

BRIGHT SPOT #14



What recourse does a company or organization have when its healthcare costs seem to increase with no rhyme or reason? Rosen Hotels & Resorts' solution was simple: opt out of the group and go it alone. Recently, Larry Bauer, executive director of the Family Medicine Education Consortium, discussed this strategy and subsequent results with Ashley Bacot, risk manager of Rosen Hotels & Resorts and president of ProvInsure, a consulting arm of Rosen Hotels, Kenneth Aldridge, director of health services for Rosen Medical Center and RosenCare.

The following article is based on the original podcast. To hear the interview, use the QR code above to access the podcast.

ROSEN HOTELS and RESORTS HEALTHCARE STRATEGY CREATES FAR-REACHING BENEFITS

In 1991, Harris Rosen faced an unpleasant surprise, one that has plagued many businesses over the past few decades. Rosen is the founder, COO and president of Rosen Hotels & Resorts, a collection of eight convention and leisure hotels in Orlando, Florida. That year, despite seeing positive results regarding the previous year's charges for his employees' health care, Rosen learned that his organization's health insurance carrier was *increasing*, rather than decreasing, the cost to continue coverage.

"We were expecting to have a decrease in the premiums because our claims' costs were significantly lower than our total premium," recalled Ashley Bacot, risk manager of Rosen Hotels & Resorts and president of ProvInsure, a consulting arm of Rosen Hotels.

Bacot added that, when Rosen requested an explanation for the decision, the response from the insurance carrier was puzzling, to say the least.

"When Mr. Rosen questioned this, he was told that while his company performed well, it was in a pool with other companies and the pool overall did not perform well," Bacot said.

So even though Rosen Hotels & Resorts proved cost-efficient that year, it was in effect penalized for the failures of other companies to do the same.

Unsatisfied by this response, Rosen decided to do something about it. He decided that his company would become self-insured.

Initial planning discussions involved a broad representation of the company leadership, including the chief financial officer, the medical team, even Rosen himself—all part of a team that works to improve the organization's care delivery operations. The decision was made to open a patient-centered medical home (PCMH), the onsite Rosen Medical Center, and to contract with a third-party administrator. They started off with one part-time family physician, Barbara Hansen, M.D., a medical assistant and a front office professional.

“We started doing direct deals, the first with the largest hospital chain here in Orlando,” said Bacot. “Then we secured direct agreements with some specialists. And that’s how we got off of the kind of unsustainable big increases every year. Our first year, our costs went down quite dramatically.”

THE IMPORTANCE OF INPUT FROM PRIMARY CARE DOCS

“From the very beginning we truly believed that primary care is the answer to health care,” said Kenneth Aldridge, director of health services for the Rosen Medical Center and RosenCare. “But, unfortunately, we’re not paying primary care enough. We’re paying the specialists more. We should be funding and reimbursing primary care more so they can control, have the resources, have the time for follow up.”

“In the traditional healthcare model, the last sliver of the healthcare dollar is given to the primary care doctors and that doesn’t fund the tools that are needed so desperately to focus laser-like on prevention,” added Bacot.

The team engaged their primary care physicians early in the process, asking them about challenges that are impediments to delivering the best care possible. The responses were blunt and reflective of issues faced by most family doctors in America. Chief among the concerns: the physicians said they were not permitted to spend enough time with their patients.

“Our docs said, ‘I can’t fix anybody if I can only spend three minutes with them,’” Bacot reported. “So, we said, ‘Spend as much time as you need with them’ and it evolved from there.”

Added Aldridge, “At Rosen we have a 30 minutes per patient and we even have extended periods of time so we can really figure out what this patient needs.”

Besides the request for more time spent per patient, the primary care physicians said they also believed it would be beneficial to have the resources to provide a kind of “one-stop shopping.” Responding to this request, the planning team decided to surround the primary care team with resources like onsite physical therapy, chiropractor and behavioral health, mental health and wellness services.

“It’s also important we give not only the time to the providers but also to surround them with the resources they need,” Aldridge said.

Aldridge cited an example of having physical therapy onsite so that patients who would otherwise have to take a few buses to their treatment can minimize that challenge.

“Our goal is always to bring as much as we can within the Rosen Medical Center,” he said. “We look at not only the clinical but the mental, behavioral and nutrition needs—all of these components that can lead to poor health outcomes.

“Social determinants of health—it’s a real thing.”

CREATIVE, INNOVATIVE AND BOLD INITIATIVES

From the beginning of the move to become self-insured, the Rosen Hotels & Resorts team has prided itself on working to identify the right thing to do, for both the patient and for the company. The primary areas of focus are on prevention, wellness and removing barriers to care.

“We started off as a kind of basic primary care facility and it would simply apply common sense over the years,” said Bacot.

The Rosen health plan -- called RosenCare -- provides the following services:

- Primary Care – unlimited, free, and including on-the-clock visits with free transportation if needed for all employees
- Free physicals and health screenings including on-site mammograms
- \$20 specialty office visit copays and \$0 copays on 90 percent of prescriptions
- Negotiated reference – based pricing for most major procedures
- Onsite flu shots, vaccines, family planning, nutritional services, lab services, physical therapy, radiology services, chiropractic and podiatry services

- Free onsite fitness center offering workout equipment and a variety of free scheduled classes

The employees and their dependents on the plan must use RosenCare's primary care services. If plan member needs specialty care, he or she is referred to a specialist. There also is a strong focus on prevention. For example, a nurse case manager works with the patients and they do outreach to each individual. Their goal is to be proactive and focus on preventive care as much as possible.

