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THE BROKER'S CRITICAL ROLE IN PRIVATE EXCHANGES

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Broker
Russ Blakely
creates a
groundbreaking
partnership
with a physician
network that
dramatically cuts
clients' health
care costs

TRAILBLAZER



Russ Blakely did not set out to disrupt the status quo of health care distribution in his hometown of Chattanooga, Tenn. — the president of Russ Blakely & Associates just wanted the most effective health care for his clients. But that's where he's ended up.

Things were set in motion about 15 years ago when a client, the City

of Chattanooga, first set up an onsite clinic, followed by an onsite pharmacy. The clinic continues to offer a wealth of benefits to the city's 2,300 benefit-eligible employees, but it's the adjacent pharmacy that's proven most popular.

Madeline Green, director of human resources for the City of Chattanooga, reports around 70% of employees and retirees use the pharmacy, which is able to offer lower cost prescriptions by acquiring the drugs at acquisition cost. In fact, many "think it's the best benefit they've ever gotten," she says, crediting Blakely with bringing them the idea.

While plan members enjoy the lower co-pays through the pharmacy, Blakely notes the real savings for the employer come from the interaction those employees have with the same pharmacist, over and over. It allows the pharmacist to develop a relationship with employees, make sure they're using the most cost-effective medication and following the prescription as prescribed. "It has made a tremendous difference to the city," Blakely says.

Meanwhile, another client of Blakely's, Hamilton County government, observed the immediate return on investment that came from the pharmacy in particular and wanted one of its own, followed by a clinic. It was during that RFP process that Russ and his associate Brent Wick came across a local physician's group that submitted a bid for the clinic. They were impressed with the physician group's approach. "It was, 'We're in the community. We know the hospitals. We know the specialists.' ... It just made so much sense to us that they won the bid hands-down," says Blakely.

From there, about two years ago at this point, the conversation began between Blakely and Dr. Keith Helton, an internal medicine and pediatrics physician at Galen Medical Group in Chattanooga, about turning Dr. Helton's physician-run onsite clinic model into something bigger.

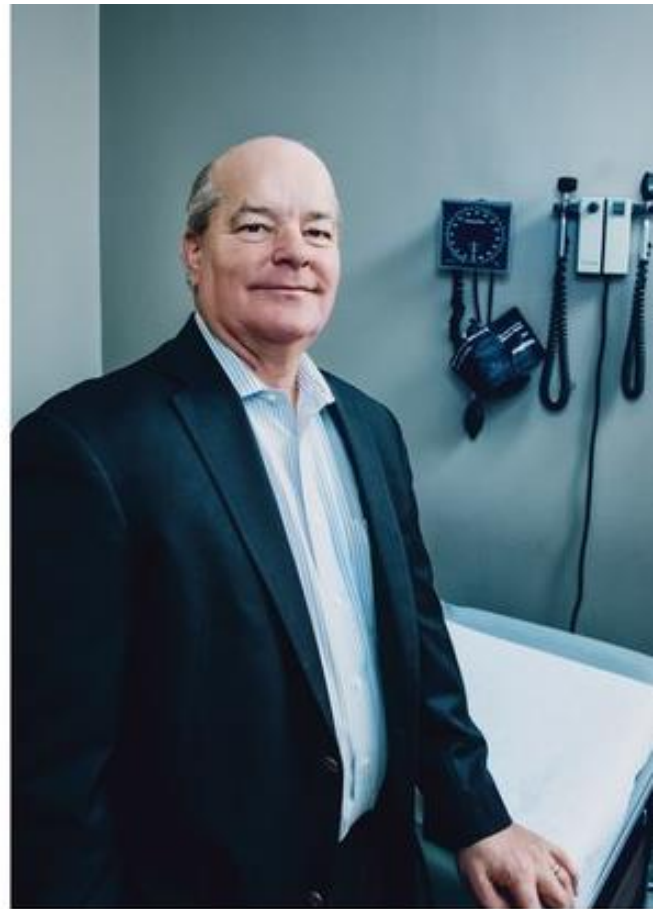
HOW IT WORKS

Knowing the impact seeing the same pharmacist at an employer's onsite pharmacy could have, Blakely was drawn to the concept of giving his employer clients a closer, more stable and ongoing connection to a primary care physician.

Blakely knew another internal medicine doctor from a different leading primary care physician group in Chattanooga, Dr. Collin Cherry at Beacon Health Alliance, so he met with both doctors over breakfast one morning to discuss a partnership. Next, they held a meeting for specialist physicians in the area with proven track records to gauge their interest in joining a physician network.

"We were stunned at the reception that we got from 35 or 40 of the best known [specialist] physicians here in our area about this concept," Blakely recalls.

