MEDICINE. KNOWLEDGE. YOU.

EMPOWER³

CENTER FOR HEALTH

Pennsylvania Healthcare Model
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Our Background

- Dr. Zane Gates
  - Graduate of University of Pittsburgh
  - Started Partnering for Health Services 1998 in Altoona PA
  - Volunteered as the Medical Director for 13 years
  - Has treated poverty all of his professional life
  - WebMD Medical Hero of the Year 2009
  - Robert Wood Johnson Community Health Leader 2010
  - Daughters of The American Revolution
    - Community Service Award Winner for the US 2011
    - Distinguished Alumni University of Pittsburgh School of Pharmacy
- Published author "Lessons Learned From Game Theory about Health Care Price Inflation" Applied Economics and Health Policy 2012.

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Background (cont.)

- Patrick Reilly
  - President, Impact Employee Benefits Solutions
  - Managing Partner, Empower[3] Center for Health, LLC
  - President, Impact Health Solutions
  - Licensed insurance broker since 1988
  - VP of Sales and Development for The P & A Group, a national employee benefit consulting and administration company.
  - Lorman Education Services certified faculty for continuing education credits for brokers, accountants, attorneys and HR staff for Health insurance and cafeteria benefits design and legal standards.
  - Currently licensed in NY, PA, Maine, North Carolina, Georgia, Florida and California.
  - Recognized as Western New York Business First Top 50 in Healthcare 2011

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Our Purpose

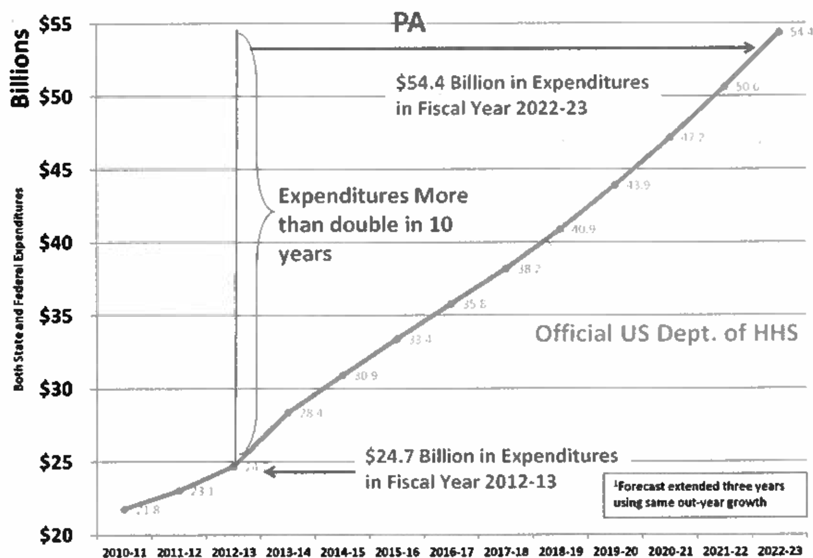
- ✓ To develop a unique model of healthcare providing a community-based system that reduces charitable care losses for hospitals and demonstrates improved medical outcomes.
- ✓ To expand ***access*** to quality care for the working uninsured.
- ✓ To empower patients with knowledge, strategies, and support necessary to improve the overall health and quality of their lives.

Current State of Medicaid 2013

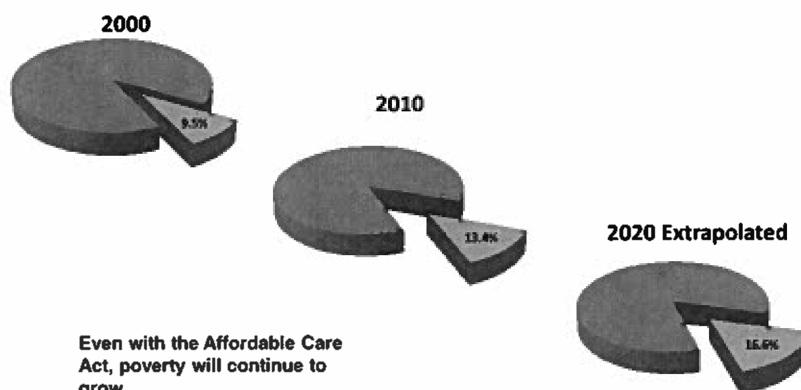
Unsustainable path

- Growing at a rate of 7% - 8%
- Spending is not improving health outcomes
- 60% of costs are inpatient settings
- Cost controlling programs, such as Managed Care, Primary Care Medical Homes and Accountable Care Organizations have done little to control cost or improve health over time
- Leads to increased healthcare price inflation due to hospitals and doctors cost shifting the losses from Medicaid to commercial insurance.
- The multiple managed care organizations that administer the Medicaid programs all have different benefit packages and negotiate different rates, making it difficult for the providers to administer and making it impossible to have transparency.

