Seattle Children’s Hospital

The Problem:
- 7-10% rising claims every year
- No way to control trend
- $3-4 million loss every year
- Looming Cadillac tax

Seattle Children’s was experiencing a claims trend increase of 7-10%, equivalent to $3-4 million extra in healthcare costs, every year. They alleviated some of the increases by passing additional costs onto employees (e.g. higher co-pays, deductibles, etc.), but like countless organizations in their shoes, they had a hard time moving the needle.

Under health care reform, Children’s chose to grandfather their plans so that they wouldn’t have to comply with the host of free benefits mandated under the act, saving them approximately $1 million per year. But the tradeoff was that they couldn’t keep passing cost increases onto employees, and their rich benefits plan meant they were looking at a potential Cadillac tax of nearly $1 million in 2018.

The Solution:
- Paid for a Vera near-site clinic (primary, acute, occupation health, health coaching)
- Paid Vera a monthly fee per employee per month (pmpm) on top of their benefits plan
- Encouraged preventive care

Seattle Children’s signed Vera to build them a near-site clinic in 2012. Children’s paid all the start up costs including the lease and tenant improvements for the physical clinic, and after the clinic opened, paid Vera per member per month. Vera hired and trained the clinic staff while Children’s was given the opportunity to make sure the lead provider matched their unique culture.

With Vera’s help, Children’s promoted the clinic to their employees, setting up lunch & learns, remote biometric screenings, and open house events, while Vera provided the strategy and creative services for the welcome packets, fact sheets, invitations and other promotional materials (including building Children’s a customized clinic web page with hours, directions, FAQs, provider bios, contact information and more.)

Children’s employees embraced their new health clinic. It was just across the street, they were able to get as much time with their providers as they needed, they had access to unlimited health coaching, could have their Vera-prescribed medications filled on the spot – and it didn’t cost them a dime. No co-pays, co-insurance or deductible payments.

The Outcome:
- Saved $2.5 million in first year
- Bent claims trend to 4%
- Will avoid 2018 Cadillac tax
- 105% ROI including build costs and Vera pmpm
- Vera-engaged Type II Diabetes patients cost $150 less per member per month
- Vera-engaged patients cost $63 less per member per month

Within one year, Children’s saw a reversal in the growth of their health claim expenses. In total they saw a $6.7 million favorable variance in their benefits costs, $2.5 million of which they could attribute directly to Vera. As a bonus Children’s will likely not be subject to the Cadillac tax in 2018.