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**:: A Case Study ::**

## The Mandate

DigitalGlobe is highly regarded in the private sector and with national security agencies for its industry-leading satellite imagery capabilities. In 2015, the company's HR leaders decided to take steps to offer its employees equally innovative and progressive benefits—specifically in healthcare.

Grover Wray, Senior Vice President and Chief Human Resources Officer for DigitalGlobe, explains, “We continually strive to be the employer of choice in the communities where we work and live. That’s why I challenged our team to come up with pioneering solutions to the health-related challenges confronting our employees, such as the inefficiencies and inflexibility of a system that requires face-to-face interaction with healthcare professionals and the growing shortage of family and primary care doctors.”

The new program had to meet three imperatives:

1. Improve the overall health of employees.
2. Provide employees a more positive healthcare experience.
3. Reduce healthcare costs for the employees and the company (a self-insured entity).

## Exploring Options

Wray’s HR team recognized the need to go beyond the boundaries of the company’s traditional health insurance program. The company currently offers two options for medical and prescription drug coverage: a high-deductible Consumer-Driven Health Plan (CDHP) offered in conjunction with a health savings account (HSA), and a PPO plan. Both utilize the United Healthcare network.

Lindsey Cushman, Senior Benefits Analyst at DigitalGlobe, points out that the Affordable Care Act’s requirements for minimum coverage levels and its tax on “Cadillac Plans,” “flattens out what we can offer. Being self-insured gives us a bit more flexibility with plan design—for example, to cover domestic partners—but we wanted to go further still in the areas of convenience and wellness.”

Angela Hopkins, DigitalGlobe’s Vice President of Total Rewards, was skeptical of the long-term value of typical motivation-based corporate wellness programs. “I was looking for a wellness solution that was much more comprehensive than a simple Fitbit competition” she explains. “We needed something that went much deeper into the drivers of health and well-being for our Team Members and that also began to reverse the trend of constantly rising healthcare costs.”

Adds Cushman, “Our people tend to work long hours in absorbing and stressful environments, so we decided that the best thing we could do for them was to offer high-quality primary and wellness care within an extremely accessible and personalized environment. That’s why we were intrigued by the concept of direct primary care.”



### **Direct Primary Care**

Under direct primary care (DPC), for a fixed monthly charge (paid by the patient or an employer), a patient-member has unrestricted access to a single primary care physician and his or her medical team, and to a defined suite of wellness and primary care services. The member generally can obtain same or next-day appointments and has 24-hour access to his or her doctor via phone, email, and texts. DPC essentially serves as both primary care and urgent care for the member. Under this model, there is no charge for normal office visits and preventive care, and fees are either waived or significantly reduced for many other types of care, including lab and specialist services.

Advocates of DPC point out that the model can and should change the nature of traditional health insurance, putting it more in line with auto or home insurance. They suggest that just as changing the oil in a car or replacing a broken screen door on a house are not insured events, the same should be true for basic primary care services such as a flu shot or stitches for a minor cut.

DPC does not replace insurance. It is typically paired with catastrophic health coverage, so that patients are financially protected for critical care (such as hospitalization and specialist services) not included in a DPC arrangement.

### **Evaluating the DPC Option**

The DigitalGlobe HR Team reviewed the DPC model to see if it appeared to meet all three criteria: an improved experience, better health outcomes, and cost savings. They were encouraged since it seemed likely that:

- Employees would enjoy improved access to a personal physician and healthcare team.
- Employees' health conditions would be detected earlier and treatment compliance would be improved by breaking down barriers to care (e.g., inconvenience and doctor inaccessibility).
- Costs would likely be reduced for DigitalGlobe, thanks to fewer spur-of-the-moment Emergency Department/Urgent Care visits, better long-term management of chronic conditions, and fewer claims to process.
- Costs would be reduced for employees, thanks to waived or significantly reduced fees for office visits and lab/diagnostic tests.

DigitalGlobe also was encouraged by industry data documenting cost-savings under a DPC model. A two-year analysis of the insurance claims of the 4,000 members of Seattle-based DPC, Qliance, indicated that the cost of care was 19.6% less for Qliance members than for patients seeing a primary care provider under a traditional insurance plan. According to the study, "ER visits, inpatient days, specialty visits, and advanced radiology visits were all lower. The only number that was higher for Qliance patients was the primary care visits. Patient satisfaction was also high."<sup>1</sup>

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<sup>1</sup> Jacqueline Fellows, "Meeting Primary Care Needs," HealthLeaders, November 2015. Volume 18, No. 9. pp. 56-57.

