



HEALTHCARE FUNDING & ONSITE CLINIC

SEPTEMBER 14, 2020

SELF-FUNDED / INSURED; TWIN COST OUTCOMES

Figure 1.13
Among Workers in Large Firms, Average Annual Premiums for Family Coverage, by Funding Arrangement, 1999-2019



* Estimate is statistically different from estimate for the previous year shown (p < .05).

NOTE: Large Firms have 200 or more workers. For definitions of Self-Funded and Fully Insured Plans, see Section 10. Self-Funded includes plans that purchase stoploss coverage.

SOURCE: KFF Employer Health Benefits Survey, 2018-2019; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

Across a broad employer spectrum, overall cost by financing platform yields similar cost outcomes and increases over time. Outcome depends on volatility and facts/circumstances.



LESS RISK
LESS CONTROL

MORE RISK
MORE CONTROL

FUNDING OPTIONS

FULLY INSURED

MODIFIED FUNDED

SELF-FUNDED

Financing platform consideration should be an annual determination to choose likely best outcome based on risk tolerance



Fully-Insured vs. Self-Funded Costs

FULLY INSURED COSTS



SELF-FUNDED COSTS



Variable Costs



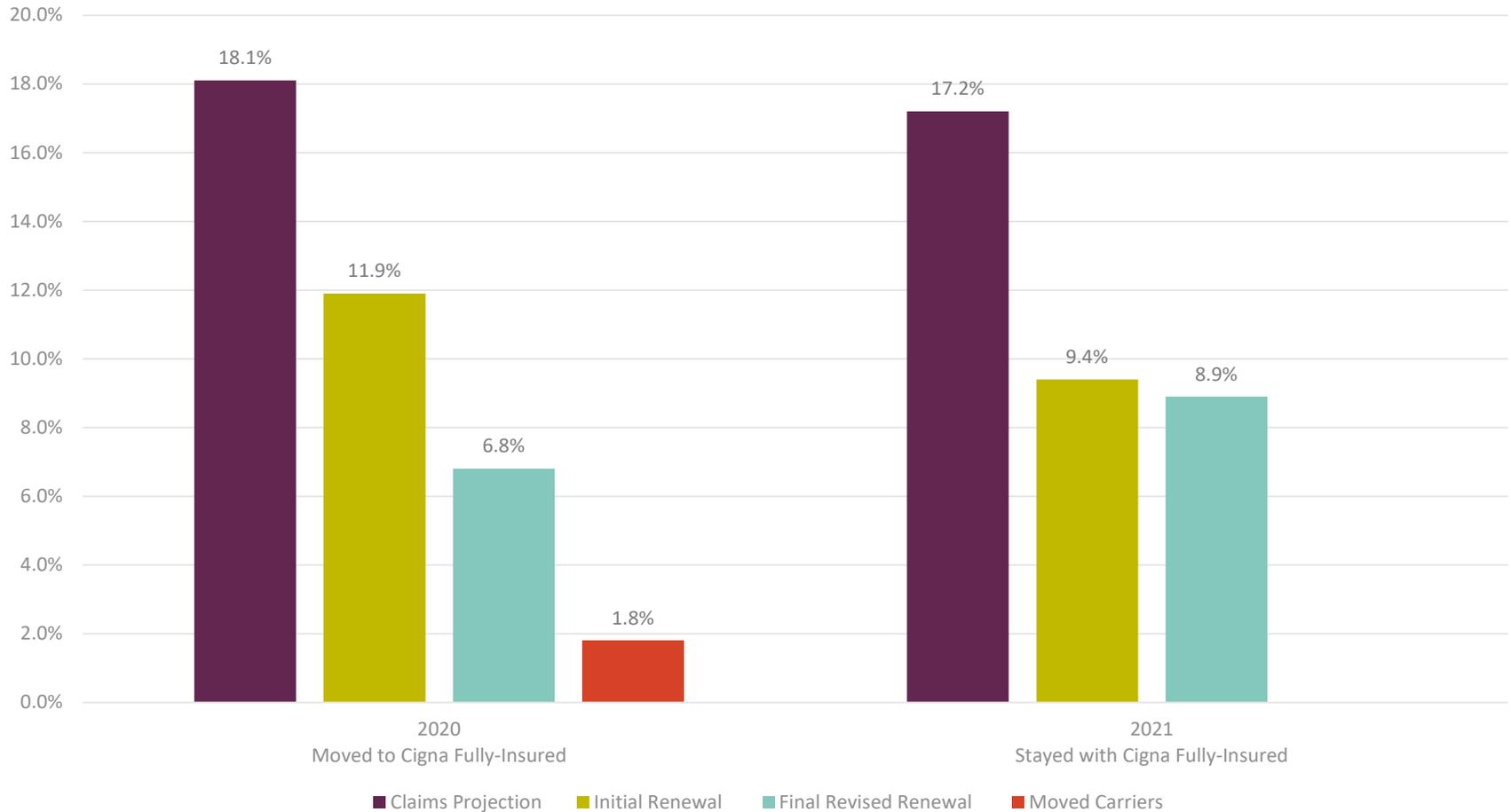
Fixed Costs

Actual claims outcome determines whether self-funding outcome is less than, neutral or greater than fully insured cost



