



PALADINA
HEALTH™



CASE STUDY

PALADINA HEALTH DELIVERS RESULTS FOR CITY OF ARVADA

A three-year study shows cost savings, improved clinical outcomes and strong patient satisfaction



THE CHALLENGE

Established in 1870, Arvada, Colorado is a beautiful first-ring suburb of Denver. With its quiet neighborhoods and robust mix of business, Arvada retains its small-town feel even with its estimated population of more than 115,000. The city's strong civic leadership balances quality of life with an understanding and support of business and economic development.

Like other municipalities and private sector organizations across the nation, the City of Arvada has looked for ways to significantly improve the health of their employee population while simultaneously retaining competitive benefits. While many employers have focused on changes to benefit plan design as a way to

manage and control costs, these changes can be limited in their impact on the underlying root healthcare cost drivers. Recognizing these limitations led the City to examine other new and innovative health solutions available in the marketplace.

THE SOLUTION

In 2013, after an extensive analysis by HUB International Insurance Services—a prominent employee benefits consulting firm—the City of Arvada recognized the need for a new comprehensive, long-term strategy. To implement this strategy, HUB International recommended a two-pronged solution: 1.) switch from a fully-insured to a self-funded health insurance plan and 2.) provide employees and their families a personalized primary care program through Paladina Health. Shawne Cihak, HUB International Vice President and Account Executive said, “It’s the only benefit scenario that I can bring to my clients that’s win, win. The employer wins because their costs go down and the employees win because they get better care, and their costs go down.”

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The City of Arvada’s Human Resources team along with City Manager, Mark Deven, led the implementation of the strategy starting with the change to a self-funded plan. As possible healthcare solutions were identified, the team utilized their Benefits Advisory Committee to provide feedback, involving stakeholders from every department across the City to ensure consensus was achieved in the decision-making process. Additionally, they gained the involvement of City of Arvada leadership and elected officials early in the process, which later helped with buy-in to the new healthcare strategy. “It was critical that we were building consensus throughout the entire

HOW PALADINA HEALTH IMPROVES PATIENT HEALTH AND SATISFACTION

- 1 Creates a partnership and collaboration between physician and patient** to encourage patient engagement – and patient’s shared responsibility for care
- 2 Increases access to physicians**, including 24/7 phone access and same- or next-day appointments for urgent needs
- 3 Provides unhurried time with a physician** whose panel size is an average of 70 percent smaller than a primary care physician in traditional practice
- 4 Coordinates care across the healthcare system** through a physician who assists with referrals and interfaces with specialists
- 5 Aligns incentives for physicians** who are compensated based on health outcomes, patient engagement and patient satisfaction rather than the amount of services or procedures delivered

decision-making process,” said Karen Smiddy, City of Arvada Benefits Specialist. “As a public organization, it was extremely important to do our due diligence and carefully consider all of our options. It was a significant decision – one that we did not take lightly.”

“Paladina [Health] showed us a completely different model. Where you could actually have a relationship with your doctor – the emphasis is on doctor-patient relationship and access to care.”

IMPROVED ACCESS

Benefits of improving access to Primary Care:

- Reduction in emergency department visits
- Prevention of illness by detecting early warning signs/symptoms
- Detection of chronic conditions at an earlier stage, potentially preventing acceleration
- Increased employee productivity

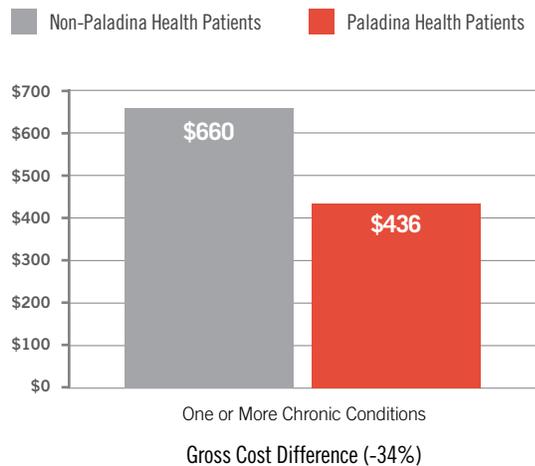
“It was critical that we were building consensus throughout the entire decision-making process.”

The Benefits Advisory Committee reviewed the finalist candidates for the healthcare solution and provided feedback to the City of Arvada – with a decision for Paladina Health as their partner of choice. Why Paladina Health? “After reviewing the ROI analysis and learning the costs, benefits and risks involved, we realized Paladina Health was an ideal fit for our organization,” said Gabriella Bommer, Deputy Director of Human Resources. “Paladina [Health] showed us a completely different model. Where you could actually have a relationship with your doctor – the emphasis is on doctor-patient relationship and access to care.”