Pennsylvania Medicaid Growth



The percent of Pennsylvanians in poverty, as defined by the Census Bureau, is growing.



Even with the Affordable Care Act, poverty will continue to grow

Source: 2000 and 2010 based on US Census data. 2020 extrapolated based on standard linear regression analysis using annual Census data from 2000 to 2010 as the base. 2010 is the most recent data available.

Access to Care

Traditional Medicaid Not the Only Answer

- Connecticut Health Policy Project study showed that an increasing payments to physicians by 44% above national average didn't increase provider participation.
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- Survey from Association of American Physicians and Surgeons showed 47% of respondents think it is more difficult for Medicaid patients, compared to uninsured, to get an appointment to a primary care physicians.
- The Center for Studying Health System Change reported in 2011 only 42% of primary care physicians in the US are accepting new Medicaid patients. (the low 39.6%, the high was 42.6%)
- If 400,000-600,000 patients are added to the system, odds of seeing a PCP is low.
- **CMS study showed that the percentage of physicians of new Medicaid patients was 63%, but percentage taking self pay was 94%!**

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Path For The Future of Pennsylvania Health Care
For The
Working Poor

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Nash Equilibrium

All Stand To Gain, All Contribute To Bend Cost Curve Downward

Insurance Companies

PA Government

Empower³ Center For Health

Hospitals

Doctors

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Busting the Trend Curve

The "Insurance-less" Office

- The highest frequency of medical care usage is sought on an outpatient basis with the majority starting at the primary care level
- Over **50%** of the doctors' office time and administration is spent in the processing of insurance payments.
- High level of time chasing insurance revenue results in:
  - Less patient care
  - Less patient access
  - Higher ER utilization
  - Higher readmission rates into hospitals
- Our model removes the insurance processing and allows for ***over 90%*** patient face time. Better outcomes, better care.

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Savings From Avoided ER Costs

Data from ARHS 2007 - 2013

ARHS ER Cost Per Visit From Clinic Patients

Cumulative ER Visits	Total Billed Charges	Actual Cost at 37%	Actual Cost Per Visit
375	$2,009,847	$ 743,643	$ 1,983.04

ARHS Avoided ER Costs Due to Clinic

Total ER Visits Redirected to Clinic Per Year	Actual ER Cost Per Visit	Actual Cost Avoided Per Year to ARHS
660	$1,983.04	$ 1,308,780

Cost of ER Per Visit = $1,983.04
Cost of Clinic Visit = $ 349.98

Savings Per Visit = $ 1,633.05

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Avoided Inpatient Admissions

Average Admission Per Provider Per Year 2009 - 2012

Practice Model	Blair Medical Associates	Mainline Medical	Partnering for Health
Admissions Per Provider	50.7	48.6	27.0

Inpatient cost avoidance using Partnering For Health care model.

Avg. Admission Cost Per Day	Avg. Length of Stay in Days	PHS reduced admissions vs. standard practice model per year	Actual cost savings to ARHS in avoided inpatient admissions
$ 2,050	4	22.65	$ 185,730

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A New Innovative Option: EMPOWER³ Center For Health

- The EMPOWER³ model could present PA with a new community based alternative that is:
  - Recipient focused
  - Focuses on health care improvement and quality care with ***real access*** rather than providing a health card.
  - Transparent
  - Lower costs to ensure that the model is sustainable.
  - Care delivered in the right place, right time and right setting with dignity
  - The program has no co-pays, deductibles or coinsurance.
  - No pre-existing conditions
  - **Our program has not had a rate increase for 3 years!!**
  - **Insurance policy loss ratios better than market average and improving!**

Sample Model For Low Income Patients
100% to 300% of Federal Poverty Level – Working Uninsured

Potential modeling of a expanded program Empower3 program.
Estimates based on a participation of 300,000 members.

