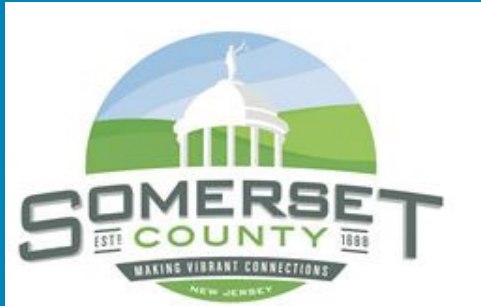

Somerset County Southern Skylands Regional Health Insurance Fund

December 9th, 2021



Skylands HIF Partnership Health Center ROI Estimate

Prepared by David Wilson, FSA, FCIA, MAAA
Windsor Strategy Partners, Inc.



Purpose of the Analysis

- To calculate an estimate of the cost to the Plan had the Partnership Health Center (SPHC) not been in place and to compare that cost to the actual expense the Plan incurred for the SPHC
 - To identify areas for improvement in the promotion of the SPHC to Plan members
 - To identify areas of opportunity to find the riskiest members in the Plan and support them through care coordination activities
 - This study is for the 12-month period ending June 30, 2021
-

Calculation of the Estimated Cost

- These calculations are classic “path not taken” problems
 - Results are based on broad averages and maintaining the same or similar market baskets of goods and services
- This calculation has several parts:
 - The probable cost to the Plan if the Health Center utilization shifted to a non-SPHC setting including the impact of shifting SPHC pharmacy utilization to other pharmacies
 - The Impact of care coordination activities on inpatient and outpatient costs and emergency room utilization
 - Green Circle savings
- The actual cost of the PHC was provided by Finance team at Integrity Health

Restatement of Partnership Health Center Utilization

- We obtained the utilization of various classes of services provided in the PHC that would be charged for fee for service outside the PHC
- This utilization comes from the same data that feeds the PHC visit reports
- Using the Integrity Health Population Health software, we determined the average cost of by class of service provided in the PHC for services provided outside the PHC for Skylands HIF members wherever possible. For some classes of service, we used Windsor's data sources
- All costs derived are after member cost sharing

The Recast of the PHC Utilization

Start	1-Jul-20		
End	30-Jun-21		
PHC Expenses:	\$ 2,872,090.62		Actual
PHC Equivalent Costs			
Visit Type:	PHC Count	Retail \$/Service	Data Source
Behavioral Health	177	\$133.00	professional claims analysis view in IH Pop Health Tool results clinical psychologist paid cost per claim
Care Coordination	4280	\$0.00	
CovidTest	1062	\$160.00	Conor Strong estimate
Customer Service	194	\$0.00	
Flu Shot	1420	\$50.00	(average cost data NJ Aetna contracts)
Lab	914	\$21.84	(average cost data NJ Aetna contracts)
Physical Therapy	5097	\$107.00	professional claims analysis view in IH Pop Health Tool results Physical therapy private practice paid cost per claim
Physician or Nurse Visit	3128	\$177.00	professional claims analysis view in IH Pop Health Tool results Physician/family practice paid cost per claim
Telemedicine	432	\$89.39	(average cost data Non-PHC Telehealth Paid - all Integrity Health Customers)
Pharmacy	9744	\$96.81	Cost after member cost sharing for non-specialty drugs delivered outside the PHC
XRay	200	\$194.00	(average cost data NJ Aetna contracts)
Total retail cost =		\$ 2,404,190.88	0.837087404

Impact on Emergency Room Utilization

- Using the Integrity Health Population Health software we calculated the frequency of ER use for members attributed to the PHC and for members not attributed to the PHC. Members attributed to Green Circle were included as PHC members
- The relative ER use was 138% higher in the non-PHC member group than in the PHC attributed group
- We project an additional 58 ER visits for PHC attributed members. The average cost of an ER visit across all members during the study time frame was \$6838.79. The resulting additional cost would be estimated at \$396,650. This saving can be attributed to care coordination activities.

Impact on other Facility Cost and Utilization

- We looked at the difference in per member facilities paid claims for the study period separated by PHC attributed members and non-attributed members. We adjusted the average cost for the non-attributed members for the risk difference between the two member classes. Risk scores were calculated inside the Integrity Health Population Health software tool using the Hopkins algorithm. The non-attributed members have a slightly higher risk score than attributed members which reduces the negative impact the calculation. In the end we project an additional facilities cost to the plan of \$891,021.

Calculation of Additional Facilities Cost

Facility costs					
	#	\$	\$/#	Adjusted for Risk	
	Attributed				
PHC	6,054	\$3,567,731	\$ 589.32		\$ 891,020.90
Open	12,430	\$9,377,541	\$ 754.43	\$ 736.50	
Risk score open		1.552	From level 2 risk score report run 12/8/21		
Risk score PHC		1.515			
Ratio PHC/Open		0.976			

Facility Costs were pulled from Integrity Health Population Health software Facilities Cost Report for the study time period

Green Circle Savings

- There was very little Green Circle utilization
- Any impact would be immaterial at this point in time

Summary

Source of Restatement			Notes
PHC Utilization Recast		\$ 2,404,190.88	From PHC Detail Simple
Green Circle Impact		\$ -	Too few referrals to measure
Care Coordination Impact on Utilization		\$ -	Partially reflected in the next two lines
Projected Direct (non-ER) Facilities Cost Change		\$ 891,020.90	IH Pop Health Tool results
Projected Direct ER Facilities Cost Change		\$ 396,650.00	IH Pop Health Tool results
Total estimated Restated Cost no PHC		\$ 3,691,861.78	
Estimated PHC Cost based on 12 Months ending 6/30/2021		\$ 2,872,090.62	Source: IH Finance
Estimated ROI =		1.29	

The Partnership Health Center appears to be reasonable value for the dollars spent

Caveats

- The use of average Rx costs outside the PHC assumes a similar market basket of drugs. This may or may not be the case. That said the PHC staff likely favorably impact the PHC market basket by prescribing more generics and steering members to less costly alternatives.
- Projecting more ER visits ignores the additional impact reduced hospitalizations through the ER. Some of our projected additional visits would result in an admission.
- We did not examine market baskets of services for physician services in and out of the PHC. We assumed the mix of CPT codes captured in Integrity Health Population Health software for Family practice would be representative for the mix of codes representative of the care provided in the PHC.
- We are probably underestimating the impact on specialist costs in the absence of the PHC (we calculated no impact).
- Care coordination isn't making the same impact reaching the members most at risk as we see in other plans as evidenced by the risk scores. The PHC-attributed population is about 3% less risky than the non-attributed population.
- Remember these are all projection of what may or may not have happened had the PHC not existed.