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# Columbus Consolidated Government

*Georgia's First Consolidated Government*

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## Final Report

### Internal Audit of the Health & Wellness Center

December 26, 2018

#### Audit Authorization

On May 8, 2018, John Redmond, Internal Auditor, requested authorization from City Council for an audit of the Health and Wellness Center of the Columbus Consolidated Government, managed by Care ATC. The six members of Council present at the meeting unanimously approved the audit.

#### Background/History

In June 2016, ShawHankins, the City's benefit consulting firm recommended the hiring of Care ATC to manage the Health and Wellness Center. After assuming the management of the center, Care ATC implemented changes to the operations, aligning its operation with the protocols of their company.

Working in concert with ShawHankins, a benefit design change was propose to reduce the number of plans for PreAge65 employees and retirees from three to two, eliminating the HMO plan and creating two POS plans, a Silver plan offering lower cost, with higher deductibles and copayments; a Gold plan offering lower deductibles and copayments, available at a higher cost. One of the former PPO plans, that offered the Health and Wellness center as the primary care provider was eliminated. Under the new structure, participants in both the Silver and Gold POS Plans have access to the Health and Wellness Center. This change became effective in January 2017.

The City's portion of the cost is based on a portion of the lower cost Silver plan, with the same dollar amount of contribution toward the cost of the more expensive Gold plan. The contribution methodology is the same as applied to the previous plan options.

To accommodate the anticipated Health and Wellness Center participation, CCG leased some adjacent space to provide additional exam and consultation rooms and the expansion of the in-house generic drug pharmacy. Direct contracting for laboratory testing, radiology and imaging services are continuing.

On May 1, 2018, ShawHankins presented a health plan overview, including a statistical analysis of chronic disease management, claims analysis, the financial cost trends of the healthcare plan over the past five years, and budgetary considerations for the upcoming year. The report detailed efforts to manage costly chronic diseases, provide preventive care and patient education to reduce the healthcare cost trends of the City. The report graphically demonstrated that total cost for the City's plan were level for the past three years, during which time the national and regional trends were up 7-10% annually for medical services and 15% annually for drugs. This analysis demonstrated that the Health and Wellness Center had saved the City \$566k on provider visits and \$316k on drug costs, for a total savings during FY2017 of \$882k. The City and participating employees achieved these savings with only 20% of the employees and 5% of their dependents using the Health and Wellness Center.

While the results were astounding, it lead the auditors and others to project what savings could be with 80-100% of the enrollees participating. That opportunity could result in annual savings of several million dollars.

### **Audit Scope**

With a goal to increase cost savings and reduce total healthcare plan expenditures, the auditors focused attention on four areas: increasing participation, wellness and prevention programs, expanded disease management programs, and exploring additional opportunities for direct contracting of services. The most significant opportunities to increase savings is greater participation and more services direct



contracted at prices below those available through the provider's contracted network and fee schedule. Participation drivers are cost, quality of professional services, customer service, convenience, comparable facilities, and capacity. Cost savings are realized when services are rendered or contracted at prices below those available through the provider network. The audit addresses each of these components and explores opportunities to identify additional services that can be direct contracted at prices below the fee schedule paid to network providers.

### **Current Operations**

The City contracts with Anthem Blue Cross-Blue Shield (formerly known locally as Blue Cross-Blue Shield of Georgia) for access to their broad provider network, and the contracted prices paid under their fee schedules, including the significant discounts they have negotiated with providers in exchange for their sizable market share. Their network includes the vast majority of available providers, and having the largest market share in Georgia enables them to negotiate the lowest prices and those comprise their fee schedule. Such determines the amount they pay a contracted provider for services rendered to their members. Since the City's healthcare plan is self-funded, we desire to buy the services our covered employees and dependents need at the lowest price. Their participating providers are contractually obligated to accept those allowable amounts as payment in full, after any deductibles and copayments are satisfied.

The Health and Wellness Center enables the City to pay a fixed price for its contracted hours of healthcare services, plus the wholesale cost of supplies and generic drugs used by its participants. The Health and Wellness Center's management company, Care ATC, also enables the City to save additional amounts by direct contracting with provider organizations that provide services that the City's employees frequently use, such as laboratory testing, radiology and imaging. The providers are willing to sell these services to the management company for a lower price that they accept from insurers because they are guaranteed prompt payment from the management company for any patient they service that brings a HWC provider order for the service. Each year, Care ATC compares the cost of services rendered at the Health and Wellness Center and direct contractors, with

the price paid if those services were through the Blue Cross-Blue Shield Network. During FY2017, these savings amounted to over \$882,000.

### **Audit Process**

The audit began with a review of the Comprehensive Report presented by ShawHankins on May 1, 2018. This report included overall healthcare cost information and trends, enrollment data, amounts expended by category of expense, aggregate information on expenditures by diagnosis/disease groupings and comparative information for those participating in the Health and Wellness Center.

