



CASE STUDY

The Measurable Effect in terms of Health & Dollars of RHS Employer-Sponsored, Direct Primary Care Clinic in Garden City, KS

Revere Healthcare Solutions Inc. (RHS), formed in early 2015, manages the “Grow Well” clinic in Garden City, KS and the “Care To Thrive” clinic in Dodge City, KS. Both clinics deliver employer-sponsored, direct primary and preventive healthcare, including urgent care, wellness, workers’ compensation, and occupational healthcare through a team of nurse practitioners and a registered dietitian. The contractual arrangement between the employer and RHS is simple: the employer pays RHS a flat monthly fee in exchange for the employer’s employees and family members on the healthcare plan having *free, unlimited* access to the RHS-managed clinic.

The Grow Well Case Study:

In 2011, the municipality in Garden City, KS partnered with WINS Inc. (a company with a 20 year track record in employer-sponsored direct primary care in the Midwest) to offer, to its 300 employees (880 total insureds), access to a comprehensive, employer-sponsored preventive healthcare program.



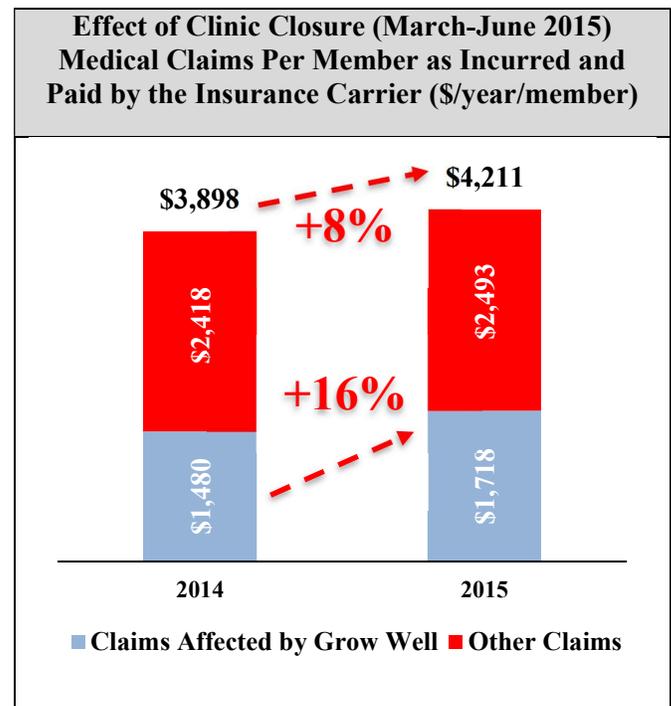
However, abruptly in early 2015, WINS had to liquidate its assets, under the pressure of an unsustainable financial position. The clinic closed its doors in March 2015.

Matt Allen, the City Manager, reflects on the first year, saying, “Usually when dealing with matters of health and behavioral change, the returns begin to materialize long after the initial investment is made. **In our case, the health indicators after year one were impressive, and we were excited to see the health, as well as the culture, of our workplace improve. A bigger surprise was that in the first year the City could document a net budgetary savings from diverted claims. We, as an organization, realized even more clearly the value of this benefit when it was no longer available, due to WINS’ closure.**

The City didn’t want to return to an exclusively insurance-based healthcare benefit model that was taking on a heavy load of low-end claims, which we had been able to divert to the clinic,” says Mr. Allen. “During the closure of Grow Well, our workforce really opened up about the impact the clinic was having on their lives. There were anecdotes of dramatically improved health for the employees and other family members and of the clinic serving as a primary point of care and an alternative to the emergency room for many families who couldn’t find a family doctor. We also learned of several past instances where, had the clinic not been open, an insured member of the family (most often a child) probably would have gone without care because of an inability to afford the co-pay or an inability to either get an appointment or be seen in a timely manner.”

For the City, closing of the clinic had an immediate *negative* financial impact on healthcare costs. *During the four months the clinic was closed, medical claims (in \$/life) incurred and paid through the City’s healthcare insurance carrier increased 55%.*

Once the clinic was reopened in June 2015, under RHS management (and with a new provider on board), claims fell off again. Immediately. And significantly. This offset the four months’ spike, bringing the twelve-month year-over-year claims’ increase to +8%. Excluding claims related to surgery, maternity, pharmacy, and dental care, (hardly impacted by Grow Well’s services) medical claims/life increased year-over-year +16%.





This 2015 case study of the Grow Well clinic is potent proof of the significant return-on-investment generated by RHS direct primary care.

During the clinic’s closure, the City of Garden City sought a replacement for WINS. With no luck. Then RHS stepped forward and reopened the doors of Grow Well for the City’s employees and family members. Carmine Di Palo, the CEO of RHS, saw an opportunity to apply capital and operational discipline to an operation that had failed financially, but had nonetheless provided extremely valuable services to the City for years.

