



Arthur J. Gallagher & Co.
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Miami-Dade County

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Impact of 2013 Plan Changes

Savings From Prior Changes

MDC

Category	Previous Levels	Current Level	Utilization Savings	Copay Savings	Total Savings
Office Visits	\$10/\$10	\$15/\$30	\$4,268,421	\$2,462,050	\$6,730,471
Prescription Drugs	HMO: \$10/\$20/\$30 POS: \$5/\$10/\$15	\$15/\$25/\$35	\$3,025,398	\$2,067,778	\$5,093,175
Total			\$7,293,819	\$4,529,828	\$11,823,647

JHS

Category	Previous Levels	Current Level	Utilization Savings	Copay Savings	Total Savings
Office Visits	\$10/\$10	\$15/\$30	\$748,278	\$612,485	\$1,360,763
Prescription Drugs	HMO: \$10/\$20/\$30 POS: \$5/\$10/\$15	\$15/\$25/\$35	\$584,168	\$574,684	\$1,158,851
Total			\$1,332,445	\$1,187,169	\$2,519,614

MDC + JHS

Category	Previous Levels	Current Level	Utilization Savings	Copay Savings	Total Savings
Office Visits	\$10/\$10	\$15/\$30	\$5,016,699	\$3,074,536	\$8,091,234
Prescription Drugs	HMO: \$10/\$20/\$30 POS: \$5/\$10/\$15	\$15/\$25/\$35	\$3,609,565	\$2,642,461	\$6,252,027
Total			\$8,626,264	\$5,716,997	\$14,343,261

Target savings for MDC was \$13.9 million. Additional savings from follow-up services such as diagnostic tests are not included in estimate above.



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Shifting Services to More Efficient Settings

Emergency Room vs. Urgent Care

Emergency Room		
Diagnosis	ER Visits	ER Cost Per Visit
784.0 : Headache	502	\$1,430
780.4 : Dizziness And Giddiness	258	\$1,874
599.0 : Urinary Tract Infection Site Not Specified	279	\$1,427
465.9 : Acute Uris Of Unspecified Site	414	\$766
462 : Acute Pharyngitis	325	\$870
564.00 : Unspecified Constipation	128	\$1,909
780.60 : Fever Unspecified	256	\$924
Subtotal	2,162	\$1,240

Urgent Care		
Diagnosis	UC Visits	UC Cost Per Visit
784.0 : Headache	160	\$815
780.4 : Dizziness And Giddiness	88	\$968
599.0 : Urinary Tract Infection Site Not Specified	294	\$504
465.9 : Acute Uris Of Unspecified Site	1,005	\$378
462 : Acute Pharyngitis	688	\$373
564.00 : Unspecified Constipation	19	\$676
780.60 : Fever Unspecified	85	\$410
Subtotal	2,339	\$448

Potential Savings for Migration to Urgent Care					
Diagnosis	Additional Cost for ER Setting	Services in ER Setting	100% Migration to Urgent Care Center	80% Migration to Urgent Care Center	60% Migration to Urgent Care Center
784.0 : Headache	\$615	502	\$308,777	\$247,022	\$185,266
780.4 : Dizziness And Giddiness	\$906	258	\$233,652	\$186,922	\$140,191
599.0 : Urinary Tract Infection Site Not Specified	\$923	279	\$257,482	\$205,985	\$154,489
465.9 : Acute Uris Of Unspecified Site	\$388	414	\$160,534	\$128,427	\$96,321
462 : Acute Pharyngitis	\$498	325	\$161,802	\$129,442	\$97,081
564.00 : Unspecified Constipation	\$1,233	128	\$157,813	\$126,250	\$94,688
780.60 : Fever Unspecified	\$514	256	\$131,633	\$105,306	\$78,980
Subtotal	\$653	2,162	\$1,411,693	\$1,129,354	\$847,016

Current ER Copay (High HMO/POS): \$25/\$50

Current UC Copay: \$25

Current PCP/SCP Copay: \$15/\$30

Total "Excess" ER Utilization	\$653	7,206	\$4,705,400	\$3,764,320	\$2,823,240
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"Excess" utilization is the number of visits by which the actual utilization exceeds Gallagher benchmark.. Actual ER utilization is approximately 70% higher than our demographically adjusted benchmark.

- Claims paid in the Emergency Room setting are expected to be of higher severity.
- Only 3% of Urgent Care claims result in a same day ER visit, 2% next day.

