



## EMPLOYEE HEALTH COST CONTAINMENT – CASE STUDY

### **Company Profile**

- Midsize, U.S. financial company
- 350 employees
- Offices in Florida and California
- Self funded health insurance plan
- 12% annual increase in employee healthcare costs

### **The Problem**

Double digit growth in healthcare cost increases had been the norm for several years. This was partially fueled by a low deductible, generous health plan. However, employee health assessments and claims data identified a number of health conditions that could be modified with lifestyle changes. Specifically, cardiovascular and musculoskeletal medical conditions.

In addition, over 60% of the Company's employees were call center operators who were vital to business operations. And health related absenteeism in this group was significant.

The Company consulted with its broker and health plan in search of an employee health solution that addressed both escalating healthcare costs and employee absenteeism.

### **A Solution in Progress**

After a comprehensive review of options, the Company chose to introduce a high deductible HSA plan. This action would most likely deliver real cost savings to the Company and encourage smarter employee healthcare decisions. However, the action had some shortcomings as follows:

- It would increase out of pocket cost for the employees
- It did have a positive impact on the employees' health risks
- It failed to address employee absenteeism.



The Company's broker approached InHouse Physicians and requested a proposed solution that would address these outstanding issues and demonstrate an ROI in the first 6 months.

### **The Solution**

InHouse Physicians proposed 3 initiatives that could all be implemented in a step wise fashion as follows:

1. Flexible Worksite Healthcare
2. Identification of High Risk Population
3. Targeted Wellness Interventions

#### **Flexible Worksite Healthcare**

This offering was strategically launched first. By providing free workplace healthcare to employees, this solution addressed employees' concerns about increased out of pocket expenses associated with the high deductible plan. In addition, it tackled the absenteeism issue by providing convenient, high quality medical care right at the workplace.

With only 250 employees at the Company's headquarters, a very cost effective workplace health model had to be created. This model included an on-site nurse every Monday, Wednesday, and Friday mornings. The nurse was supplemented with an on-call physician who was able to communicate with the nurse and patients through a state-of-the-art telemedicine application. This approach delivered robust healthcare capabilities at a very economical entry point. The nurse and on-call physician could handle an array of ambulatory medical issues and delivered a medical home model for more complex cases.

#### **Identification of High Risk Population**

Only through the identification of your high risk employee population can targeted interventions be realized.

As the second phase of the solution, InHouse Physicians captured the data from the Health Plan HRA, integrated this data with biometric testing to further define the risks, and added proprietary predictive modeling questions that focused on psychosocial issues to further pinpoint the at risk employee population.

The presence of the on-site nurse allowed these services to be delivered at a significant discount and enhanced employee participation by offering these services over an extended period of time.



### Targeted Interventions

Targeted interventions are based on the argument that 20% of a population (“High Claims Group”) is accountable for 80% of the healthcare costs (and more recent data supports that approximately 5% of the population is responsible for up to 50% of the claims).

In the final phase of the solution, InHouse Physicians invited the high risk population (defined in stage II) to participate in an intensive wellness program designed to mitigate their future potential health care claims.

InHouse Physicians leveraged the presence of the on-site nurse, who was cross trained as a health coach, to not only supervise this program, but also deliver on-site health coaching at no additional charge to the Company.

### Initial Cost to Employer

The cost for the first six months was \$31,000 or \$88 per member.

### ROI to Employer (first 6 months)

The return on investment was calculation was conservative in its approach and consisted of the sum of the following:

1. Avoided healthcare costs from outpatient physician visits
2. Decreased absenteeism (from avoided office visits)

Total Savings (first 6 months) = \$82,000

Return on Investment (first 6 months) = \$51,000 or \$145 per member

The company anticipates further cost savings associated with decreased claims from targeted interventions.