Paladina Health gives patients greater access to their doctors and the opportunity to build trusting relationships with them, which leads to greater engagement and satisfaction in their

COST BY CHRONIC CONDITIONS

Paladina Health patients with one or more chronic conditions cost at least 30% less than non-Paladina Health patients.



PATIENT GROSS COST DIFFERENCE BY NUMBER OF CHRONIC CONDITIONS

personal healthcare. Rather than just treating patients once they become sick, Paladina Health care teams leverage a population health management approach through proactive care screenings and personalized outreach designed to better manage chronic conditions. When outside care is needed such as specialists, Paladina Health physicians actively work to guide patient care to high-value, lower-cost providers leading to better outcomes and optimized care in the broader healthcare system.



Paladina Health physicians are given more time with their patients that allows them to provide a broader scope of services than traditional primary care practices. This helps avoid redirecting care needs into higher cost, specialty settings. When combined with proactive, patient-centered population health management the result reduces overall costs – while increasing

a patient’s access to his or her physician and improving overall health outcomes. The City wanted to develop a culture of health and also improve medical cost spending. Paladina Health’s innovative approach to care has helped the City achieve both objectives. In fact, in 2018 the City was able to unbundle their carrier solution and are now relying on Paladina Health for all their population health management. They no longer have to pay for tertiary medical management programs.

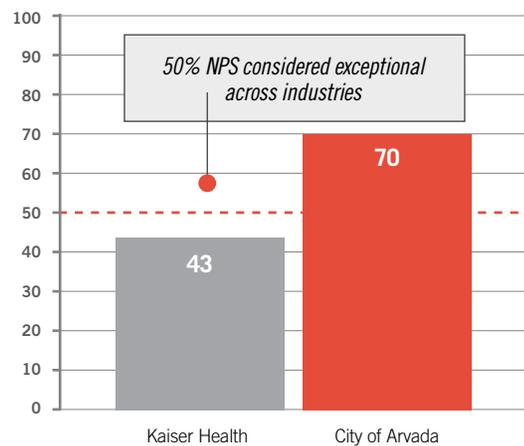
As a result of the collaborative partnership between the City, HUB International and Paladina Health in implementing a transformative healthcare solution; the City of Arvada began offering care through Paladina Health in February 2014 with very high population adoption. The City and Paladina Health have recently worked together to expand the Arvada doctor’s office to support this growth.

RESULTS: OVERVIEW

The City of Arvada has shown overall positive results with Paladina Health relative to their goals across multiple dimensions: patient satisfaction, impact to population health and cost savings. Based on a recent analysis, enrollment continues to increase – 70 percent of eligible members are enrolled and patient feedback, as measured through Net Promoter Score (NPS)*, reflects strong satisfaction with the program. “We frequently hear that people very much appreciate the personalized attention,” said Shawne Cihak, HUB International.

NET PROMOTER SCORE

*Member feedback reflects a high level of satisfaction with the program. Paladina Health measures patient experience through the Net Promoter Score (NPS); a customer loyalty and satisfaction metric.

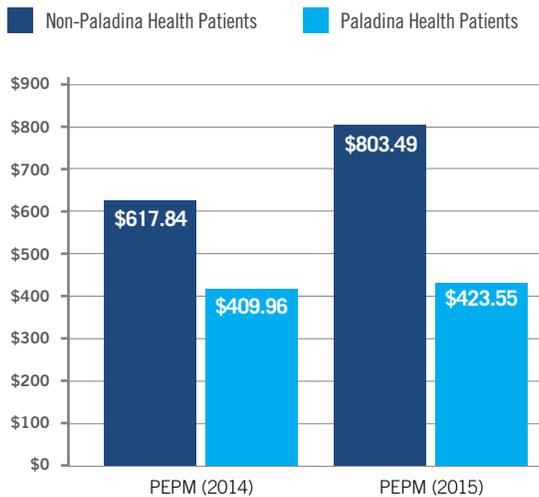


NPS SCORE OVER PRIOR 12 MONTHS BASED ON 165 SURVEY RESPONSES.

Satmetrix 2016 Net Promoter Industry Benchmarks.