Shawne Cihak, Account Executive at HUB International, DigitalGlobe's benefits insurance broker, confirmed that DPC programs tend to improve health outcomes and reduce overall costs. But she cautioned the company that, "This is a long-term risk management solution. Patients and doctors have to develop that relationship and get in the habit of ongoing communication."

She also pointed out that often, upon implementation of a DPC program, there is an initial surge in physician visits. Employee-patients tend to ignore issues and postpone care, but when they are offered access to a new, more easily managed system, they finally choose to address those health matters.

"We actually saw that as a huge plus," says Cushman. "We were more pleased about the likelihood of a short-term increase in employee-doctor interaction and knew that under the DPC model, this increased interaction would not result in a spike in costs because fees were paid upfront for "access" vs. a fee-for-service model where fees were incurred when each doctor/patient interaction."

Before offering the DPC benefit company-wide, DigitalGlobe chose to conduct a case study from June - December 2015, offering the service to its Colorado-based employees to determine if the DPC model would indeed achieve the three goals. (Ninety percent of the company's employees are in Colorado, but DigitalGlobe also has offices in Tampa, Florida and Herndon, Virginia.) Employees would have to opt into the program and the company would pay the full per-patient per-month charge on their behalf.

### **Choosing a DPC Partner**

DigitalGlobe approached several of the larger DPCs serving Colorado but none were willing to take on a short-term trial, and all required a minimum sign-up level beyond what DigitalGlobe could guarantee.

At the same time, several DigitalGlobe employees suggested the company talk to Nextera Healthcare—the first DPC practice in Colorado, founded in 2011. Many of these employees already were seeing Nextera Healthcare's doctors in Longmont, Frederick and Boulder through their fee-for-service practice, North Vista Medical Center. After extensive discussions, DigitalGlobe agreed to partner with Nextera Healthcare on the case study.

Hopkins recalls, "We felt good about the opportunity to work with Nextera Healthcare because they were willing to give our employees the high-touch experience we wanted for them and they clearly were in the growth mode, eager for our input, and willing to offer personalized solutions—including ergonomic assessments, an on-site clinic, and targeted 'lunch and learns.'"



Nextera Healthcare's locations mirrored DigitalGlobe's facilities, with offices in Boulder, Longmont, and Frederick. DigitalGlobe was in the process of relocating many employees from Longmont to a new facility 25 miles south in Westminster, and Nextera Healthcare agreed to offer coverage through an affiliated office there as well.

Clint Flanagan, M.D., Founder and CEO of Nextera Healthcare, explains, "One of the great things about the DPC model is that it's scalable. DigitalGlobe was the first client we took on that had more than one campus, but thanks to affiliate relationships—we now have several extending as far south as Colorado Springs—we can efficiently expand our footprint. We thoroughly vet these affiliate practices and work with them to implement our DPC model, standards, and practices, so patient service is seamless from location to location."

The arrangement between Nextera Healthcare and DigitalGlobe was finalized in April 2015, with coverage starting on June 1, 2015. In addition to setting out the per-member per-month rate, the agreement stipulated specific preventive and primary care services Nextera Healthcare would provide and the discounted rates for certain specialists, diagnostic services, and integrative treatments, such as acupuncture and hypnosis. Nextera Healthcare physicians and nurses would staff an on-site clinic at DigitalGlobe's Westminster facility on two days each month (and expand that presence if demand warranted) as well as arrange for ergonomic training for DigitalGlobe's employees.

### **Enrollment**

DigitalGlobe's HR team kicked off an enrollment drive in mid-April, first identifying employees willing to serve in a "Circle of Champions" who could increase company-wide awareness of this new health benefit and drive attendance at a series of lunchtime presentations by Nextera Healthcare and the DigitalGlobe staff. Ultimately, 205 employees and dependents were enrolled in the DPC program.

Employee sign-ups, even with DigitalGlobe paying 100% of the per-patient per-month costs, were somewhat lower than expected, likely due to the very short outreach/education period (approximately three weeks), and not being familiar with the concept of a DPC. Additionally, many employees expressed hesitancy to move away from an existing physician they were actively engaged with.

Employees who chose to take advantage of the DPC benefit immediately had the option of choosing a Nextera Healthcare doctor from the Boulder, Longmont, Frederick, or Westminster offices. Some of the doctors were able to visit with DigitalGlobe employees at lunchtime presentations. Other doctors provided their information online and through video introductions.



## Overcoming Hurdles

**Clinic visit payments.** In an ideal world, the DPC model does away with all payments for routine office visits and services. However, many of the DigitalGlobe Nextera Healthcare participants were enrolled in the company’s high-deductible CDHP, through the HSA, and federal laws regulating pre-tax funded HSAs prohibit an employer from underwriting any first dollar costs of primary care (other than preventive care). The fact that the company was paying the membership fee could be legally considered that type of subsidy.

