Taking charge of health care costs in a changing world

Jim Roach, Ken Keller, Debra Geihsler
2015 OSBA Capital Conference
November 10, 2015
Northern Buckeye Health Plan

- Insurance consortium that serves 38 schools and political subdivisions in Ohio
- Insure more than 3,000 employees and 8,000 lives with more than 40,000 lives in Optimal Health Initiatives
- One division of Optimal Health Initiatives that provides membership with health, dental, vision and life insurance
- Northeastern Local Schools
  - ADM 1,165 students (typical of consortium)
- Majority of school districts in Northwest Ohio – Fulton, Defiance, Henry and Williams counties
- Two superintendents from each county on NBHP Board of Trustees
- Board establishes policies and procedures as well as future insurance plans for consortium
Common issues across school districts in Ohio

+ Traditionally rich plan designs are changing
+ Self-insured means we all own the plan
+ New retirement guidelines lead to older members staying on the plan longer
+ Cost of medications continues to increase
+ Premiums and expenses are trending up

These issues affect school districts and individuals, and lead us to seek alternatives
Northern Buckeye Health Plan experience

+ Challenged to assist our membership maintain a healthy lifestyle in addition to providing urgent care

+ Started wellness initiative several years ago to proactively help enhance overall health of membership

+ Help members move toward and/or maintain a healthy lifestyle, not waiting for them to get sick

+ Expanding our wellness initiative January 1, 2016, with a pilot program to offer a health & wellness center to our members and their families
Health & Wellness Center initiative

+ Undertaking for two reasons
  - Shortage of general practitioners in our area
  - Primary focus will be on member wellness (also will provide urgent care)

+ Program goals
  - Enhance overall wellness of our members and improve patient outcomes
  - Lower health care costs for insurance consortium and our members
In the face of new health care challenges, employers can take charge with a proactive primary care system designed to tackle key root causes and reverse rising costs

+ Health care changes bring new challenges

+ There is a new approach designed to tackle the key issues

+ Results are different and better for patients and employers

+ Employers (and their partners) can take charge and make a difference
Despite numerous changes, the quality and cost of health care continue to be critical challenges.

Source: Forbes.com, 5/21/2014
The Affordable Care Act leaves key health care issues unaddressed

<table>
<thead>
<tr>
<th>30 million more people covered</th>
<th>Not enough primary care physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee for service evolving to ACO</td>
<td>ACO economics encourage short visits</td>
</tr>
<tr>
<td>Cost shifting to patients</td>
<td>Patients delaying care until too serious</td>
</tr>
<tr>
<td>Employees more mobile</td>
<td>Retention issues = harder to control costs</td>
</tr>
</tbody>
</table>
We cannot count on the government to fix healthcare, so now it is up to the employers that fund healthcare to find real solutions.

Employers need to take charge.
Each major stakeholder focused on their own interests and have little control over the system as a whole

<table>
<thead>
<tr>
<th>Providers glad to have more paying patients</th>
<th>Do not get paid well for spending time with patients to prevent/manage chronic disease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies glad to have more membership</td>
<td>Good at managing risk and making payments, cannot provide needed care</td>
</tr>
<tr>
<td>Retailers (e.g., Walgreens) make urgent care more convenient</td>
<td>Not proactive care and make referrals to others re: chronic care</td>
</tr>
<tr>
<td>Wellness companies provide screenings &amp; health coaching</td>
<td>Low cost, low impact as a small percentage engage and have limited expertise</td>
</tr>
</tbody>
</table>
Bottom line: Because they foot the bill, employers are the only ones with the interest and ability to take charge of health care outcomes and trends.

