 2,000-3,000
- Pharmacists
- Other allied health care professionals
  - Therapists
  - Phlebotomists
  - Receptionists
  - Medical Assistant
  - Chiropractor

# Business case support

# Savings Research

- *The overall evidence to date indicates that a return on investment (ROI) for an On-Site Clinic is realized within one to two years.*
  - Hewitt Associates LLC. Trends in HR and employee benefits: employers implement on-site health clinics to manage costs. August 2008.
- *In addition, various reports indicate that On-Site Clinics can save \$2 for every \$1 invested.*
  - WeCare TLC. Number two biggest expense targeted with WeCare implementation. December 2006.
- *Other data promise even higher savings of \$3 to \$6 for each dollar spent, depending on which direct and indirect savings is included.*
  - American College of Physicians. Big employers bring health care in-house. ACP Observer. January/February 2007.
- *2:1 – 3:1 average ROI after 2 years...Will place fees at risk for ROI if sound beliefs are met (including incentives)*
  - Cerner Corporation
- *Our on-site clinic enjoys 80% participation, 14,000 visits/year, lab and radiology at low contracted rates and \$1.2 million in avoided costs*
  - Mike Kushner, Polk County Government

# Pinellas County Government

## Onsite Health Center Savings Analysis

April 15, 2016

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# Health center goals

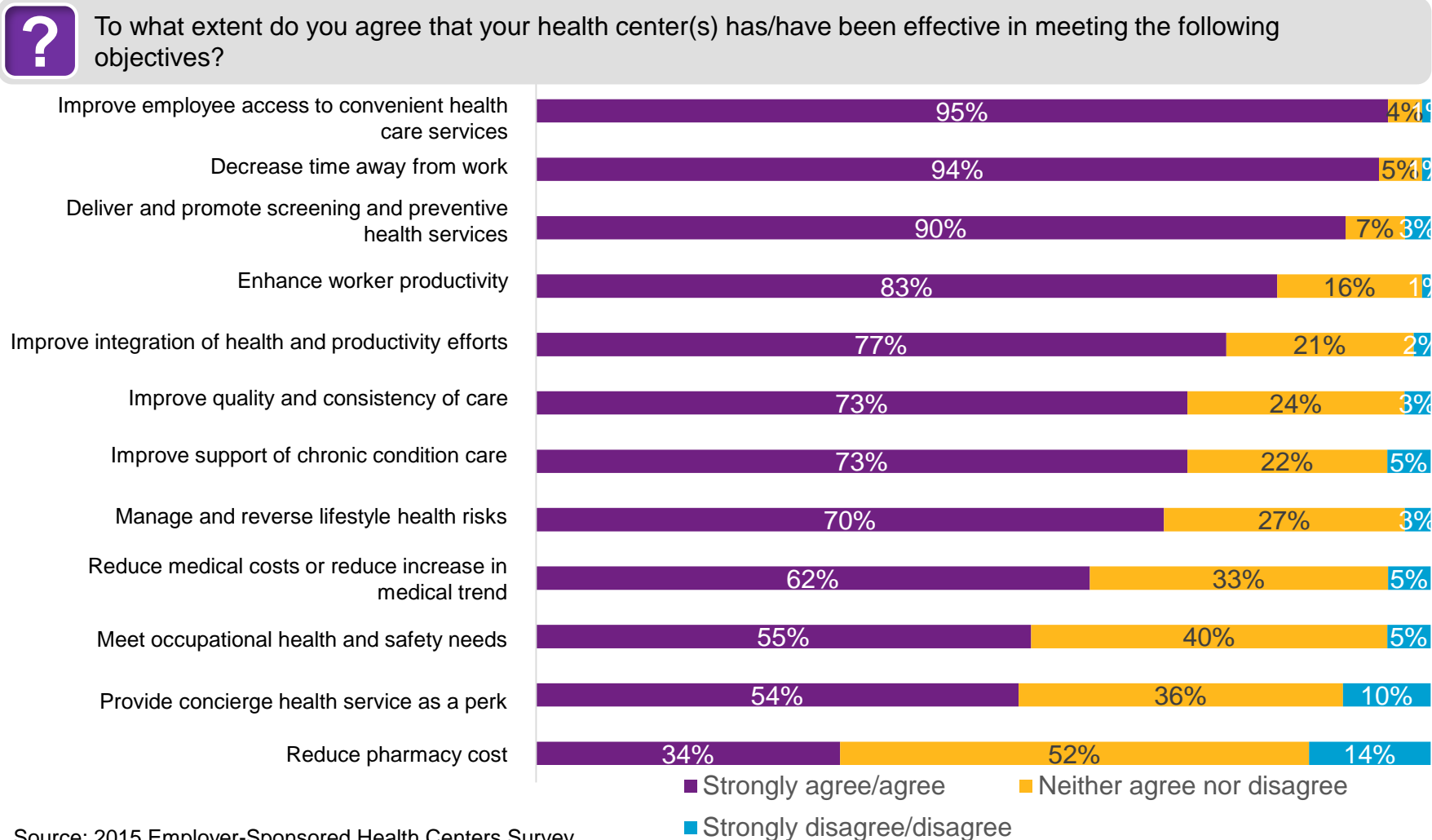
**Below are commonly articulated benefits that employers seek to accomplish by implementing onsite health centers**

