

# HB0148S01

## Performance Note Report

Funding For: New Services or Benefit

### **Purpose:**

Rep. Barlow's purpose in establishing an on-site primary care clinic is to:

- 37 (i) be convenient for employees and their dependents;
- 38 (ii) increase health of employees;
- 39 (iii) increase compliance with health care screening and management of chronic health
- 40 care conditions; and
- 41 (iv) dispense commonly used, pre-packaged drugs in a cost effective manner

### **Services:**

- preventive visits and screenings
- management of chronic health care conditions
- immunizations
- primary care office visits
- limited diagnostic services and labs
- dispensing commonly used pre-packaged drugs in a cost effective manner

### **Expected Outcome:**

- Increase health of employees
- increase compliance with health care screenings
- improve management of chronic health care conditions
- lower use of urgent care and unnecessary specialist office visits
- Accomplish the outcomes listed above without any additional cost to the state beyond potential start-up costs after the clinic has reached more than 75% capacity, in which case the state should achieve overall cost savings.

### **Implementations and Resources:**

**If an existing clinic can be used that currently has excess capacity:** implementation resources will be minimal.

#### **If and new clinic is established:**

- PEHP will look to DHRM to select a location that most appropriately meets the requirements of the bill.
- PEHP will work with DHRM to complete the initial build-out and renovation needed to create a clinic within an existing state building.
- PEHP will use a bid process to select a provider to staff the clinic.
- Premiums from the state risk pool will be used to fund the start-up costs, which include the ramp-up period to 75% capacity.

**How:**

Because the providers at the clinic will be compensated using a salary instead of a fee-for-service model, the per-unit-costs at the clinic will be lower than the market given sufficient patient volume. Also, the salary compensation aligns the provider's incentives with the employer's to manage care, provide value and improve outcomes rather than focusing on the number of services they are billing (fee-for-service model). In addition, the increased convenience and lower cost of the clinic will likely help reduce employees' and their dependents' use of higher priced urgent care providers and unnecessary specialist office visits.

## **Performance Measures**

**Title:** Improve Health Outcomes and Reduce Cost.

**Description:** Only a portion of the state risk pool population will have convenient access to the clinic and only a portion of those will use it. The goal is to improve health outcomes and reduce costs for those that are using the clinic. We can estimate the impact of the clinic by benchmarking the utilization and overall claims costs of members who use the clinic against similar individuals who don't visit the clinic after controlling for the demographics, risk scores, and medical conditions.

**Collection Method:** We will pull utilization, demographics, risk score and cost data from our claims databases, and feed the data into our models to perform a benchmarking analysis.