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BridgeHealth, a leading provider of value-based healthcare services, has been recognized on the Inc. 5000 list three consecutive years as one of America's fastest-growing private companies. Headquartered in Denver, BridgeHealth's bundled rates allow self-insured group health plans to improve quality and outcomes of surgery, reduce costs and positively affect the rate of unnecessary surgery.

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## Brokers Can Help Clients Save 20-40 Percent On Surgeries

*Specialized benefit delivers an  
"immediate, defensible savings  
strategy" and improves care quality.*

The 1966 Spaghetti Western *The Good, the Bad and the Ugly* starred Clint Eastwood, Lee Van Cleef and Eli Wallach as gunslingers. Those with even a passing familiarity know the film's famous ending: A three-way stare-down and duel.

To some, the movie's a fitting metaphor for a broker's work with the self-funded employer. The good: He or she has a clear view into the employer's claims history and can provide highly valued go-forward guidance on plan design and innovation. The bad: In reviewing how the employer's plan runs, the broker identifies troubling areas of high and rising claim costs. The ugly: High, rising healthcare costs are a big problem and, some say, beyond the control of any single broker or self-insurer.

I take a more sanguine view. I believe

today's broker can guide his client to innovative solutions that help control the costliest claims. More on this later.

### **The Good**

The self-funded employer and its broker have a dramatically better view of how the health plan is running than does the fully insured. They can review claims by using investigative techniques to find the Achilles heel—specific costs that are trending upward. With this improved view of claims data, the plan sponsor and broker are armed with excellent intel to improve the health plan.

This brings us to another advantage of self-funding: Flexibility in plan design and, hence, greater control. Since the employer is the plan fiduciary, decisions about plan design reside with the employer, not an

insurer. Unlike his fully insured peers, the self-insured is unfettered by state-mandated benefit laws and can exercise tremendous flexibility in plan design. The plan sponsor can tailor its health plan to its workforce, corporate culture and goals for a more attractive, competitive benefits program.

### The Bad

Historical claims data invariably point the broker and plan sponsor to areas of concern. Categories of unusually high costs may reflect the employer's workforce demographics and industry focus. Regardless of demographics and industry orientation however, one category of claims concerns nearly all companies: Surgery costs.

Surgeries represent the largest component of U.S. healthcare spending, at approximately \$500 billion, or 40 percent, of hospital and physician dollars.<sup>1</sup> Surgical complications, which rise at an alarming rate, can drive up the cost of care by 93 percent.<sup>2</sup> Additionally, as much as 30 percent of surgical procedures are medically unnecessary, further increasing the cost of healthcare for employers and employees alike.<sup>3</sup>

### The Ugly

The high, rising cost of surgeries and other medical services, some argue, is beyond the control of the broker and plan sponsor. Our country's fee-for-service (FFS) model drives high healthcare costs by encouraging and rewarding the volume of medical services, regardless of questionable efficacy, necessity or appropriateness. FFS drives volume by basing payments on quantity, not quality or outcomes. Even in instances of preventable treatment errors, providers may still receive additional payments.

Value-based healthcare—payment for the quality of care delivery rather than the quantity of medical services—must replace the FFS model. Yet, just three percent of health systems today provide more than one-half of all care under value-based contracts. And only 27 percent of executives at provider organizations say they have completed pilot programs or are at some stage of rollout.<sup>4</sup>

### The Gold

Granted, no broker or employer alone can supplant the FFS model with value-based healthcare. But I take heart in the conclusion to *The Good, the Bad and the Ugly*: Eastwood's character rides off with gold, and I believe there's gold here as well.

There's gold in the broker's vigilance around industry trends, regulatory changes and compliance requirements, which helps the self-funded client save on coverage and administrative costs. There's gold in the broker's guidance at renewal; his or her market insight helps the client make informed decisions that can improve the health plan. There's gold in the broker's help in selecting and tweaking specific and aggregate stop-loss coverages that cap the plan sponsor's exposure. And there's gold in the innovative, cost-saving benefit solutions that brokers bring, such as wellness and disease management programs.

### Value-Based Surgery Benefits

Forward-thinking brokers are bringing an especially innovative benefit solution that reins in the extraordinarily high surgery costs discussed earlier: Value-based surgery benefits. This solution, which improves patient outcomes as well, is turning heads.