Employers need to take charge
Debra Geihsler, Activate Healthcare Principal & Co-founder

+ Co-founded Activate Healthcare in 2009 after more than 30 years in the health care industry
  – Desire to provide health care that focuses on wellness and prevention, assists in managing chronic conditions, helps avoid illness, and overall provides better patient outcomes
+ President of Advocate Medical Group, Chicago, 1998-2006
+ Vice President, Mercy Health System, Janesville, WI, 1992-1998
+ Vice President and other leadership roles, Sisters of Mercy Health Corporation (now Trinity Health System), Farmington Hills, MI, 1985-1992
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Elements that work together synergistically, each reinforcing patient engagement

**DELIVER** primary care and engage the patient

**ACTIVATE** the patient via proactive personal coaching

**LEVERAGE** the power of communities

**EMPOWER** providers to deliver quality, individualized care

**GUIDE** the health care continuum

**FOSTER** a culture of health

**INTEGRATE** data
ACTIVATE the patient — with a fully integrated system that includes:

- Proactive primary care
- In-person coaching
- Individually tailored goals and action plans that are linked to incentives
- Ongoing in-person and online support
DELIVER primary care

- Provide proactive, preventive primary care
- Engage patients in taking charge of their health
- Prevent and manage chronic conditions
- Make clinics available at or near an organization’s location
We typically deliver

**PRIMARY CARE**
- Minor eye conditions
- ENT infections
- Respiratory infections
- Gastrointestinal disorders
- Sprains/strains
- Urinary problems
- Skin rashes/lesions
- Burn treatment
- Minor fractures
- Minor surgery
- Contusions/lacerations
- Disease management
- Pharmacy and lab management
- Referral management

**PREVENTIVE CARE**
- Health risk assessment
- Wellness exams
- Preventive screenings
  - Hypertension
  - Metabolic health
  - Cancer – male, female
  - Diabetes
  - Depression
  - Musculoskeletal
- Health coaching
- Lifestyle management
- Group counseling

**OCCUPATIONAL HEALTH**
- Repetitive injury conditions
- Contact dermatitis
- Substance abuse
- Medical exams
  - Preplacement
  - Surveillance
  - Return to work
  - Fitness for duty
- Occupational tests
  - Drug & alcohol tests
  - Pulmonary/audiometry/sleep apnea
- Safety
  - Ergonomic assessment
  - Back injury prevention

**CHRONIC CONDITION MANAGEMENT**
- Hypertension
- Diabetes
- COPD, asthma
- Coronary artery disease
- Depression, anxiety
- Arthritis
- Degenerative spine disease
- Chronic pain

And can Add
On-site pharmacy and lab

Medication management
+ Evaluation of current meds for appropriateness and necessity
+ Coordination of care
+ Compliance by having drugs tailored for organization’s population – cost only passed through with no mark-up

Lab Services
+ Order appropriate labs for individual patients
+ Immediate results through point of care
+ Cost only passed through with no mark-up
On-site and near-site clinics

+ Staffed by a team of health care professionals
+ Each team includes:
  – Full-time primary care physician
  – Full-time nurse practitioner/coach
  – 2.0 medical assistants/phlebotomist
+ A team cares for and supports 1,250 – 3,000 members. More team members are added for larger populations, as needed.
+ Clinic(s) are typically open 40 – 48 hours per week
+ A full-time clinic led by a nurse practitioner can start with as few as 500 members
PRIMARY CARE PROCESS includes an in-depth physical, coaching and incentives as well as ongoing support – all tailored to each patient

1.0
Annual Physical Intake
Tailored labs, 2 yrs. of claims in EMR, HRA+

2.0
Annual Physical
30 min. w/ physician or NP & 30 min. with coach

3.0
Tailored Coaching & Rewards
Individual goals, tailored incentives and on-line support

4.0
In-between Support
25% highest risk patients see phys. 4-12 x per year

5.0
Other Medical Support
Medical advocacy program+
HEALTH CARE CONTINUUM guided by our medical team

+ Low-cost generic drugs and labs
+ Integrated cost-effective support services
+ State-of-the-art medical referral database
+ Referrals tailored to patient needs and resources
A CULTURE OF HEALTH fostered at work