Goals
▪ Improve access to and convenience of care
▪ Save money: moderate trend and lower total health benefit spend
▪ Reduce lost time and absences and improve productivity
▪ Manage worksite injuries and illnesses, and lower workers compensation costs
▪ Improve health outcomes: individually and in aggregate
▪ Promote wellness and the importance of screening and preventive services
▪ Drive greater engagement in health coaching and care management
▪ Reduce employee out-of-pocket spending on health care
▪ Boost employee retention, recruitment and morale
▪ Redirect care from expensive, suboptimal and inappropriate settings
▪ Serve as the primary care delivery setting for workers and dependents:
▪ Provide higher quality and consistency of care (than that received in the community)
▪ Enhance the employment value proposition

\* Bullets in red are estimated in the feasibility modeling performed



## Organizations rate health centers highly on convenience and decreasing time away from work



Source: 2015 Employer-Sponsored Health Centers Survey.



# Conservative Utilization Scenario

## BayCare/Premise Operating Expense and WTW Forecasted Utilization

	Start up	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Salaries		(406,000)	(420,000)	(515,000)	(616,000)	(637,000)	(2,594,000)
Physical Space Costs		(63,000)	(63,000)	(63,000)	(63,000)	(63,000)	(315,000)
Overhead		(127,000)	(132,000)	(162,000)	(193,000)	(200,000)	(814,000)
Management Fee		(55,000)	(56,000)	(69,000)	(83,000)	(86,000)	(349,000)
Other Direct Costs		(279,000)	(329,000)	(388,000)	(443,000)	(458,000)	(1,897,000)
<b>Net Operating Expenses</b>		<b>(930,000)</b>	<b>(1,000,000)</b>	<b>(1,197,000)</b>	<b>(1,398,000)</b>	<b>(1,444,000)</b>	<b>(5,969,000)</b>
Revenue		2,000	4,000	6,000	7,000	8,000	27,000
Direct Costs Avoided		77,000	128,000	180,000	245,000	285,000	915,000
Additional Costs Avoided		139,000	233,000	333,000	457,000	535,000	1,697,000
Occupational Health		150,000	150,000	150,000	150,000	150,000	750,000
Workers Compensation		49,000	59,000	69,000	69,000	69,000	315,000
Productivity Savings		25,000	42,000	56,000	72,000	81,000	276,000
<b>Total Costs Avoided</b>		<b>442,000</b>	<b>616,000</b>	<b>794,000</b>	<b>1,000,000</b>	<b>1,128,000</b>	<b>3,980,000</b>
Net Operating Cost/Savings		<b>(488,000)</b>	<b>(384,000)</b>	<b>(403,000)</b>	<b>(398,000)</b>	<b>(316,000)</b>	<b>(1,989,000)</b>
Implementation Fees	(317,000)						(317,000)
<b>Cumulative Savings</b>	<b>(317,000))</b>	<b>(805,000)</b>	<b>(1,189,000)</b>	<b>(1,592,000)</b>	<b>(1,990,000)</b>	<b>(2,306,000)</b>	<b>(4,295,000)</b>
Yearly Operating ROI (excludes implementation fees)**		0.5	0.6	0.7	0.7	0.8	0.7
Five-Year Cumulative ROI (includes implementation fees)							0.6