The physicians embraced the idea that they could have much more of a say in the health of their community by helping larger self-funded employers manage their health care costs through a



physician network, Blakely says. "Because when it gets down to it, physicians are the ones who order all the tests, write all the prescriptions, choose where someone's going to be admitted. And so rather than letting a health plan start an ACO or a patient-centered medical home, why not let the physicians do it?" he says.

With that, One to One: Personal Physician Network was born, and Dr. Helton serves as its CEO and president. He says working with Blakely and Wick is a "refreshing" process. "I've always had kind of a skewed perception of brokers — we'll call Russ a consultant because I view him a little differently," he says. "Here's the crux of the problem with health care. Everyone's incentivized for more. Insurance companies want more spending, brokers want a higher insurance rate because they get reimbursed based on that amount. [Blakely and Wick] have been nothing but excellent. They've operated truly as having their employers' best interests at heart."

Two Blakely & Associates clients, a 3,500 life heavy manufacturing firm and Hamilton County, were interested in participating in the network last year, its first year in business. Blakely refers to it as a network within a network, as the system works by operating inside a larger health plan network, predominantly BlueCross.

Blakely worked with the carriers to identify all of the physicians in the One to One network through names and tax payer ID numbers and asked them to pay those providers at a different level than everyone else within their broad networks. Employees at participating clients have a lower co-pay and co-insurance when they use a One to One physician. If they go out of network "there's no penalty. It's only incentive based. The physicians aren't trying to get them to change anything if they feel they want to go somewhere else," says Blakely.

Both the Beacon and Galen physician groups that make up the

primary care portion of One to One have “quite a bit of experience” with the HealthSpring Medicare Advantage program, with medical loss ratios in the upper 70s to lower 80s, says Dr. Helton. “We have a good ... history of doing high quality, lower cost care,” he points out.

Because of their Medicare experience, “they understand risk,” adds Blakely. “They know what they need to do to improve patient health ... without overutilization.”

KEYS TO SUCCESS

As for the physician community, it took around 18-20 meetings to firm up the initial participants, according to Dr. Helton. “I would bring Russ to those meetings and he could talk on the broker side so that they clearly understood that times are a changin’ and we have to do something different.”

For other brokers looking to establish a similar model, Dr. Helton’s biggest advice is don’t go it alone. “You’ve got to have a physician. There is no way non-physicians can broker this deal,” he says. “You have to have physicians willing to go talk to physicians and say this model works, why it works and why you feel better about your work day. Because they’ve been sold down the river so many times by brokers or insurance companies or hospitals that they don’t believe anybody.”

There’s “a tremendous amount of activity going on” now in the process of recruiting new employers to participate in the network, says Blakely. “I’m just amazed at how Dr. Helton can pick up the phone and call any employer and get an audience with them. Because I can’t. He gets into places and talks to people that I can’t get into. They wouldn’t even take my call. But when it’s a local physician saying, ‘I have a concept that might make sense for you and your company,’ voila, he’s in front of them talking.”

However, Blakely is still an integral part of the process. Employers will more readily listen to a physician, but the talk doesn’t often go far without a broker there to explain the next steps. “He does a great job of selling the concept, but he just needs someone else there to talk about how you implement it and what are the practical steps and why it makes sense; the sales part that we have,” says Blakely. “Why you should do this.”

Having access to the right data goes a long way toward providing that ‘why,’ he says. “You’ve got to have all of these physicians connected to some type of data so that they all get to see through an electronic medical record what’s going on with all of their patients,” says Blakely. “They get data to monitor all of their progress and see that what they’re doing is working and see where there is room for improvement.”

Alecia Poe, a registered nurse and director of human resources with Hamilton County, particularly appreciates the data management capabilities of Russ Blakely & Associates. “With our clinic, they have the ability to take a look at the usage and talk to us about what will be the better thing for us to do with our plan designs in the future, where they see too much risk or utilization,” she says.

The county has more than 1,800 employees and sees anywhere between 30 to 50 patients a day at its onsite clinic. “As a government, we need to be good stewards of tax payer dollars and that’s what we’re constantly looking to do and [Blakely and Wick] are great with that.”

Blakely and Associates and the One to One network use a program called DataSmart where all of a client’s data is shared. For example, Hamilton County’s onsite clinic’s One to One representative uses the data analytics software to make personal calls to anyone who shows up as a high-risk patient. “Because it’s the clinic, they’re able to mine the data and look for the potentially highest cost patients within the data,” says Blakely.

What would make physicians want that level of involvement? It starts with Dr. Helton, Blakely says: “He just said, ‘I see it as my responsibility to help employers improve the health of their employees and at the same time to help employers lower their health care costs. If we do that, everyone in the community wins.’ He just has a very different outlook than the average individual when they look at it globally, ‘What is my mission as a physician?’”

Blakely admires Dr. Helton’s perspective as “a scientist and a problem solver. ... One of Keith’s comments early on was everything driving health care right now is coming from somewhere other than physicians. ‘It’s hospitals buying physician practices, it’s insurance companies trying to set up ACOs and patient-centered medical homes. It’s everyone other than us and we’re the real engine behind all of that and we want to change that.’”

