

Medical Events Total Insured Population APC Estimated Savings – 18 months

(1,250 Insured and \$13,122,011 Total Spend)

The APC estimated was based on 18 months of data from 1/1/2019 through 6/30/2020, with 100% claims paid in each month.

Employer Total Medical Claims and Membership – 18 Month Baseline			
1/1/2019 – 6/30/2020	Claimants	Med\$	%Med\$
Inpatient	137	\$2,529,731	19.3%
Outpatient	658	\$6,264,205	47.7%
Pharmacy	984	\$2,081,787	15.9%
Non-Facility	1,052	\$1,879,994	14.3%
Provider PC	653	\$231,431	1.8%
Provider SP	653	\$407,362	3.1%
Provider Peds	144	\$53,915	0.4%
Provider Oth	713	\$720,390	5.5%
Not Provided	232	\$63,956	0.5%
Admin	51	\$290,724	2.2%
Ancillary	1	\$0	0.0%
Facility	4	\$6,523	0.0%
Service	137	\$105,693	0.8%
Other	640	\$366,294	2.8%
Grand Total	1,137	\$13,122,011	100.0%
Population			
Insured	Member Months	Med\$	PMPM
1,250	22,294	\$11,040,224	\$495.21
Insured (Employee)	Member Months	Med\$	PMPM
500	8,926	\$4,044,975	\$453.17

APC Estimated Savings - 25% Participation

(1,250 Insured and \$13,122,011 Total Medical Spend – 18 Months)

The APC estimated cost and/or savings based on a 25% participation ranged from -\$92K to \$379K.

Replacement Percentage		25%							
18-Month Analysis									
Service Benchmark	% T-Spend	Gross \$	Adjusted \$	From% ^{2,3,4,5}	To% ^{2,3,4,5}	From\$	To\$	% Spend	
In/Out-Patient Services	67.0%	\$8,793,936	\$2,198,484	-15%	-25%	(\$329,773)	(\$549,621)	-2.5%	-4.2%
Pharmacy	15.9%	\$2,081,787	\$520,447	-10%	-20%	(\$52,045)	(\$104,089)	-0.4%	-0.8%
Specialists	3.1%	\$407,362	\$101,840	-15%	-30%	(\$15,276)	(\$30,552)	-0.1%	-0.2%
Primary Care	1.8%	\$231,431				(\$57,858)	(\$57,858)	-0.4%	-0.4%
Other Non Fac Services*	12.3%	\$1,241,202							
	100.0%	\$13,122,011	\$3,280,503			(\$454,951)	(\$742,120)		
Non-Claims Based Displacement Costs									
Displacement TPA B LCM/CC Mgmt (PMPM)**	\$0.00	\$0				\$0	\$0	0.0%	0.0%
Telemed/Telehealth (PEPM)**	\$0.00	\$0				\$0	\$0	0.0%	0.0%
Total Non-Claims Cost						\$0	\$0	0.0%	0.0%
Total Savings						(\$454,951)	(\$742,120)	-3.5%	-5.7%
PMPM APC Services	\$65.00					\$362,278	\$362,278	2.8%	2.8%
Potential Savings Through APC						Savings \$ (\$92,673)	(\$379,843)	-0.7%	-2.9%
						Savings PMPM (\$4.16)	(\$17.04)		

Savings calculations are based on:

- Variables in blue colored cells
- Primary Care: Percent & Money of Non-APC PC displaced by APC penetration
- **Heath Management program costs being displaced by APC did not apply for this population
 - Excludes Chronic Care, Large Case, Telehealth, Behavioral Health & Maternity, Pre-authorization & Concurrent Review, & any other programs like Smart Shopper type programs.
 - Dollar Savings are based on Adjusted Spend
 - % Savings are based on Gross (Not Adjusted Med\$)
- [Benchmarks \(see page 15\)](#) for Benchmark Reference sources cited
- Variable participation rates as designated
- APC CPT code identification and medical event logic
- MM = Member Months
- *Non-Facility (anything designated as a facility, e.g., inpatient, outpatient hospital, ambulatory surgical centers, etc. = not provided in a facility setting
- An 18-month calculation was used to mitigate confounding factors

Population			
Insured	Member Months	Med\$	PMPM
1,250	22,294	\$11,040,224	\$495.21
Subscribers	Member Months	Med\$	PMPM
500	8,926	\$4,044,975	\$453.17

APC Estimated Savings - 75% Participation

(1,250 Insured and \$13,122,011 Total Medical Spend – 18 Months)

The APC estimated cost and/or savings based on a 75% participation ranged from -\$278K to \$1.1m.