To date, a very high portion of the City’s members have engaged with their Paladina Health doctor *including more than 85 percent of patients who are in the moderate to high risk category for chronic conditions*. Engagement also continues to be strong with members utilizing the online patient portal and phone as a way to interact with their doctor.

TWO YEAR MEDICAL CLAIM SAVINGS OF OVER 30%



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In 2016, Paladina Health analyses showed 22% Gross Savings.*

*Analyses was reviewed by an outside actuarial firm. Methodology utilized by HUB for the period 2014-2015 may differ from the methodology used by Paladina Health in 2016.

HEALTH IMPROVEMENTS AND COST REDUCTIONS ARE REALIZED IN THREE IMPORTANT WAYS

- 1 *Redirecting care into a lower cost primary care setting*
- 2 *Proactively managing preventive care and chronic conditions*
- 3 *Coordinating all outside care with high-value, lower-cost providers*

Linda Haley, City of Arvada Director of Human Resources, said “I can’t say enough about how this has been paying off for us as an organization and most importantly for those individuals in their health care. Our goal as an organization was to find a way to manage healthcare costs and lower the renewal rates, we’ve been able to do that in large part due to the fact that we’ve gone with Paladina [Health]. It’s been transformational in the way healthcare is provided to our employees and families, and transformational in the way we can manage our healthcare costs as an employer.”

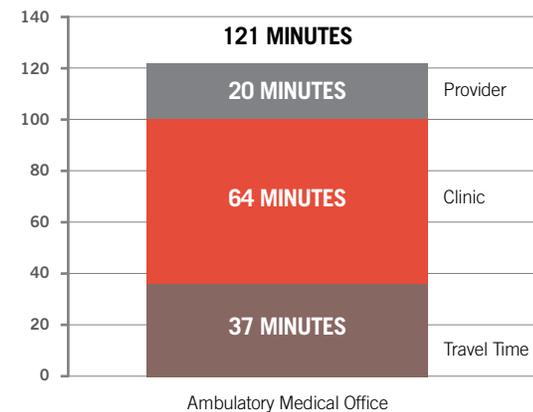
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TIME SAVED FROM IMPROVED ACCESS

City of Arvada employees saved ~1138 hours last year by using Paladina Health compared to a traditional clinic.

EMPLOYEE TIME SAVED FROM IMPROVED ACCESS

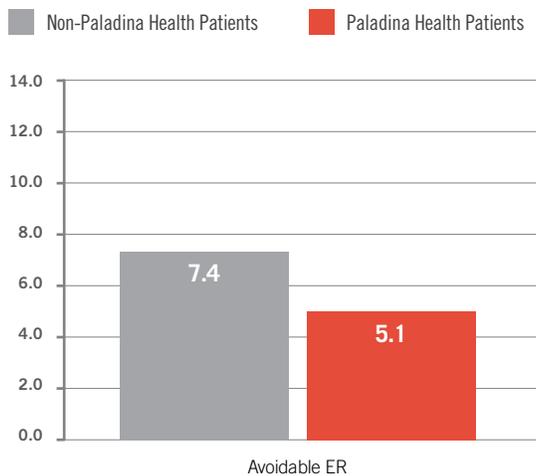
Minutes by Category at Medical Office



Opportunity Costs of Ambulatory Medical Care in the United States. Am J managed Care. 2015; 21 (B); 567-574.

A key finding from a cost analysis completed by HUB International found that Paladina Health participants' costs have been much lower per City employee than the non-Paladina Health participants. In addition, Paladina Health members had at least 30 percent less visits to the Emergency Room. "We set out to get at least 50 percent of our employees enrolled in the program and we've overachieved that and we've gotten really high engagement, which I think is really affecting our results. We're really delivering quality healthcare to our staff and reducing our costs to a manageable state," said Gabriella Bommer, City of Arvada.

EMERGENCY ROOM UTILIZATION



Difference (-31%)

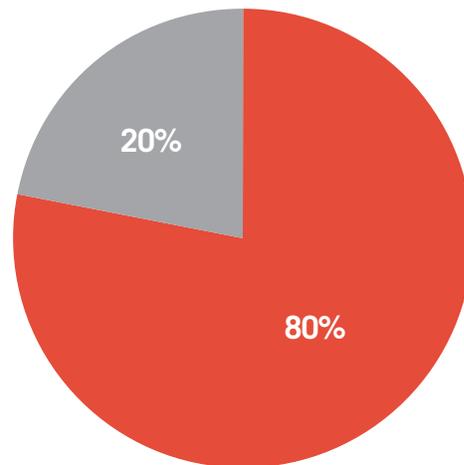
Paladina Health uses the New York University Avoidable Emergency Room algorithm to identify, manage, and report Emergency Room utilization.
Risk Adjusted Visits Per 1000 member months.