HUB representatives assured the parties that this was not an uncommon situation with DPCs, and they helped negotiate a solution in which CDHP participants would pay a Nextera Healthcare office visit fee equivalent to the Medicare rate + 5%—roughly \$21 compared to a typical cash price of more than \$100. Of course there would be no charge for consultations over the phone or through texts and emails.

**Accounting for deductibles.** Although the DPC benefit is separate and distinct from DigitalGlobe’s medical insurance benefit, employees quickly became concerned that any charges they paid in conjunction with the Nextera Healthcare program (e.g., office visit fees and discounted charges for certain tests and treatments) would not apply toward their United Healthcare plan deductibles and out-of-pocket maximums.

HUB representatives collaborated with Nextera Healthcare, LabCorp, other providers, and United Healthcare to establish a narrow, client-specific network that accepted the Nextera Healthcare rates negotiated with DigitalGlobe. In this way, all patient payments under the Nextera Healthcare plan would count toward an employee’s insurance deductible and out-of-pocket maximums.

## Participant experiences

Two of the three imperatives initially relayed from Grover Wray related directly to employees: a better healthcare experience and improved health. How did the Nextera Healthcare program measure up in those areas?

**Access.** Based on surveys and informal feedback, members clearly valued their ability to communicate with their Nextera Healthcare doctor by phone, text, and email. “Janice” took full advantage of this feature. “I talked to my doctor over email far more often than in her office. Since it was email, I didn’t mind asking lots of questions and Dr. Wilcox was pretty quick to reply ... I had lots of follow-up questions ... on what I would call ‘peace of mind’ things that I wouldn’t necessarily have gone in to talk about or go through the hassle of working through a nurse or a [physician’s assistant].”

*Ability to obtain short-term appointments.* In a survey of the participants at the end of the case study, 89 percent of the respondents agreed that “I was able to quickly get appointments and follow-ups with my Nextera Healthcare doctor.” The same percentage confirmed that “I was able to schedule appointments that worked with my schedule.” Many took advantage of the on-site clinic, minimizing the amount of time away from their desks for doctor appointments.

*Efficient appointments.* Seventy-eight percent of the survey respondents agreed with the statement that “The Nextera Healthcare doctors and staff respected my time. My appointments started within 10 minutes of the scheduled time and I was not kept waiting more than 5 minutes in the exam room.” At the same time, more than 90 percent agreed that “I didn’t feel rushed and received all the time I needed.”

As “Janice” describes, “When I went in for an appointment ... there was none of the waiting in the exam room, sharing a bunch of information with the nurse, waiting some more, and then telling it all to the doctor again. Nearly every minute I was there I was with the doctor, but she never made me feel rushed.”

### **Improved Health**

Clearly, many factors affect improving or declining health over a seven-month period for any given patient or group of patients (in this case the 205 people in the case study). However, HUB uncovered encouraging health trends during the case study period.

HUB used its analytics platform to assign a risk factor to each member based on demographics, claims, and other factors, using a scale from 1 to 25, with 25 being the most serious. When the trial began in June 2015, the average risk score among the case study participants was 9.17. After seven months, the average score stood at 8.74, a 4.7% reduction.

The DPC model can explain this trend. In general, the employees’ closer relationship with doctors emboldened many to focus on personal challenges, such as stress-management, dermatological concerns, and weight loss. Many patients reported that the added level of accountability—driven by proactive communication from the Nextera Healthcare physician—was a significant factor in achieving health and wellness successes in those and other areas.

Additionally, there were several instances in which serious health issues (specifically, pre-cancerous conditions, pre-diabetes, and early stage liver cirrhosis) were discovered during a routine checkup or an unrelated treatment—healthcare encounters that the participants readily admit might have been postponed or neglected in the past.

Several participants noted that the non-traditional therapies (e.g., yoga and meditation) recommended by Nextera Healthcare primary care doctors paid major dividends.

A surprising number of participants did not have a primary care doctor at the time the DPC program was introduced. “We were very pleased that these people began to receive the health-related care and attention they had avoided up until then. That was a very big win in and of itself,” says Cushman.

## Cost-Savings

In reviewing the cost and claims data for the period of the trial, Nathan Wolfe, Manager of Financial Consulting for HUB Colorado, found that DigitalGlobe incurred more than \$96,000 in costs related to the Nextera Healthcare DPC case study, but this amount was significantly offset by diverted and avoided healthcare costs—both short and long term.