Clinic Overhead Payment	$19.44
Wrap Insurance Estimate	$196.53
X-ray and Lab	$40.00
Cancer	$40.00
DME	$10.00
Transplant Coverage	$9.00
Rx Program	$50.00
Administration Costs	$13.00
Total	$377.97

This cost estimate is before participant monthly contributions.

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Hospital Insurance Policy

- Clinic patients will have a Limited Benefits Hospital Only Policy
- Individual patient pays for the policy on a voluntary basis
- Contract benefits can be assigned directly to the hospital
- First dollar medical coverage, no deductibles
  - Copays at approved providers apply
- Covers hospital, emergency room, inpatient and outpatient surgery along with additional first day admission payout

Participating hospitals agree to accept benefits as payment in full!
No medical underwriting, no pre-existing clauses, composite group rating!

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Summary of Underlying Insurance Benefits

Sample Schedule

Benefits	Amount
Doctor Office, Urgent Care, Outpatient Hospital Visit	$75 per visit to max of $400 per year
Diagnostic, X-Ray and Lab	Covered in full by hospital for a courtesy fee
Daily Hospital Benefit (30 Day CYM)	$1400.00
Intensive Care Unit (30 day CYM)	$2800.00
Outpatient Facility Benefit (5X Year)	$400.00
IP / OP Surgical (CYM)	$5000.00
Inpatient Doctor Visit (Rounding Fee) $250 CYM	$50 Per Visit
Anesthesia (% of Surgical Benefit)	30%
Inpatient Mental Illness	$700 / Day
Inpatient Substance Abuse	$ 500 / Day
Skilled Nursing Benefit	$700 / Day
Risk Reduction/Dietician Program	Included

Benefit schedules may vary at different hospitals. For illustrative purposes only. Policy contract subject to approval.

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Risk Reduction Element

Focusing on Healthy Behavior in the Low Income Community

The Center for Disease Control estimates that approximately 73% of medical costs incurred could be relieved or alleviated with healthy lifestyle improvements.

- Program has an integrated risk reduction / lifestyle improvement education component to improve the risk profile and bend the trend cost curve downward.
- Risk reduction program would be integrated as a part of the full medical treatment program
- Program designed to proactively engage individuals with the concept of behavioral improvements to their lifestyle.
- Personalized help provided by the hospital's Registered Dieticians.

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Unique Pharmacy Benefit

- ✓ We have been working with community pharmacists to ensure that the pharmacy benefit component of our offering is robust, yet cost efficient for the program
- ✓ We are offering an extensive generic drug based formulary for physicians to follow that will significantly reduce costs in conjunction with an aggressively priced network of community pharmacies
- ✓ Brand and specialty drugs will be added on a qualified basis following exploration of Patient Assistance Programs, but only as necessary for optimal medical care

Clinical Pharmacy Programs

- We will use in-office pharmacists to evaluate patient medication regimens to optimize therapy
- These same pharmacists meet with patients following their appointments much like a hospital discharge process
- Pharmacists are trained in medication therapy management, patient adherence and drug utilization review
- Pharmacists will work collaboratively with prescribers to ensure clinically based best practice guidelines are followed while constantly evaluating cost efficient alternatives
- Numerous pilots have shown the value of safer medication practices and better patient outcomes when pharmacists are involved

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Community Pharmacy Support

- In addition to the aggressive network developed for the pricing of the drug benefit, community pharmacists will be joining in select initiatives to ensure ongoing success in the community when the patient gets home
- Having been specially trained in adherence and drug problem matters, the community pharmacists will work with Benecard (claim facilitator) to respond to real time clinical edits messaged to the community pharmacy during the patient visit
- Community independent pharmacists have consistently been selected by patients as the most highly regarded pharmacists, and amongst the most trusted of the health care team
- Very importantly, by using these independent community pharmacies, we are keeping PA budget dollars working in PA

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Moving Forward...

- Our model has successfully demonstrated real hope for uninsured workers who are looking for quality healthcare at a **realistically sustainable and affordable cost.**
- Senate Bill No. 5 provides initial funds to get the hospitals started.
- Program structure is a "**trend buster**" when it comes to the future of renewal calculations.
- New model reduces health system's bottom line losses and frees up personnel to work with revenue generating patients.

- **We believe the Empower3/ ARHS model could be customized to provide cost effective care to an expanded population of low income PA workers**
  - Members could be asked to contribute based on income level and participation in the risk reduction program.
  - Using the model as filter to improve the risk profile of the group, future costs project to be significantly lower than status quo or current proposed models.