



CASE STUDY

The Compounding Benefits of RHS Employer-Sponsored Primary and Preventative Healthcare Program on Healthcare Benefits’ Cost

Private Employer

(* * * * *)



In the most recent years, employers across the state of Kansas, especially in smaller communities, have been subject to unsustainable inflation of healthcare insurance premiums. Aging insured populations, reduction of access to primary care (due to an aging primary care doctors’ population entering retirement age), underspending in preventative care and consequent increase of common chronic diseases have all played a role.

Revere Healthcare Solutions Inc. (“RHS”) manages two employer-sponsored, membership-based primary and preventative healthcare clinics in Garden City, KS and in Dodge City, KS. The clinics are staffed with an inter-disciplinary team of family nurse practitioners, registered dietitians, and emotional wellness counselors delivering care with a “one-virtual-floor” integrated model, using both in-person visits and tele-visits. In 2021, the two clinics have delivered more than 5,000 visits to a population of 1,500 patients, averaging 3.3 visits per patient.

RHS’ nurse practitioner-centered, employer-sponsored model for primary and preventative care allows for unlimited access to near-site clinics. The high degree of de-centralization, with a team of nurse practitioners leading each clinic, generates both providers’ and patients’ satisfaction. The range of services delivered is very wide, including urgent care, labs, injections (vaccinations and allergy shots), physicals, depression, anxiety, diet, weight management, workers compensation, and employment screening.

The simplicity of the model, running *parallel but outside* of the claim-based, third-party payer system, reallocates efficiently primary care out of the insurance-covered portion of employee benefits, reducing the complexity (and cost) of such benefits. The simplicity of the model also translates into a steep reduction of the delivery cost of the services, which is downloaded entirely into an obliteration of the out-of-pocket visit cost, usually incurred by patients. *The resulting free nature of the services for the patient removes the financial dis-incentive typical of the fee-for-service market which depresses follow-up visits and therefore primary care and preventative care utilization.*

In the Fall of 2020, RHS was approached by a Western KS private employer with approximately two hundred (200) lives covered by its healthcare insurance plan. The employer had experienced for the 2018-20 two-year period an average annual healthcare insurance premiums inflation of +17.6%. Applying the compounding “rule-of-72”, such high level of inflation implied an expected doubling of healthcare costs (72/17.6) in just over 4 years.

The average healthcare insurance premium, across different classes / options of deductibles, was estimated for FY 2020 at approximately \$6,800.

Based on the expected needs of the population, in 2020, RHS designed for the employer a proposal translating into a flat, annual fee per member of \$335: such fee was kept flat in 2021.

In the 2020-2021 two-year period of adoption of RHS’ employer-sponsored clinic, the Employer has experienced (based on the projected healthcare premiums for 2022) an average annual inflation of 9.4%. Applying again the compounding “rule-of-72”, the implied number of years to double healthcare costs is (72/9.4) extended to almost 8 years.

On an estimated baseline of approximately \$1.3 million of healthcare costs, the approximately 5% investment in RHS’ employer sponsored clinic has contributed to generate a reduction of annual inflation of approximately (17.6%-9.4%) 8.2%. The implied ROI (8.2%/5%) is 1.6x, excluding savings related to workers’ compensation related services and employment / pre-employment screenings.

It is essential to recognize the compounding effect, over time, of reducing healthcare benefits’ inflation. Over an 8 years period, without the adoption of RHS employer-sponsored clinic, at the pre-adoption inflation rates, the employer was on a trajectory to quadruple its healthcare premiums. Along the current inflation trajectory, the employer is expected, over ca. 8 years, to double its insurance premiums, with a saving in year 8 of 160% (see attached graph) of its current premiums.



The Compounding Benefits of RHS Employer-Sponsored Primary and Preventative Healthcare Program on Healthcare Benefits' Cost