- Wellness Council guides change efforts
- Incentives, benefits and district policies aligned
- Strategic plan developed to improve the culture of health
- Best practices applied for fully engaging patients
- Regular evaluation of current culture
THE POWER OF COMMUNITIES LEVERAGED
by organizations of all kinds and sizes

+ For organizations of all sizes
+ All organizations benefit from scale and knowledge collected
+ Shared access to growing network of clinics
INTEGRATED DATA AND TECHNOLOGY

+ Full integration of claims history, EMR and behavior change data
+ Initiate provider guidance in EMR
+ Patient portal
+ In-office connection with specialists
+ Telemedicine
+ eConsults
PROVIDERS EMPOWERED
to deliver quality, individualized care

+ Intensive recruiting process to find highly qualified physicians
+ Careful matching of client and providers
+ Ongoing engagement in enhancing the quality of delivery
+ Near-zero turnover over 5 years
+ Energized providers translates into delighted patients
A video tour of the Health & Wellness Center at South Bend Community School Corporation

Video may be found at www.activatehealthcare.com/sbcsc
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**Results are different and better for patients and employers**

+ Employers (and their partners) can take charge and make a difference
OUR RESULTS

We get them in — averaging over 80% member/employee participation

We take care of patients with continuity — near-zero physician turnover in first 5 years of operation

We measure and improve biometrics and health — improving health and keeping healthy people healthy

We regularly reduce total health care costs for organizations 15% to 25%
Elkhart Community Schools

<table>
<thead>
<tr>
<th>Project History</th>
<th>Clinic Scope of Services</th>
<th>Outcomes</th>
</tr>
</thead>
</table>
| Initiated health center to replace traditional wellness program | • Preventive health and wellness, including comprehensive annual wellness exam, biometric screening, health risk assessment | Overall participation rates in first 8 months:  
• <65% employees  
• <50% spouses  
Current participation rates:  
• 92% employees  
• 49% spouses  
Annual physical completion near 70% for employees |
| Designed transition plan from old wellness program to Activate integrated clinical services | • Primary and urgent care  
• Health coaching  
• On-site pharmacy dispensary  
• On-site labs and lab draws  
• Wellness programs  
• Open 42 hours/week | In first 8 months, health care claims down 14% vs. prior year and 21% vs. expected trends due to:  
• decrease in urgent care and emergency department visits  
• reduced specialist visits  
• reduced hospitalizations  
• lower medical prescription and laboratory costs |
| Robust communications and marketing campaign to encourage completion of annual physicals in year one:  
• Campaign created for each building (28)  
• Substitute teachers arranged for each building  
• Appointments synchronized based on drive times and subs | | |
South Bend Community School Corporation

South Bend schools tout savings from near-site health clinics

By Kim Kilbride South Bend Tribune | Posted: Monday, June 29, 2015 6:00 am

South Bend Community School Corp.’s annual health care costs for employees were projected to increase by 22 percent in 2012 and another 10 percent in 2013.

But after a switch in health plan administrators, a redesign of plan options, and the opening of a near-site health clinic where employees and their covered dependents can get free office visits, laboratory services and generic prescriptions, those costs instead have gone up about 6 percent since those changes took effect.

School officials credit the clinic, which is operated by Indianapolis-based Activate Healthcare, for much of the savings.

The district pays Activate $30 per month for each member to cover preventive services, such as physicals, immunizations and health coaching, while office visits, prescriptions and lab services cost significantly less through the clinic.

Other area governmental organizations also have jumped — or are jumping — on the employer-sponsored health clinic bandwagon.
Our large clients have experienced an average reduction of 15%-25% in medical & drug costs with ongoing costs increasing at less than half of inflation.
Activate Healthcare provides detailed estimates of the likely costs and benefits of a clinic with annual ROI usually 50%-200%