Replacement Percentage		75%								
18-Month Analysis										
Service Benchmark	% T-Spend	Gross \$	Adjusted \$	From% ^{2,3,4,5}	To% ^{2,3,4,5}	From\$	To\$	% Spend		
In/Out-Patient Services	67.0%	\$8,793,936	\$6,595,452	-15%	-25%	(\$989,318)	(\$1,648,863)	-7.5%	-12.6%	
Pharmacy	15.9%	\$2,081,787	\$1,561,340	-10%	-20%	(\$156,134)	(\$312,268)	-1.2%	-2.4%	
Specialists	3.1%	\$407,362	\$305,521	-15%	-30%	(\$45,828)	(\$91,656)	-0.3%	-0.7%	
Primary Care	1.8%	\$231,431				(\$173,573)	(\$173,573)	-1.3%	-1.3%	
Other Non Fac Services*	12.3%	\$1,241,202								
	100.0%	\$13,122,011	\$9,841,508			(\$1,364,853)	(\$2,226,360)			
Non-Claims Based Displacement Costs										
Displacement TPA B LCM/CC Mgmt (PMPM)**	\$0.00	\$0								
Telemed/Telehealth (PEPM)**	\$0.00	\$0								
Total Non-Claims Cost										
Total Savings										
						(\$1,364,853)	(\$2,226,360)	-10.4%	-17.0%	
PMPM APC Services	\$65.00					\$1,086,833	\$1,086,833	8.3%	8.3%	
Potential Savings Through APC/APC						Savings \$	(\$278,020)	(\$1,139,528)	-2.1%	-8.7%
						Savings PMPM	(\$12.47)	(\$51.11)		

Savings calculations are based on:

- Variables in blue colored cells
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- **Heath Management program costs being displaced by APC did not apply for this population
 - Excludes Chronic Care, Large Case, Telehealth, Behavioral Health & Maternity, Pre-authorization & Concurrent Review, & any other programs like Smart Shopper type programs.
 - Dollar Savings are based on Adjusted Spend
 - % Savings are based on Gross (Not Adjusted Med\$)
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- Variable participation rates as designated
- APC CPT code identification and medical event logic
- MM = Member Months
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- An 18-month calculation was used to mitigate confounding factors

Population			
Insured	Member Months	Med\$	PMPM
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APC Replacement Procedures (18 months)

(Plausibility: Additional Detail Available for Review by Request)

	Claimants	Events	Med\$	PMPM	Avg\$/Clmnt	Avg\$/Event*
Primary Care	691	3,159	\$204,603	\$13.82	\$296.10	\$64.77
Eval & Mgmt	650	2,709	\$155,245	\$10.49	\$238.84	\$57.31
Medicine	391	992	\$25,143	\$1.70	\$64.30	\$25.35
Pathology	338	746	\$13,502	\$0.91	\$39.95	\$18.10
Surgery	205	353	\$8,257	\$0.56	\$40.28	\$23.39
HCPCS	217	589	\$2,456	\$0.17	\$11.32	\$4.17
Cat II Quality Mgmt	4	4	\$0	\$0.00	\$0.00	\$0.00
Mid Level	450	1,612	\$94,291	\$6.37	\$209.54	\$58.49
Specialty Care	333	1,132	\$76,568	\$5.17	\$229.93	\$67.64
Pediatrics	147	369	\$48,155	\$3.25	\$327.58	\$130.50
Laboratory	496	1,240	\$47,582	\$3.21	\$95.93	\$38.37
Surgery	185	458	\$30,442	\$2.06	\$164.55	\$66.47
Rehab/Therapy	35	230	\$13,488	\$0.91	\$385.36	\$58.64
Not Provided	192	263	\$10,954	\$0.74	\$57.05	\$41.65
Emergency Care	69	115	\$9,518	\$0.64	\$137.95	\$82.77
Ancillary	101	188	\$6,919	\$0.47	\$68.50	\$36.80
Mental Health	23	91	\$6,275	\$0.42	\$272.84	\$68.96
Diagnostics	176	325	\$5,304	\$0.36	\$30.13	\$16.32
Clinic	23	52	\$1,943	\$0.13	\$84.49	\$37.37
Maternity	4	5	\$760	\$0.05	\$190.01	\$152.00
Grand Total	1,004	8,380	\$556,800	\$37.62	\$554.58	\$66.44

Observations:

- The fact that **\$557K spend based on APC CPT codes** that could be handled under the monthly membership fee is evident in the data for the 18 months studied **supports the group and consultant further investigating implementation of an APC arrangement.**
- This data supports the savings results as reported from the prior APC Retrospective Data Analysis is plausible and somewhat validates the potential calculated savings. In addition to a % of the spend being moved under the APC, other savings as presented through the Retrospective Data Analysis comes from downstream reduction in spend due to medication adherence, risk reduction, reduction in ER visits, and so forth.
- **Removed Specialty Class: Anesthesia, Dental, Inpatient, Oncology**
- **Removed Place of Service: Assisted Living Facility, Birthing Center, Inpatient Hospital, Inpatient Psych Facility, Mass Immunization Center, Military Treatment Facility, Non-residential Substance Abuse Tx Facility, and Residential Sub Abuse Tx Facility**
- **Analyst's Note: *Average Spend/Event and how it compares to the APC Monthly Membership Fee**
- The consequence of the analysis based on a database that does not have all the requisite billing codes and dates results in understated Inpatient events and overstated Outpatient events. Since this means a moderate overstatement of the total number of events, the Average Cost Per Event may be understated.