Blakely believes such a concept can be duplicated in any mid-size city; it just needs to happen on a local level. “It’s just finding the right physicians who essentially are competitors beginning to learn and to work together,” he says.

REACTION

When one family member wields the household check book, they know they’re in charge of the family’s expenses. But as Dr. Helton puts it, when it comes to health care, “Physicians have the check-book, we just never knew it. So now we have made these physicians

ONE-TO-ONE NETWORK COST ANALYSIS

The savings an employer experienced in year one by utilizing the One to One physician network, based on employees who did not use the network (control group) and those who did (One to One group) and broken down by level of risk from R1 (low) to R5 (high)

	R1	R2	R3	R4	R5
CONTROL GROUP	\$432	\$931	\$1019	\$808	\$442
ONE TO ONE GROUP	\$153	\$623	\$666	\$328	\$144

fully aware and responsible that it's not just about the quality of care they deliver. They are completely responsible for every dollar spent."

As Blakely mentioned, Dr. Helton's experience with HealthSpring has made the One to One model of physician accountability in reducing health care costs easy to follow. But for some of the subspecialists, especially surgeons, he says, "getting them to break their patterns around where they do imaging utilization has been a little bit of a challenge."

As a result, there's been "a lot of education" around best practices, such as sending patients to the network's outpatient MRI center rather than a more expensive inpatient facility at a hospital. "I feel like there's a very small percentage of physicians that won't be responsible. They're going to replace every knee. They're going to do surgery rather than not," says Dr. Helton. "I feel like it's a very small percentage, so we're just trying to stay away from those folks so we can control it."

Employees at the largest group to introduce the One to One network last year, the heavy machinery employer with more than 3,500 lives on the plan, took to the program quite easily thanks to the fact that the physicians involved were two of the most well-known and highly visible groups in the city, according to Blakely.

But perhaps the biggest advantage of the program has been for those employees in the nearly 80% male population who had no doctor at all prior to the introduction of the One to One network, Blakely says. One to One took over the company's existing yearly biometric screenings, which gave them "more recognition, more familiarity" and let employees who have had minimal interaction with a physician get to know them — and know the physician network is invested in their health, he says.

"You're going to take a call from your doctor much more than you would a disease management employee from your health plan," Blakely says. "They had a much higher touch rate than any we'd ever done before."

Hamilton County's Poe says employees appreciate being part of the physician network, and she reports more than 80% of physicians utilized by plan members are part of the network. Additionally, she says employees "feel a little more special" when doctor's offices recognize them as participating in the One to One network. They'll make comments such as, "Thanks for being part of our One to One network," which participants like, Poe says.

Dr. Helton says the closer relationships with plan members that the network creates have "been great" as well. "We've gotten to engage with their families quite a bit more," he says.

To do that, the network uses a care coordination model that assigns one of seven nurses to be the "family nurse" in every family. "What's been great about it is, one, we've gotten people primary care doctors who never had primary care doctors," says Dr. Helton. "Two, we've been able to help them improve their lives — quite dramatically in certain circumstances."

RESULTS

Dr. Helton cites one particular example of a success story: A 30-year-old diabetic who went to the ER 14 times the previous year and hasn't been once since joining the network, "because we're always accessible; she always knows she can get in touch with somebody that's going to help her."

As for Blakely's motivation, he has no financial stake in the One to One network. He says his goal is simply to save his clients money.

"We're not being paid for it," he says. "We're not building in fees or commission in there, it's just we're saving the health plan money."

The first plan year for One to One ended Sept. 30, 2014, and the financials were sent to an outside actuarial firm. The physicians had a benchmark for expected costs, and anything under that margin "had a cost sharing arrangement where physicians would be paid just like a Medicare Advantage plan if they were able to manage costs below a certain number that we all agreed to," Blakely says.

"It was quite successful," he says, adding that the physicians will "get a check for several hundred thousand dollars — their share of the savings."

It was so successful for the heavy machinery company, in fact, that the One to One network this year has agreed to take control of the biometric screenings for the company's 14 different locations throughout the country in addition to its base facility in Chattanooga, Blakely says.

"I think when we get more information from employees we're going to see the employees are much happier, too," he adds, "because they feel like their physicians are taking more charge of their health. They feel like their physicians are more responsible to them and their families for their overall health and wellbeing."

Blakely and Dr. Helton recently added a new employer to the network, and Dr. Helton says they are in discussion with "17-18 different self-funded employers" for the future.

The City of Chattanooga is among those employers looking at the model. "Russ truly loves the industry and he is just fascinated by the industry," the city's Green says. "You just know he is because it's been his life and he's just formed this wonderful career doing it. It's fun to work with somebody who truly loves what he does." **EBA**