**Diverted costs.** For participants in the case study, HUB estimated a diversion of costs averaging \$54.31 per-member per-month and additional care prevention of \$99.99 per-member per-month, for a total savings of \$221,442 over the seven months.

**Early intervention cost savings.** Additionally, as noted, Nextera Healthcare doctors uncovered significant health challenges in their early stages, including pre-diabetes, early stage liver cirrhosis, and pre-cancerous conditions. Looking at just one of these conditions, on average a diabetic employee costs DigitalGlobe \$10,000 more than other employees (\$13,000 as compared to \$3,000) so early and active screening for this and other conditions, a result of more frequent patient-doctor interaction, avoids a significant amount of long-term, ongoing healthcare costs.

**Overall claims costs.** The overall incurred claims costs for the DigitalGlobe employees participating in the case study were less than the costs for their co-workers not in the study. While the claims data suggest that relatively healthy employees were more inclined to participate in the study, during the study, their claims costs declined much more on a percentage basis compared to their peers.

| Nextera Healthcare Members | Claims PMPM              |
|----------------------------|--------------------------|
| 1/1/15 - 5/31/15           | \$283.91                 |
| 6/1/15 - 12/31/15*         | \$211.93                 |
|                            | <b>(25.4% reduction)</b> |

| Nextera Healthcare Non-Members | Claims PMPM             |
|--------------------------------|-------------------------|
| 1/1/15 - 5/31/15               | \$408.31                |
| 6/1/15 - 12/31/15*             | \$388.09                |
|                                | <b>(4.1% reduction)</b> |

\*Period of the case study



## Lessons learned from the DigitalGlobe-Nextera DPC Case Study

**Employee education is critical.** Participants need to understand that DPC coverage is a medical-related benefit, not a duplicative insurance plan. Participants can plan their healthcare appropriately when they appreciate the difference between DPC and their fee-for-service coverage. Combined, the two offer a comprehensive, cost-effective approach to quality medical care.

Participation rates likely would have been higher if there had been more time for targeted education. “[DPC] is a relatively new model,” Flanagan points out. “Promotion ideally should be face-to-face with lots of Q&A over multiple encounters. We did a number of employee roundtables and lunch and learns, and presented the program and doctors through videos, but more time and opportunities certainly would have helped. We were eager to start the program, though, and to make as big of an impact as possible before the end of the year.”

**Enrollment (and savings) are maximized with employer sponsorship.** It should be no surprise that employees are more likely to participate in a DPC benefit when their employers pay the full per-member per-month fee. This was confirmed at DigitalGlobe as several employees who were very happy with and engaged in the program, chose not to re-enroll in 2016 when employees were asked to pay 50% of the monthly charge. Many perceived the new arrangement as one of “paying two premiums,” again failing to correctly distinguish between a health plan and a health-related membership benefit.

**Health benefits from a DPC are realized over time.** Health benefits and the resulting savings stemming from DPC coverage will not be completely realized in less than a year. DigitalGlobe employee “Timothy” describes his Nextera Healthcare interaction: “[After seven months], I was just hitting my stride in terms of taking advantage of the closer doctor-patient interaction.” And, as noted above, by the one-year mark, long-ignored medical issues and symptoms have finally been brought forward and health momentum is growing.

### Moving Forward

DigitalGlobe is continuing the DPC arrangement with Nextera Healthcare in 2016 with per-member per-employee rates essentially unchanged. However, employees who enroll now are required to pay 50% of that charge. Predictably, enrollment declined in January.

“I’m very concerned that many previous participants who opted out this year will revert to old habits of delaying health and wellness care because of the inefficiencies and inconvenience of traditional fee-for-service arrangements,” says Hopkins. “But while we thoroughly evaluate the health, employee satisfaction, and cost savings data from the case study, we’ve opted to go to this shared cost arrangement. We are exploring ways to integrate a DPC solution with other benefits programs such as our



CDHP that will lead to a higher quality benefits experience for our employees, with an added benefit of reducing costs for both the company, but more importantly for employees.

#### About DigitalGlobe

DigitalGlobe is a leading global provider of high-resolution Earth-imagery products and services sourced from its own advanced satellite constellation and third-party providers. The company's imagery solutions support a wide variety of users in defense and intelligence, civil agencies, mapping and analysis, environmental monitoring, oil and gas exploration, infrastructure management, Internet portals, and navigation technology. Each day, users depend on DigitalGlobe to better understand our changing planet in order to save lives, resources, and time.

#### About Nextera Healthcare

Nextera Healthcare leverages an innovative direct primary care model that gives patients the tools and resources to achieve optimal health through a meaningful patient experience and greater access to physicians and other health resources.