Value-based surgery benefits are bundle-priced scheduled surgeries at centers of excellence. Offered alongside the plan sponsor's managed care plan, this solution is available from specialized benefit management firms. The firms coordinate with the self-insureds' managed care plans to adjudicate surgical claims appropriately.

### Introducing the Solution to the Client

Brokers generally begin with the solution's benefits when introducing their self-funded clients to the idea: Four years of claims data show plan sponsors typically save 20-40 percent when employees schedule surgeries through the value-based surgery solution instead of through the employers' PPO health plans.<sup>5</sup> After monthly access fees and employee incentives, plan sponsors enjoy a positive ROI averaging 4:1.<sup>6</sup> Just as important, workers benefit from the highest-quality care and

better outcomes. Additionally, administration is greatly simplified. The employee receives no explanation of benefits for the episode of care, separate bills or balance billing. The plan sponsor pays a single, pre-negotiated case rate.

In a nutshell, brokers are introducing an immediate, defensible savings strategy—a surgery benefits solution that provides the right care at the right time in the right setting, at a lower cost to their clients and at little or no out-of-pocket cost to employees.

### Explaining How It Works

Brokers explain the value-based surgery benefits this way:

Several benefit firms offer the solution, but the best identifies top-quartile hospitals and surgical centers—by practice, procedure and specific physician group—based on a nationally recognized, independent healthcare quality ranking service.<sup>7</sup> The benefits firm negotiates with these high-performing surgical teams for episode-of-care case rates for orthopedic, spine, women's health, bariatric, cardiac, neurological and general surgical procedures, bundling the various charges for each surgery into a single price that is much less than that of PPO plans.<sup>8</sup>

The benefits firm brings the negotiated case rates to self-funded employers. Brokers can help their clients contract for the solution and implement plan design incentives for eligible employees to use the voluntary program. Incentives typically include waiving deductibles and coinsurance and, where travel is necessary, covering travel, meals and incidentals for the member and a companion.

The benefits firm's care coordinators assist plan members every step of the way, with decision support, case review, surgery scheduling, travel arrangements and post-op follow-up. This concierge service eliminates much of the stress associated with planned surgeries.

### In Closing

In sum, brokers can position value-based surgery benefits as a win-win-win for employees, employer clients and providers. With the nation's top surgical teams,

employees undergo high-quality surgeries with few postoperative complications. Self-funded employers pay less for surgeries and rein in costs associated with readmissions, ER visits, disability, loss of productivity, absenteeism and presenteeism. Lastly, providers are paid upfront—avoiding bad debt altogether—and fill beds with this additional patient stream.

By facilitating contracts for value-based surgery benefits, brokers help their self-insured clients attain twin goals that have proven elusive: Lower health benefit costs and higher quality of care for employees.

In this way, with the visionary counsel of brokers, grateful clients ride off with gold... a little like Clint Eastwood in *The Good, the Bad and the Ugly*. 🌐

#### Footnotes

1. "Improving the Quality and Cost of Surgical Care," University of Michigan Institute for Healthcare Policy & Innovation, <http://ihpi.umich.edu/our-work/ihpi-briefs/improving-quality-cost-surgical-care>, 2017.
2. *Ibid.*
3. Motilal Chandu Tayade and Shashank D. Dalvi, "Fundamental Ethical Issues in Unnecessary Surgical Procedures," *Journal of Clinical & Diagnostic Research*, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4866131/>, April 1, 2016.
4. Sanicola, Lenny, "What Is Value-Based Care?" *Thehuffingtonpost.com, Inc.*, Feb. 2, 2017.
5. "BridgeHealth's Bundle-Priced Benefits Save Employers 20-40% on Surgery Costs," *Business Wire*, <http://www.businesswire.com/news/home/20170501005952/en/BridgeHealth%E2%80%99s-Bundle-Priced-Benefits-Save-Employers-20-40-Surgery>, May 1, 2017.
6. *Ibid.*
7. BridgeHealth provider network contracting records. Independent provider rankings performed by CareChex. A division of Companion Medical Analytics, CareChex provides clinical, financial and patient satisfaction findings to consumers, provider and purchasers of U.S. medical care.
8. BridgeHealth bundled surgical case rates versus negotiated in-network surgical rates of clients' managed care plans, for surgeries from 2013 to 2016.