Identifying the opportunity for greater participation in the Health and Wellness Center, we obtained and evaluated information from the Customer Comment Cards on customer satisfaction with services and providers, convenience, cost, wait times for appointments and service, access to care, and service capacity. We also reviewed comments regarding likes and dislikes of providers, staff, facilities, processes, pharmacy dispensing, etc. The cost of services and pharmaceuticals dispensed were not a concern to the patients, as they are not billed for them. We also considered employees using the HWC do not use sick leave for time at the center, nor for travel time.

We also addressed the opportunity for additional services that could be availed through the center. We inspected the facility for quality and functionality and its location for proximity to City employees, hospitals, diagnostic, and emergency facilities.

### **Audit Findings**

The City's healthcare cost have been level for the past three fiscal years, during a time when national and regional cost trends for medical have increased 7-10% annually, and 15% annual for prescription drugs. This indicates that changes in benefit design, health education, fitness programs, health risk assessments, biometric screening, health coaching, and the Health and Wellness Center have generated a positive effect. These initiatives were joint efforts of the CCG



Administration, City Council, ShawHankins and the managerial leadership of Care ATC.

The Customer Comment Cards of the Health and Wellness Center have generated data for analyzing access to care, capacity, provider and staff competence perception, access, affordability of generic drugs, facility adequacy, convenience to employee work locations, and ready access to hospital, diagnostic and emergency facilities.

Following are the results of the compilation of nearly 200 responses:

Time to Schedule an Appointment: (Accessibility and Capacity)

Same Day 39%, Next Day 52%, 3-7 days 8%, Over 7 days 1%

How was the care you received today? (Quality of Care & Customer Satisfaction)

Excellent 85%, Very Good 10%, Good 2%, Fair 1%, Poor 2%

Did the provider listen to your concerns? (Quality of Care & Customer Satisfaction)

Yes 97% No 3%

Did the provider answer your questions? (Quality of Care & Customer Satisfaction)

Yes 97% No 3%

Did the provider meet your medical needs? (Quality of Care & Customer Satisfaction)

Yes 97% No 3%

How long did you wait in the Reception Area? (Service Efficiency)

Less than 5 minutes 54%, 6-15 minutes 37%, 16-30 minutes 7%, 31-45 minutes 1%, 46-60 minutes 1%, More than 60 minutes 1%

How long did you wait in the Examination Room? (Service Efficiency)

Less than 5 minutes 45%, 6-15 minutes 43%, 16-30 minutes 7%, 31-45 minutes 2%,  
46-60 minutes 1%, more than 60 minutes 1%

Would you recommend the Health and Wellness Center? (Quality of Care and Customer Satisfaction)

Yes 96% No 4%

Several of the lower ratings were from patients that were dissatisfied with the services of one provider. Human Resources and Care ATC quickly moved to correct the issues with that provider after reviewing the comments.

Care ATC will introduce several new formats for Patient Satisfaction Surveys in December 2018; iPads for patient use to complete survey at time of visit, written survey at time of visit, mailed written survey w/stamped envelope for mailing, and an email survey link for completion after the visit if patient requests.

Additional programs and services that Care ATC will introduce to its customers such as the Health and Wellness Center in 2019 to include: Wellness Platform to track wellness program participation and incentives; E-Consult, a peer-to-peer consult by the HWC provider with a specialist before a specialist referral is made; Physical Therapy via direct contracting/on-site consultations; and At-Home Sleep Studies.

The City contributes a significant portion of the employee's cost of the healthcare program, and offer programs that afford choice to the employees to select the level of coverage that best serves their healthcare needs and affordability.

## Audit Recommendations/Auditee Response

1. Continue efforts to enhance healthcare program cost savings through lower cost of health service delivery through the Health and Wellness Center and direct contracting of additional services as warranted by service volume.

**Response:** Human Resources will work with Care ATC and ShawHankins to review opportunities for cost savings and direct contracting, annually. Human Resources is currently reviewing recommendations to include E-Consult, peer-to-peer consult by the HWC provider with a specialist before a specialist referral is made; Physical Therapy, and At-Home Sleep Studies for potential direct contracting.

2. Increase participation in the Health and Wellness Center through promotion and marketing.

**Response:** Human Resources will continue to encourage participation at the HWC at the time of employment, during Open Enrollment, employee participation in annual Personal Health Assessments, health education and awareness programs, and other incentives.

3. Offer health education programs intermittently throughout the year for employees and covered dependents.

**Response:** Human Resources and Care ATC will continue to offer health education programs, healthy cooking programs, and onsite exercise programs, etc.

4. Encourage employees and dependents to participate in Exercise and Fitness Programs to improve the health status and quality of life.

**Response:** Human Resources will continue to encourage employees and dependents to participate in Exercise and Fitness Programs including but not limited to Walktober, Biggest Loser contests, and Weight Watchers at Work Programs, Cardio Programs, Tobacco Cessation Programs, and so forth.

*John D. Redmond*

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John D. Redmond, CIA, CMA

*12/26/18*

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Date