PEHP

HB0148S01 (Barlow, S) Anticipated Fiscal Impact:

No Cost for Using an Existing Clinic or $0.25 million for Establishing a New Clinic for the 7/2015-6/2016 State risk pool plan year.

Assumptions:

Use of Existing Clinic

1. Start-up costs only apply to establishing a new clinic. It is assumed that there are no start-up costs when using the excess capacity of an existing state clinic. In addition, to the extent that existing clinic providers are used, there would be no upfront costs for building a patient base.
2. If existing clinic space is available but not provider time to see patients, PEHP would contract with a provider and there would be a net cost to the pilot until 75% of capacity was reached.

Cost Assumptions for New Clinic

1. One-time building renovation– $150,000
2. One-time medical equipment for office space - $25,000
3. Other one-time start up costs -- $20,000
4. Annual personnel costs - $409,000; Assumes:

a. 1 full-time doctor
b. 1 full-time medical assistant
c. 1 full-time receptionist
d. 1 part-time biller
e. Malpractice Insurance

5. Estimated Annual Operating Costs - $11,000 in daily supplies

Revenue/Savings Assumptions

1. Clinic capacity is one appointment every 15 minutes, 5 days a week.
2. Fee schedule is approximately 75% of average market rates.
3. Revenue/Savings will offset the ongoing costs of the clinic and the cost of the extra induced utilization if it runs at 75% of capacity.
4. A location will be chosen that will maximize worksite employee access and proximity to the largest number of dependents of state risk pool employees as possible.

Timing Assumptions

1. Initial Bid/RFP – 2 months

2. Planning/Approval Process – 2 months (architect planning and design of buildout and approval process by state)
3. Clinic Build-out Construction – 3 months
4. We anticipate the clinic will be at 50% capacity for initial 5 months. We believe it will reach at least 75% of capacity and be self-sustaining thereafter.

Annual Net Costs

1. 2015-2016 = $253,000 (buildout, setup, and first 5 months of clinic running at less than 75% capacity)
2. Cost neutral thereafter if clinic is at least 75% of capacity; cost savings if it is more.