### SUMMARY OF POTENTIAL SAVINGS AND RETURN ON INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th>Projected $ Costs Without Clinic</th>
<th>MID</th>
<th>HIGH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>% Savings With Clinic</td>
<td>Savings With Clinic in $</td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td>11,252,975</td>
<td>8%</td>
<td>898,471</td>
</tr>
<tr>
<td>Lab Costs</td>
<td>1,658,223</td>
<td>8%</td>
<td>127,973</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>31,506,236</td>
<td>11%</td>
<td>3,313,562</td>
</tr>
<tr>
<td>Total Other Direct Expenses</td>
<td></td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>444,174</td>
<td>10%</td>
<td>44,417</td>
</tr>
<tr>
<td>Sick Time-off from Work</td>
<td>1,277,575</td>
<td>50%</td>
<td>638,788</td>
</tr>
<tr>
<td><strong>Total Expense &amp; Total Savings</strong></td>
<td><strong>46,139,184</strong></td>
<td><strong>11%</strong></td>
<td><strong>5,023,212</strong></td>
</tr>
<tr>
<td>Clinic Operating Cost (Before Generics and Other Labs)</td>
<td>2,055,062</td>
<td></td>
<td>2,055,062</td>
</tr>
<tr>
<td>Clinic Operating Cost (Including Generics and Other Labs)</td>
<td>2,335,951</td>
<td></td>
<td>2,335,951</td>
</tr>
<tr>
<td><strong>Clinic Cost PMPM (Including Generics and Other Labs)</strong></td>
<td><strong>$ 33.23</strong></td>
<td></td>
<td><strong>$ 33.23</strong></td>
</tr>
<tr>
<td>Net Savings (Including Cost of Generics and Labs)</td>
<td>6%</td>
<td>$2,687,261</td>
<td>10%</td>
</tr>
<tr>
<td>Net Operating Savings PMPM (Incl. Generics + Labs)</td>
<td>$ 38.23</td>
<td></td>
<td><strong>$ 65.73</strong></td>
</tr>
<tr>
<td><strong>Annual Operating ROI (w/ Generics and Other Labs, without trend)</strong></td>
<td><strong>115%</strong></td>
<td></td>
<td><strong>198%</strong></td>
</tr>
<tr>
<td>NET SAVINGS - ROI - 5 Years (with trend)</td>
<td>148%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET SAVINGS - ROI - 10 Years (with trend)</td>
<td>202%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Savings are driven, in part, by Activate Healthcare’s exceptional participation rates, which have been averaging over 80% among employees.

**Sample Employer 1**
**Participation Cumulative % Usage by Adults**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulative Adult % Usage in Year 1</th>
<th>Cumulative Adult % Usage in Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>2</td>
<td>13%</td>
<td>28%</td>
</tr>
<tr>
<td>3</td>
<td>22%</td>
<td>40%</td>
</tr>
<tr>
<td>4</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>5</td>
<td>45%</td>
<td>58%</td>
</tr>
<tr>
<td>6</td>
<td>51%</td>
<td>63%</td>
</tr>
<tr>
<td>7</td>
<td>55%</td>
<td>52%</td>
</tr>
<tr>
<td>8</td>
<td>59%</td>
<td>62%</td>
</tr>
<tr>
<td>9</td>
<td>71%</td>
<td>69%</td>
</tr>
<tr>
<td>10</td>
<td>83%</td>
<td>72%</td>
</tr>
<tr>
<td>11</td>
<td>99%</td>
<td>75%</td>
</tr>
<tr>
<td>12</td>
<td>100%</td>
<td>80%</td>
</tr>
</tbody>
</table>

**Sample Employer 2**
**Participation Cumulative % Usage by Adults**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulative Adult % Usage in Year 1</th>
<th>Cumulative Adult % Usage in Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>2</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>3</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>4</td>
<td>45%</td>
<td>50%</td>
</tr>
<tr>
<td>5</td>
<td>51%</td>
<td>52%</td>
</tr>
<tr>
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<td>59%</td>
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<tr>
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<td>75%</td>
</tr>
<tr>
<td>10</td>
<td>100%</td>
<td>80%</td>
</tr>
<tr>
<td>11</td>
<td>100%</td>
<td>77%</td>
</tr>
<tr>
<td>12</td>
<td>100%</td>
<td>79%</td>
</tr>
</tbody>
</table>
We measure and improve the *culture and behaviors* in organizations and see significant progress as shown in this example.