Another priority was to keep costs as low as possible for employees and their families.

"Nowadays you're reading how people can't afford insulin because it could be five to seven hundred dollars depending on their insurance," said Aldridge. "Now at Rosen it was still accessible. But we believe the right thing to do was to take it from, I think it was a \$20 copay—and that's unheard of—down to free, absolutely free if you are a Rosen employee.

"From a clinical perspective, it's going to help them (employees) be compliant; that's going to help them reduce an ER visit or urgent care visit or damage to the eyes, damage to the legs, to eventually needing a dialysis that could be 50 or 60 thousand dollars a year or, if it's a kidney transplant, 70 thousand dollars a year."

The medical center reports that its patients are 96 percent compliant with their pharmaceutical treatment plans.

Aldridge also cited another program, this one for pregnant women. Fifty-eight percent of their pregnant employees are high-risk patients. In spite of this, their premature birth rate is between seven and eight percent—substantially less than the national average of about 11 percent.

"We have nurses that are responsible for all of the pregnancies, from initial diagnosis to making sure the women are taking their prenatals, so we can prevent a premature baby, which could cost not only the baby's life or the mother's life, but also cost our company thousands of dollars," he said.

"Overall, our compliance rates with chronic conditions, doing what you're supposed to be doing, our compliance rates are two to three times the national average," said Bacot. "That speaks volumes as to why our folks are healthier than they would be otherwise."

"You know, 75 to 85 percent of your healthcare spends are going to be spent on those chronic conditions like high blood pressure, diabetes, cholesterol," said Aldridge. "So the more those individuals or those employers can give their associates the resources without creating barriers the better it can be for all of them."

BENEFITS REACH BEYOND THE HEALTH CENTER ... AND INTO THE COMMUNITY

From the beginning, Harris Rosen was committed to his workforce. When the decision was made to self-insure, employee focus groups were held to learn of their needs and any critical issues they were facing.

The result? Beyond offering quality, affordable and convenient health care, the company provided additional benefits, funded largely through savings on health care services, to improve individual lives and the community and sees it as a good investment.

If an employee works full-time for three years or more and wishes to go to college, tuition and books are paid for a Florida public college or university. This also applies to employees' children. Perhaps not surprisingly, their employee turnover rate is in the low teens in an industry that typically experiences a 70 percent rate.

For close to 30 years, the company has supported the underserved community of Tangelo Park, located near their corporate headquarters. And in 2017, adopted a similar, although larger urban community near downtown Orlando called Parramore. They offer high school graduates in these communities all expense-paid scholarships for two or four-year college or vocational school with a Florida public school. Additionally, Rosen funds the Rosen Tangelo Park and Parramore Preschools for children age two to four. The children who complete this program are well-prepared for their subsequent education because they have learned to read and are outperforming other children entering pre-K.

“Mr. Rosen has adopted two underserved communities in Orlando so any resident there, if they have children, those children, two-, three- and four-year-olds, get free preschool,” said Bacot. “We are able to support those children and when they enter pre-K, they tend to test at a gifted level. When they graduate high school, they get a free ride to college—books, tuition, room, board.

The results speak for themselves: The crime rate has been dramatically reduced while high school graduation rates rose to near 100 percent. But perhaps the most important intangible is that hope has replaced despair.

“It’s a seven-to-one return on investment to the economy,” said Bacot. “Because when you graduate high school you’re going to make more over a lifetime than you would if you didn’t. And of course, you earn even more as a college graduate.”

“Mr. Rosen says we can change the face of America one underserved community at a time.”

THE FINANCIAL RESULTS ARE REAL AND THEY ARE SPREADING

Rosen’s healthcare costs dropped in the very first year. To date, as a company, Rosen Hotels & Resorts has saved approximately \$425 million on healthcare costs since 1991 and spent 50 percent less per covered life per capita than the average employer. They have a highly culturally, racially and socioeconomically diverse employee base including many immigrants that have not had regular access to health care before joining the company. Single coverage for the average employee is only \$16.17 per week for benefits that include medical, dental and pharmacy.

“We are now cutting our healthcare costs in half, while at the same time providing much richer of a benefit,” Bacot said.

The medical staff also has grown, currently numbering about 60, and with 10 providers.

According to Bacot, interest in RosenCare increasingly is attracting attention.

“We have received numerous calls over the years,” he said. “Our initial goal was just to share the secret sauce with as many people and companies as we possibly could. Then they would tell 10 people who would tell 10 people and we could create a kind of grassroots method of spreading this RosenCare model across the country.

“Companies did hear about us and began to contact us to learn more. We would invite them to visit and learn. Yet, ultimately, they would decide it was too heavy of a lift for them. They really wanted someone to do it for them. Our initial response was to tell them it’s not that difficult and they need to do it themselves”.

“However, in the last three years, these requests to provide hands-on assistance have increased, so we started with our first third-party group – about 10,000 covered lives -- providing consulting and health care management services. We now have about 6,000 covered lives under our health plan and our costs are half of what our costs would be under the conventional healthcare model.”

So now there is a grassroots movement around the country – of consultants, insurance agents, benefits agents and others who are now doing what they’ve been doing at Rosen for 30 years. They’re doing it for their clients and it reportedly is cutting costs by 40 percent.

“These employers are telling their stories publicly now to say, ‘Wow, I just didn’t think it was possible.’” Bacot said.