Claims Paid and Incurred Calendar Year 2013

Jackson vs. Other Facilities

Jackson		
Category	Admits/Encounters	Paid Per Admit/Encounter
Inpatient	471	\$9,380
Outpatient Excluding ER	3,478	\$468
ER	2,049	\$488

All Other		
Category	Admits/Encounters	Paid Per Admit/Encounter
Inpatient	3,529	\$15,513
Outpatient Excluding ER	56,807	\$1,152
ER	15,452	\$1,553

Potential Savings for Migration to Jackson Health System Facilities						
Category	Additional Cost Non-Jackson	Units Non-Jackson	100% Migration to JHS	50% Migration to JHS	25% Migration to JHS	10% Migration to JHS
Inpatient	\$6,134	3,529	\$21,645,654	\$10,822,827	\$5,411,414	\$2,164,565
Outpatient Excluding ER	\$684	56,807	\$38,852,318	\$19,426,159	\$9,713,079	\$3,885,232
ER	\$1,065	15,452	\$16,453,865	\$8,226,933	\$4,113,466	\$1,645,387
Total			\$76,951,837	\$38,475,919	\$19,237,959	\$7,695,184

Current Inpatient Copay: \$0

Current Outpatient Copay: \$0

Current ER Copay (High HMO/POS): \$25/\$50

Not adjusted for service mix or case mix. Outpatient claims will be very sensitive to service mix, and inpatient claims will be very sensitive to case mix.

Advanced Imaging

Free Standing - 1/1/2013 - 12/31/2013		
Advanced Imaging Category	Service Count	Cost Per Service
CT	1,055	\$451
MRI	3,570	\$437
PET	187	\$1,273
Total	4,812	\$473

Hospital Outpatient - 1/1/2013 - 12/31/2013		
Advanced Imaging Category	Service Count	Cost Per Service
CT	1,024	\$1,162
MRI	2,117	\$1,769
PET	173	\$2,818
Total	3,314	\$1,636

Current Free standing Imaging Copay: \$0

Current Hospital Outpatient Imaging Copay: \$0

Potential Savings for Migration to Free Standing Imaging					
Advanced Imaging Category	Additional Cost for Hospital OP Setting	Services in Hospital Outpatient Setting	100% Migration to Free Standing	80% Migration to Free Standing	60% Migration to Free Standing
CT	\$711	1,024	\$727,584	\$581,925	\$436,266
MRI	\$1,332	2,117	\$2,819,389	\$2,256,044	\$1,691,367
PET	\$1,545	173	\$267,276	\$213,203	\$160,674
Total	\$1,163	3,314	\$3,814,249	\$3,051,172	\$2,288,308

- Imaging services delivered in a Free standing facility are a fraction of the cost of services delivered in an outpatient setting.
- There are significant savings associated with steering imaging services to Free standing providers.

Claims Paid and Incurred Calendar Year 2013

Current Use of Select Network Facilities

1/1/2013 - 12/31/2013		
Total Distinct Members	65,713	
Total Members with at least 1 Facility Encounter	27,507	
Distinct Members Using at Least 1 "Select" Facility	18,663	68%
Distinct Members Using Non-"Select" Facilities	13,761	
Paid at "Select" Facilities	\$94,549,359	61%
Paid at Non-"Select" Facilities	\$60,420,194	

Current Use of Select Network Physicians

1/1/2013 - 12/31/2013		
Total Distinct Members	65,713	
Total Members with at least 1 Physician Encounter	55,263	
Distinct Members Using at Least 1 "Select" Physician	51,613	93%
Distinct Members Using Non-"Select" Physician	38,018	
Paid at "Select" Physicians	\$61,960,852	57%
Paid at Non-"Select" Physicians	\$47,286,755	

Savings from Select Network

	Assumed Select Network Penetration			
	100%	50%	25%	10%
Estimated Annual Savings	\$32,250,000	\$16,120,000	\$8,060,000	\$3,220,000

Based on projected 2015 claims of \$437,600,000.