INSURED FEASIBILITY IN COMPETITIVE MARKET

2020 and 2021 Renewals

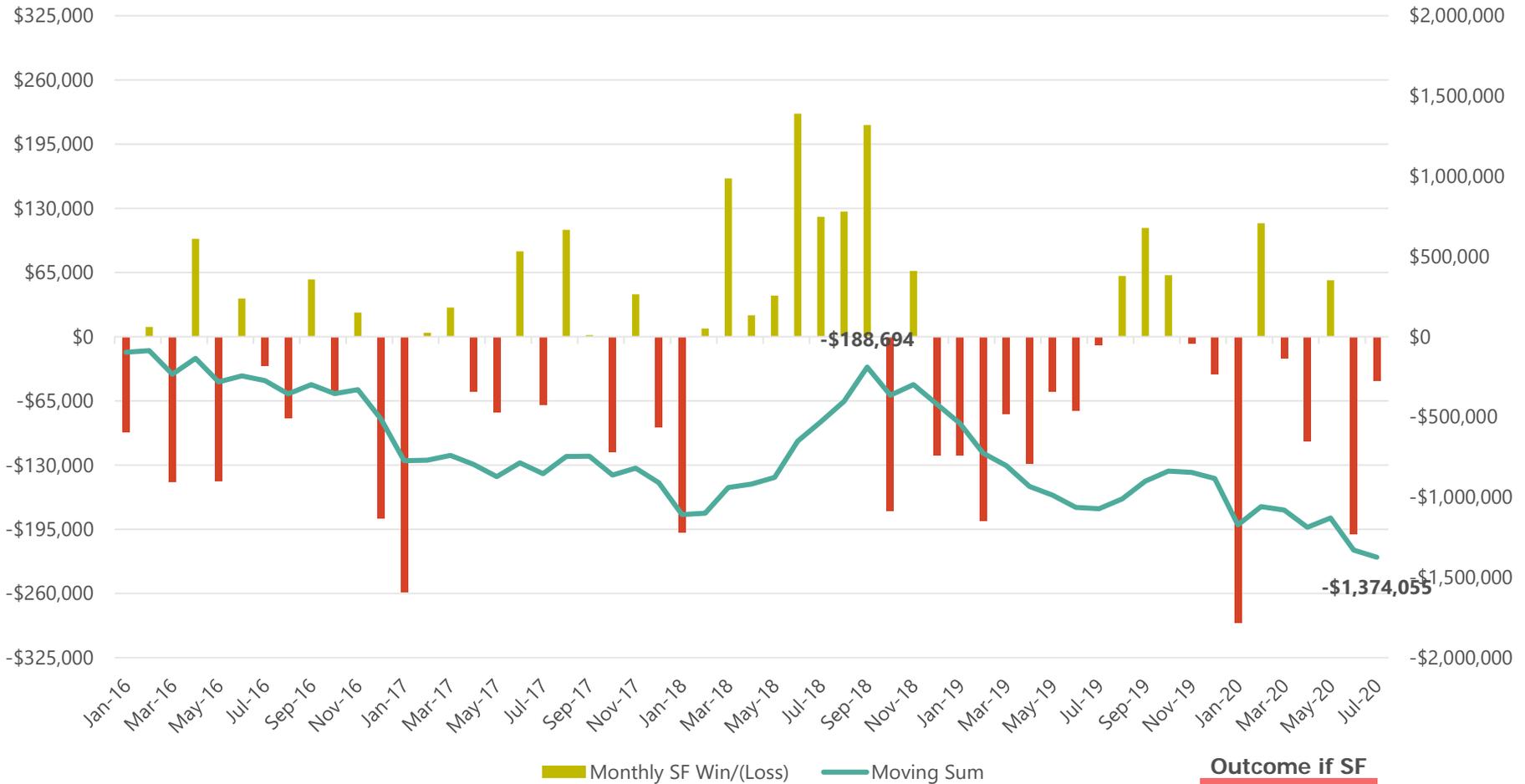


With competing carriers in a marketplace like Kansas City, insured premiums can yield less cost than claims would indicate due to market pressure and discounting of formulas.



RETROSPECTIVE CITY OF LEE'S SUMMIT OUTCOMES

Monthly Insured Vs Self Funded Outcome



Across a broad employer spectrum, overall cost by financing platform yields similar cost outcomes and increases over time.

	Outcome if SF
2016	-\$513,779
2017	-\$396,808
2018	\$491,585
2019	-\$463,714
<u>2020 YTD</u>	-\$491,339
Total	-\$1,374,055



CLINIC SPECTRUM

Level of Primary Care	Description	Staffing model and function
Level 0	Special Function Clinic	Variable staff: Hormone therapy, weight loss, pain, worker's comp clinic
Level .5	Triage Nurse Clinic	RN service model: Triage and Health system direction and basic first aid
Level 1	Acute Care Clinic (Urgent Care)	NP Based: Reactive care; evidence-based medicine, value if shifted from urgent care/ER to clinic
Level 2	Acute Care Clinic with Some Chronic Disease Support	NP based: Proactive care; Co-management with PCP in community, less time away from work
Level 3	Usual Primary Care	NP with MD support: Reactive care, <u>similar to</u> a Primary Care Physician Office
Level 4	Patient Centered Medical Home(PCMH) with Care Coordination and Management	MD driven: Proactive care; full responsibility for primary care, most effective model; requires more intense resources and higher cost

Level of clinic intensity increases both expense and possible return on investment

CLINIC FOOTPRINT OF SERVICES

1. Based on the 375 procedure codes typically served in an onsite clinic, the City of Lee's Summit has ranged between \$671k and \$717k in claims spend that could be captured in a Level 3 / Level 4 clinic environment

	Paid Claims	% of Total Claims
2017/18	\$671,970	10.0%
2020 Annualized	\$717,720	7.4%

2. The ROI of an onsite clinic is determined primarily by the amount of services that can be captured within the clinic. Scope of services and clinic provider response would ultimately determine expense of the clinic
3. For a Level 3 / Level 4 clinic for the City of Lee's Summit, expense range for staff salary/benefits, supplies, IT, insurance and implementation without buildout could be \$400k to \$500k+
4. Assuming 35% penetration of services in year 1, \$251k of the expense could be offset with services funneled through the clinic and not through the medical plan
5. If some ER and specialist visits could be avoided, direct savings could be near \$300k at year 1 penetration
6. Fullness of ROI can come over time with heavily increased use, integrated care management, referral patterns and primary care focus; but engagement with the right clinic partner is crucial if ROI is to be achieved