“Primary and preventive healthcare in the US is a sorely under-utilized tool to provide better healthcare to patients to improve and sustain better outcomes, and as a direct consequence, to control the long-term trajectory of healthcare costs. However, it is not surprising that the City had a hard time in finding a new operator for the clinic among more established employee-clinic operators. Worksite clinics have a long history in larger communities and for larger employers (with several operators currently managing hundreds of locations for large employers). But, delivering consistent, high quality, affordable primary and preventive healthcare to sub-500 employee employers is a challenge that is two or three notches above establishing a clinic for a 1,000 employee site.

While the previous operator of Grow Well lacked financial discipline, the model developed over 20 years was, from a care and simplicity perspective, very effective. RHS has taken the best of that model and applied financial discipline with an environment of greater quality control and continued experimentation and improvement.”, says Mr. Di Palo, CEO.

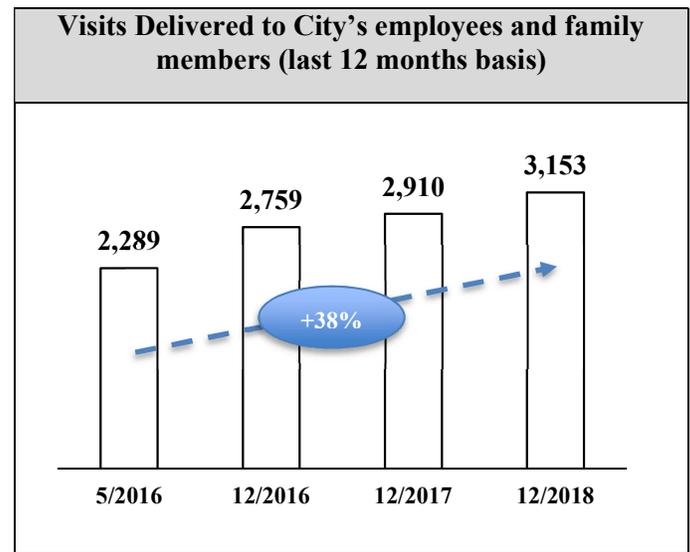
RHS was able to attract a new staff, led by Marilyn Douglass, APRN, a distinguished local provider and chair of the Board of Trustees of the local community college. And, in 2017, RHS added a second provider, Jami Weaver-Warren, APRN with years of healthcare experience and an equally strong reputation in the community.

Under RHS management, with a progressively leaner overhead cost structure, the clinic’s weekly hours were expanded from twenty to twenty-eight. Further refinements of the delivery model and of the IT infrastructure, coupled with the addition of six employers to the clinic’s roster, have allowed RHS to further expand the weekly clinic’s hours to thirty-four, significantly increasing access.

“Primary and preventive healthcare is a basic form of healthcare. It is the most efficient and the most effective, in terms of outcomes. Yet it is under-utilized. Especially in smaller communities: sometimes due to lack of access, sometimes due to unaffordability, and sometimes due to both. Unfortunately, such smaller communities also suffer from a

higher incidence of common chronic diseases due to lifestyle. This combination of risks, in my opinion, explains why several research studies tend to point to the fact that in smaller communities the per capita cost of healthcare is higher than in larger cities, resulting in a waste of resources and productivity, which could serve as an economic growth engine if properly corrected.” observes Di Palo.

Over the last three-and-a-half years, Grow Well delivered, on a twelve-month basis, a +38% increase of visits to the City’s employees and family members with essentially flat cost. The resulting cost per visit has therefore dropped 28% since May 2016.



Di Palo continues, “Several factors have contributed to the consistent increase of utilization at Grow Well. Prior to RHS taking over, the clinic had suffered from high provider turnover. RHS aims to recruit and retains only the best nurse practitioners in each location: we offer them a delivery model centered around their expertise and academic background, and the opportunity to be part of an entrepreneurial corporate culture. They are able to make the difference in the lives of patients that they see multiple times a year. They can see, feel, and track *that* difference.”

Nurse Practitioner Jami Weaver-Warren says: *“I was born and raised in this community. I believe that RHS model of care is extremely fitting the needs of dozens of communities across the state of Kansas similar to Garden City. Communities which are seeking to balance growth with increased access to affordable, quality primary care. Treating common chronic diseases within a structured wellness program and addressing unmet healthcare needs at the crossroad between urgent care, prevention, wellness, nutritional counseling, fitness, and, to some extent, behavioral health is what RHS is about. And we do so daily, with a focus on quality, and affordably.”*



Over the years, under RHS management, the increased utilization of the healthcare services delivered at Grow Well, early detection and treatment of symptoms, and a structured management of common chronic diseases have translated into decreased utilization of healthcare services outside the clinic as recorded by the medical claims incurred and paid through the healthcare insurance carrier. In 2018, the City’s insurance carrier recorded total medical claims per member (in \$) 16% lower than in 2014. The portion of the medical claims directly affected by the clinic were 11% lower than in 2014.