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Clinical Analysis

Screenings

Screening Measures	Gender	Age Requirement	Screened Member Count	Eligible Member Count	% Screened Member	Recommended Time Period
Breast Cancer	F	50~74	5,746	11,669	49%	24 Months
Cervical Cancer-Cytology	F	21~64	10,537	25,225	42%	36 Months
Cervical Cancer-Cytology+HPV	F	30~64	8,975	21,391	42%	60 Months
Cholesterol - Lipid Disorders	F	45+	7,348	15,387	48%	60 Months
	M	35+	3,725	18,505	20%	
Colorectal Cancer	F	50~75	2,041	11,686	17%	10 Years
	M	50~75	1,265	10,977	12%	
Diabetes	F	45+	8,008	15,387	52%	36 Months
	M	45+	3,961	14,171	28%	

Frequency of most screenings is satisfactory

Clinical Analysis

Condition	Members	Criteria	Actual	Average	
Asthma	1,462	Asthma patients who have filled an Antiasthmatic script during the analysis period.	92.0%	73.9%	✓
Asthma (active last 60 days)	1,462	Asthma patients who have filled an Antiasthmatic script during the last 60 days of the analysis period.	57.4%	59.0%	✗
Asthma	1,462	Asthma patients who have had a long office visit during the analysis period.	86.6%	74.2%	✓
Asthma	1,462	Asthma patients who have had an office visit during the analysis period.	95.7%	94.3%	✓
Asthma	1,462	Asthma patients with an ER visit during the analysis period.	39.7%	23.5%	✗
Circulatory	8,889	Circulatory patients who have filled a Beta Blocker script during the analysis period.	29.9%	24.2%	✓
Circulatory (active last 60 days)	8,889	Circulatory patients who have filled a Beta Blocker script during the last 60 days of the analysis period.	22.0%	18.5%	✓
Circulatory	8,889	Circulatory patients who have filled an ACE or ARB script during the analysis period.	38.8%	30.7%	✓
Circulatory (active last 60 days)	8,889	Circulatory patients who have filled an ACE or ARB script during the last 60 days of the analysis period.	28.0%	22.7%	✓
Circulatory	8,889	Circulatory patients who have had a long office visit during the analysis period.	78.8%	70.9%	✓
Circulatory	8,889	Circulatory patients who have had an office visit during the analysis period.	93.2%	93.3%	✗
Diabetes	3,676	Diabetics who have filled a Statin script during the analysis period.	51.6%	36.0%	✓
Diabetes (active last 60 days)	3,676	Diabetics who have filled a Statin script during the last 60 days of the analysis period.	36.8%	30.0%	✓
Diabetes	3,676	Diabetics who have filled an ACE or ARB script during the analysis period.	43.4%	30.5%	✓
Diabetes (active last 60 days)	3,676	Diabetics who have filled an ACE or ARB script during the last 60 days of the analysis period.	32.0%	23.2%	✓
Diabetes	3,676	Diabetics who have had a long office visit during the analysis period.	88.4%	83.4%	✓
Diabetes	3,676	Diabetics with an eye exam/procedure during the analysis period.	28.2%	27.1%	✓
Diabetes	3,676	Diabetics with an office visit during the analysis period.	96.6%	96.5%	✓
Diabetes (active last 60 days)	3,676	Diabetics with an office visit during the last 60 days of the analysis period.	98.9%	98.0%	✓
Behavioral Health	999	Patients with an office visit during the analysis period.	95.9%	96.0%	✗
Behavioral Health (active last 60 days)	999	Patients with an office visit during the last 60 days of the analysis period.	46.9%	74.4%	✗
Women 40 and over	15,041	Women 40 and over with a mammogram screening during the analysis period.	50.8%	39.9%	✓

There are opportunities to improve compliance with treatment protocols.

Medication Therapy Management

Drug Therapy Problem (DTP) Description	Number of Patients with Disease	Number of Patients with DTP	Current Average Cost	Evidence Based Value Per Resolved DTP	Resolution Rate	Savings Opportunity
Diabetics without ACE Inhibitor or ARB	5,213	2,059	\$11,428	\$1,600	10%	\$329,440
Diabetics without Statin	5,213	2,503	\$11,628	\$1,090	10%	\$272,827
Diabetics without Antidiabetic Medications	5,213	1,226	\$12,726	\$450	10%	\$55,170
Diabetics without Glucose lab test	5,213	3,239	\$8,311	\$50	10%	\$16,195
Diabetics with Metformin without kidney screening	5,213	3,078	\$11,044	\$1,500	10%	\$461,700
Congestive Heart Failure without ACE Inhibitor or ARB	262	77	\$28,894	\$450	10%	\$3,465
Congestive Heart Failure without Beta Blocker	262	78	\$29,475	\$450	10%	\$3,510
High Cholesterol without lab test	10,055	8,853	\$8,208	\$50	10%	\$44,265
High Cholesterol without Statin	10,055	4,937	\$7,500	\$450	10%	\$222,165
Asthma without Rescue Inhaler	3,168	1,125	\$9,871	\$450	10%	\$50,625
Asthma without Preventive Steroid	3,168	1,820	\$8,140	\$450	10%	\$81,900
Coronary Artery Disease without Statin	2,494	1,156	\$12,050	\$4,500	10%	\$520,200
Coronary Artery Disease without Beta Blocker	2,494	1,333	\$13,314	\$1,090	10%	\$145,297
Myocardial Infarction without Beta Blocker	127	28	\$39,252	\$4,500	10%	\$6,075
Total Savings Opportunity						\$1,186,572

There are opportunities to improve drug therapy compliance. For each 10% improvement, we estimate the plan would save \$1.2 million annually.