<table>
<thead>
<tr>
<th>Culture Survey Results</th>
<th>% Agree</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>I eat foods that are low in fat and refined sugar</td>
<td>33%</td>
<td>56%</td>
</tr>
<tr>
<td>Employees surveyed that do not smoke</td>
<td>59%</td>
<td>89%</td>
</tr>
<tr>
<td>I drink alcoholic beverages moderately, if at all (not more than 14 drinks per week or more than 5 drinks in a single day)</td>
<td>59%</td>
<td>87%</td>
</tr>
<tr>
<td>I am physically active (exercise at least 4 days per week)</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>Employees that stay on medical screenings</td>
<td>64%</td>
<td>90%</td>
</tr>
<tr>
<td>I maintain a healthy weight</td>
<td>41%</td>
<td>53%</td>
</tr>
<tr>
<td>I follow safety precautions at work</td>
<td>75%</td>
<td>93%</td>
</tr>
<tr>
<td>I use car safety belts</td>
<td>75%</td>
<td>93%</td>
</tr>
<tr>
<td>If you did attempt a lifestyle change, were you successful in maintaining your new desired lifestyle?</td>
<td>69%</td>
<td>84%</td>
</tr>
<tr>
<td>Employees are rewarded and recognized for their efforts to live a healthy lifestyle</td>
<td>58%</td>
<td>70%</td>
</tr>
</tbody>
</table>
We measure and improve *biometrics*

### Health Care Results

<table>
<thead>
<tr>
<th>Index versus norm</th>
<th>2011</th>
<th>2014</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Triglycerides</td>
<td>564%</td>
<td>329%</td>
<td>-235%</td>
</tr>
<tr>
<td>HDL/cholesterol – women</td>
<td>413%</td>
<td>329%</td>
<td>-84%</td>
</tr>
<tr>
<td>HDL/cholesterol – men</td>
<td>362%</td>
<td>289%</td>
<td>-73%</td>
</tr>
<tr>
<td>Total average</td>
<td>287%</td>
<td>236%</td>
<td>-51%</td>
</tr>
<tr>
<td>Waist circumference – men</td>
<td>287%</td>
<td>239%</td>
<td>-48%</td>
</tr>
<tr>
<td>Blood pressure</td>
<td>154%</td>
<td>134%</td>
<td>-20%</td>
</tr>
<tr>
<td>Diabetes</td>
<td>105%</td>
<td>87%</td>
<td>-18%</td>
</tr>
<tr>
<td>High blood sugar</td>
<td>143%</td>
<td>139%</td>
<td>-4%</td>
</tr>
</tbody>
</table>
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+ Employers (and their partners) can take charge and make a difference
Employers (and their partners) can take charge and make a difference

We collaborate to create a tailored solution and a cost/benefit analysis so each employer can learn enough before committing

**Discover**
- Understand the basis for interest

**Diagnose**
- Determine likely program and costs and benefits

**Design**
- Fine tune program details and contract

**Deliver**
- Implement, monitor results and continuously improve
School districts and their employees benefit

+ Higher quality and more cost-effective care
+ Stable, consistent full-service provider
+ Wellness and prevention services as well as urgent care
+ Lower absenteeism
+ Lower out-of-pocket costs for employees and families
+ Lower health care costs for the district
+ Resource savings can be redistributed to other areas of need
Stop by and see us in Booth 1502!

- If you have additional questions, please come see us in Booth 1502
- Look for our flyer in the conference attendee bag for more information
- Visit our website, www.activatehealthcare.com
We would love to hear from you!

Please contact **Debra Geihsler or JP Miller** with requests for more information

- Email: debrageihsler@activatehealthcare.com
  josephmiller@activatehealthcare.com
- Call: 847.343.9190
  513.217.9357

Thank you!