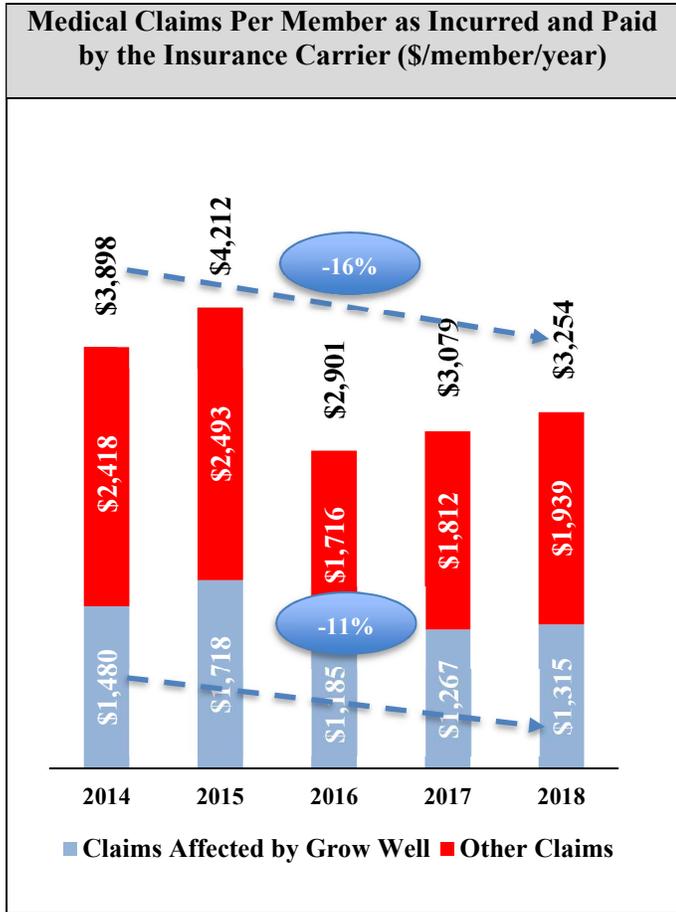
“Data are obviously important, but they are just a reflection of the daily care delivered by our outstanding nurse practitioners. Quality and access drive utilization up, utilization drives costs down. It is as simple as that. The consistent emphasis on technology and data in healthcare is beneficial up to a certain extent, but the risk of exaggerating such emphasis is significant: distracting resources, both financial and operational (providers’ time). RHS is and will be focused solely on maximizing our providers’ interaction with patients. The amount of time spent listening to the patient is the best predictor of quality care.” observes Di Palo.

The lower medical claims incurred by the insurance carriers has translated into essentially flat insurance premiums charged by the carrier to the City, in an insurance premiums’ market which has recorded in the state of Kansas annual increases of approximately 10% per year. While comparing insurance premiums between different populations is a complex exercise, the City’s average premium per employee in 2018 was approximately \$1,750 lower than the national average, as reported by the Henry J. Kaiser Family Foundation’s 2018 Employer Health Benefits Survey. RHS all-in cost per year per member is approximately \$540 per life, implying a *net* savings per year per life on the plan of approximately \$1,210, a return on investment of 2.2x.

Nurse Practitioner Merilyn Douglass says: *“Having spent decades in the more traditional healthcare setting, I can see in our daily routine the reasons why RHS model delivers such significant savings: the emphasis on individual preventive care. RHS’ entire delivery of healthcare is designed around the individual. Our visit is designed to last thirty minutes. In a more traditional fee-for-service model, that kind of individualized attention and counseling rarely happens. However, it is precisely that individualized attention which is the starting point for behavioral changes leading to healthier habits, better healthcare and ultimately significant savings.”*

Based on more than 20 years of data (historical data purchased from WINS, a pioneer in this field, plus last four years of RHS in-house data) across dozens of employers, RHS can quantitatively demonstrate an *intuitive* argument to employers seeking to stabilize healthcare costs while improving the high quality of healthcare for their employees and family members. **Incentivizing the utilization of high quality, lower cost, comprehensive preventive care, results in an over-proportional decrease in the utilization of higher-cost reactive care.** Better healthcare at a lower cost.

Or as Benjamin Franklin would say: *“An Ounce of Prevention is Worth a Pound of Cure”*.



The 2014-2018 historical series highlights the value of RHS direct primary care. As shown above, in 2015, when the clinic was closed for four months, patients were forced to increase their utilization of healthcare services outside the clinic. Medical claims increased steeply. In 2016, the reintroduction *and enhancement* of the services delivered at Grow Well generated a significant drop in the need and utilization of healthcare services outside the clinic to levels even below 2014. In 2017-18 medical claims outside the clinic increased approximately 6% annually, significantly below the average increase in medical costs nationally, and still remained 16% below levels four years prior (pre-RHS).