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# Target Utilization Scenario

## BayCare/Premise Operating Expense and Forecasted Utilization

	Start up	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Salaries		(406,000)	(420,000)	(515,000)	(616,000)	(637,000)	(2,594,000)
Physical Space Costs		(63,000)	(63,000)	(63,000)	(63,000)	(63,000)	(315,000)
Overhead		(127,000)	(132,000)	(162,000)	(193,000)	(200,000)	(814,000)
Management Fee		(55,000)	(56,000)	(69,000)	(83,000)	(86,000)	(349,000)
Other Direct Costs		(279,000)	(329,000)	(388,000)	(443,000)	(458,000)	(1,897,000)
<b>Net Operating Expenses</b>		<b>(930,000)</b>	<b>(1,000,000)</b>	<b>(1,197,000)</b>	<b>(1,398,000)</b>	<b>(1,444,000)</b>	<b>(5,969,000)</b>
Revenue		8,000	12,000	16,000	20,000	21,000	77,000
Direct Costs Avoided		224,000	348,000	464,000	601,000	668,000	2,305,000
Additional Costs Avoided		327,000	513,000	694,000	910,000	1,024,000	3,468,000
Occupational Health		150,000	150,000	150,000	150,000	150,000	750,000
Workers Compensation		49,000	59,000	69,000	69,000	69,000	315,000
Productivity Savings		71,000	115,000	144,000	177,000	190,000	697,000
<b>Total Costs Avoided</b>		<b>829,000</b>	<b>1,197,000</b>	<b>1,537,000</b>	<b>1,927,000</b>	<b>2,122,000</b>	<b>7,612,000</b>
<b>Net Operating Cost/Savings</b>		<b>(101,000)</b>	<b>197,000</b>	<b>340,000</b>	<b>529,000</b>	<b>678,000</b>	<b>1,643,000</b>
Implementation Fees	(317,000)						(317,000)
<b>Cumulative Savings</b>	<b>(317,000)</b>	<b>(418,000)</b>	<b>(221,000)</b>	<b>119,000</b>	<b>648,000</b>	<b>1,326,000</b>	<b>2,969,000</b>
Yearly Operating ROI (excludes implementation fees)**		0.9	1.2	1.3	1.4	1.5	1.3
Five-Year Cumulative ROI (includes implementation fees)							1.2