"We're really delivering quality healthcare to our staff and reducing our costs to a manageable state."

MEMBER SURVEY: IMPROVED HEALTH QUESTION

To what degree has Paladina Health helped you improve your overall health?

■ No Change ■ Improved/Somewhat Improved Health



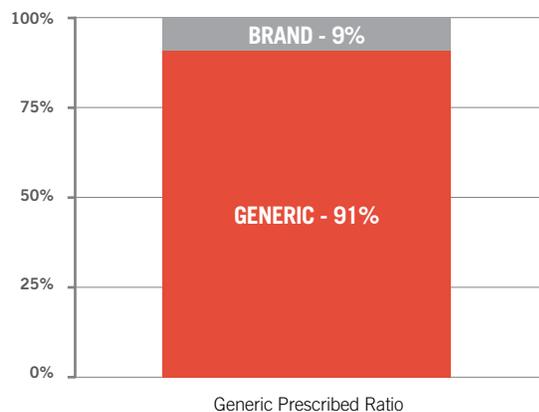
80% of respondents reported that their health has improved after joining Paladina Health.

(Improved Health score over prior 12 months based on 146 survey responses).

PRESCRIBED MEDICATIONS

91% of medications prescribed for City of Arvada Paladina Health Patients were generic medications.

PERCENTAGE OF TOTAL PRESCRIBED MEDICATIONS



Prescribed medication based on the last 12 months. Generic classification based on the Medispan reference database.

KEY DRIVERS OF A SUCCESSFUL PROGRAM

Key factors for continued success, including a highly collaborative partnership with Paladina Health, are:

Strong leadership involvement:

The City's leadership actively supports and encourages participation in the program by showcasing Paladina Health at organizational meetings. The ongoing support by the City's leadership of the program has had a direct impact in further strengthening their culture of wellness at all levels of the organization and within the community.

Benefit plan design:

The plan design drives employee engagement with the program; for example, the City provides their employees with an incentive for getting an annual physical. They also promote Paladina Health through programmatic activities — for example, flu shot clinics are used to educate their employee population about Paladina Health. Paladina Health has been an effective recruitment tool for the City — information is included in the City's benefits summary and they talk about the program in interviews.

Transparent communication:

When operational glitches have occurred, open dialogue and collaboration between the City and Paladina Health has helped to quickly resolve the issues. Karen Smiddy, City of Arvada, shared, "Paladina [Health] is very open to taking both criticism and praise. Particularly criticism and taking action on that."

Facilitated communication to employees and dependents:

Paladina Health is able to communicate directly to the City's employees with educational videos and other promotional materials. The City includes Paladina Health in their newsletter and they have also developed internal educational resources for new and existing employees. Linda Haley, City of Arvada, shared, "We've always been really deliberate about communicating the model. Communication is key to engagement."

Data provided for program evaluation:

Paladina Health's ongoing reporting helps the City clearly see how the program is contributing to managing their healthcare costs. The City of Arvada has seen overall lower healthcare utilization, and therefore, lower renewal rates because of the Paladina Health program. "We can attribute our savings greatly to Paladina [Health]," said Linda Haley, City of Arvada.

Ongoing partnership based on continual improvement:

Paladina Health and the City continue to identify opportunities for program growth. Gabriella Bommer, City of Arvada, had this to say about the program, "I feel lucky to have Paladina Health as an option. I feel confident that we made the right decision with Paladina Health and as we continue to grow, I'm confident that we'll continue to reach and exceed our goals."



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ARVADA

CONCLUSION

Many employers in their efforts to manage healthcare costs focus on changes to benefit plan design; however, those changes don't impact underlying root healthcare cost drivers. By following the City of Arvada's lead and implementing an innovative solution, like Paladina Health, employers can address lack of access and care inefficiencies in the healthcare system.

Paladina Health's model is designed to help employers provide high touch, highly accessible, comprehensive primary care and

care coordination; in so doing, employers impact employee satisfaction, productivity, retention, and better optimize healthcare spending in the long term. Making a transformative change to the way healthcare is delivered and implementing a value-based payment model enables employers to provide "win, win solutions" to healthcare. Mark Deven, City of Arvada City Manager, offered sage advice, "With an innovative model, looking at the numbers is critical. Even with that assurance, change is hard. In the end, you have to have the courage to change."

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