Disease Burden

Clinical Category	Number of Claimants	Actual Claims	Cost per Claimant	Actual % of Non-Healthy Claimants	Benchmark % of Non-Healthy Claimants	Ratio Actual to Benchmark
HIV	392	\$11,574,127	\$29,526	1.24%	0.38%	3.23
Dialysis	77	\$4,947,303	\$64,251	0.24%	0.11%	2.25
Endocrine, Eye, Skin, Blood and Other Disease - Dominant or Moderate	1,133	\$8,395,740	\$7,410	3.57%	2.44%	1.47
Retardation or Developmental Delays	58	\$494,299	\$8,522	0.18%	0.13%	1.39
Congestive Heart Failure with Other Chronic Disease	108	\$2,075,020	\$19,213	0.34%	0.25%	1.38
Congestive Heart Failure with Chronic Obstructive Pulmonary Disease or Diabetes	64	\$1,715,645	\$26,807	0.20%	0.15%	1.35
History of Significant Acute Procedure	418	\$2,126,243	\$5,087	1.32%	1.09%	1.21
Malignancies with Other Chronic Disease	420	\$11,677,972	\$27,805	1.32%	1.11%	1.19
Diabetes with Hypertension or Other Chronic Disease	1,973	\$15,374,081	\$7,792	6.22%	5.30%	1.17
Circulatory Disease - Dominant or Moderate	7,235	\$31,609,490	\$4,369	22.81%	19.74%	1.16
Chronic Renal Failure with Two or More Other Chronic Diseases	41	\$1,002,593	\$24,453	0.13%	0.11%	1.15
History of Significant Acute ENT Illness	118	\$437,625	\$3,709	0.37%	0.33%	1.12
Diabetes - Dominant or Moderate	963	\$5,889,640	\$6,116	3.04%	2.81%	1.08

Disease Monitor

Disease Category	Number of Members*	Percent of Total Members	Disease Specific Med	Disease Specific Med Per Member	Benchmark Number of Members	Benchmark Percent
Asthma	3,168	5.5%	\$5,104,004	\$1,611	1,753	3.1%
Cancer	2,114	3.7%	\$25,667,462	\$12,142	1,385	2.4%
COPD (Non Asthma)	2,165	3.8%	\$1,642,611	\$759	1,150	2.0%
Diabetes	5,213	9.1%	\$10,262,565	\$1,969	2,952	5.1%
Heart Disease	2,488	4.3%	\$7,037,112	\$2,828	1,182	2.1%
Hypertension	14,164	24.6%	\$24,231,325	\$1,711	7,705	13.4%

Total Medical	Prescription Drug	Per Member Medical Cost
\$24,935,758	\$5,247,394	\$7,871
\$45,434,938	\$6,798,995	\$21,492
\$22,329,296	\$4,890,226	\$10,314
\$48,246,209	\$18,079,387	\$9,255
\$36,028,124	\$7,370,268	\$14,481
\$118,442,261	\$30,857,402	\$8,362

*Members may be in more than one category - do not add up members or claims.

Wellness and Preventive Services as Incentive

For selected wellness activities such as:

- ✓ Non smoking
- ✓ Completing health risk assessments or biometric testing
- ✓ Participating in exercise programs
- ✓ Achieving improved results (blood pressure, cholesterol, weight)
- ✓ Following appropriate course of treatment for existing condition

Wellness and Preventive Services as Incentive

Employee is Eligible for Incentives such as:

- ✓ Lower premium (can be extended to dependent premiums as well)
- ✓ Access to richer benefit plan
- ✓ Waive cost sharing related to targeted course of treatment
- ✓ Additional contributions to Healthcare Savings Account

Wellness and Preventive Services as Incentive

Example:

- ✓ Establish Baseline premium of \$25 per pay period for employee only coverage for current plan
- ✓ Employees who complete selected activities get premium waived
- ✓ In future years, employees have to do additional activities to get premium waiver (improved health scores, participate in exercise programs)



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AvMed Urgent Care Locations