# Caveats/Definitions/Assumptions

Variables	
Salaries	<ul style="list-style-type: none"> <li>Salaries based on contracted fees as stated in the initial MSA with BayCare Employee Health Clinics and revised staffing for 1 MD, 1 COHN, 1 receptionist and 1 MA in year 1, with the addition of 1 NP and a 2<sup>nd</sup> MA beginning year 3 (through 5)</li> </ul>
Physical space costs	<ul style="list-style-type: none"> <li>Physical space costs are based on lease fees as stated in the lease agreement with Myrtle Executive Center, LLC</li> </ul>
Management fee	<ul style="list-style-type: none"> <li>Based on contracted fees as revised by BayCare Employee Health Clinics</li> </ul>
Other direct costs	<ul style="list-style-type: none"> <li>Other direct costs based on contracted fees as stated in the MSA with BayCare Employee Health Clinics and subsequently revised consisting of professional fees, supplies, facility, staffing expenses, marketing and recruitment, overhead, and service fees</li> </ul>
Revenue	<ul style="list-style-type: none"> <li>Non-HDHP member: \$0 office visit copay</li> <li>HDHP member (Fair Market Value): \$40 office visit coinsurance</li> </ul>
Direct costs avoided	<ul style="list-style-type: none"> <li>Costs avoided for primary care and physical therapy provided by the health center that would have otherwise been provided in the community</li> </ul>
Additional costs avoided	<ul style="list-style-type: none"> <li>The estimated reduction of Pinellas County's health plan costs as a result of reduced specialist visits, inpatient visits, ER visits and outpatient labs in the community. Also includes savings from improved chronic care management, lifestyle risk reduction and other improved health outcomes.</li> </ul>
Occupational Health and Workers Comp	<ul style="list-style-type: none"> <li>Guidance provided by Pinellas County Risk Management regarding estimated avoidable cost from the assumption of occupational health and Workers Compensation services by the planned County health center</li> </ul>
Productivity savings	<ul style="list-style-type: none"> <li>One and a half hours saved per onsite visit for employees utilizing onsite center</li> <li>Average annual salary of approximately \$45,000 for employees (Willis Towers Watson estimate)</li> </ul>
Implementation fees	<ul style="list-style-type: none"> <li>Based on implementation fee as stated in the MSA with and as revised by BayCare Employee Health Clinics, LLC</li> </ul>
Health center visits	<ul style="list-style-type: none"> <li>Assumed average PCP visit lasts 25 minutes and average PT visit lasts 40 minutes</li> <li>Visits do not include occupational Health and are conservative</li> </ul>
Hours of operation	<ul style="list-style-type: none"> <li>40 hours per week</li> </ul>

# Health Center Medical Utilization Assumptions

- Projected health center utilization (based on population adoption and visit frequency) below varies for the conservative case and target case
- Health center utilization requires an effective communication campaign to generate awareness and promote use among Pinellas' members
- Utilization is expected to increase across employees and spouses as the onsite health program matures
- Assumptions for adoption rates differ but utilization frequency does not differ between employees and spouses

Conservative	Health Center Adoption					Average Visit Frequency and Range <sup>1</sup>
Onsite Health Center	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1 – 5
Enrolled Employees	20%	30%	35%	40%	40%	1.9 (1.5 – 2.2)
Enrolled Spouses	15%	15%	20%	25%	25%	1.9 (1.5 – 2.2)

Target	Health Center Adoption					Average Visit Frequency and Range <sup>1</sup>
Onsite Health Center	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1 – 5
Enrolled Employees	20%	30%	35%	40%	40%	5.3 (4.9 – 5.7)
Enrolled Spouses	15%	15%	20%	25%	25%	5.3 (4.9 – 5.7)

<sup>1</sup>Average annual visits with a health center provider per utilizing member

# Data Used in Analysis

- To project utilization of the onsite health center and identify areas for potential savings, Willis Towers Watson reviewed the following data:
  - Pinellas's utilization and cost of community services, provided by UHC (Oct 2014 – Sept 2015 allowed amounts and utilization)
    - Some of the utilization data provided by UHC was not credible; therefore, parts of the analysis outlined later in the report is based on benchmarked data
  - Pinellas utilization, cost of community services and regional benchmarks collected from the MarketScan® Commercial Claims and Encounters Database<sup>1</sup>

Data Component	Data Source	Description
Medical Utilization and Cost Data		
Pinellas Experience	UHC	<ul style="list-style-type: none"><li>■ Utilization and cost data was reviewed for Pinellas's Florida population</li><li>■ Data was provided for active employees and dependents</li></ul>
Book of Business Benchmarks	MarketScan	<ul style="list-style-type: none"><li>■ Willis Towers Watson utilized regional MarketScan data to benchmark the location-specific utilization and cost data</li></ul>

<sup>1</sup>The MarketScan database is a database provided by Truven Health Analytics that captures person-specific clinical utilization and other health care data across a selection of large employers, health plans, and government and public organizations. The database represents 12.7 million employee lives and is based on 2013 data. It is available by MSA.