

The background is a deep blue with a subtle grid pattern. A large, semi-transparent circular gauge with multiple concentric rings and tick marks is centered on the page. A black pen is positioned in the lower right, pointing towards the gauge. The main text is overlaid on a dark blue rectangular area on the left side of the gauge.

National study shows BridgeHealth model saves Plan Sponsors 50%

APRIL 14, 2021

BASED ON THIRD-PARTY ACTUARIAL
CERTIFICATION OF PROGRAM RESULTS

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Abstract

In one of the most comprehensive studies of its kind, the BridgeHealth bundled benefits model of providing high quality, high value surgical care significantly outperformed traditional commercial healthcare plans. The traditional fee-for-service approach provides little incentive for saving money or delivering high quality care. BridgeHealth's innovative model circumvents these problems by bundling payment rates for procedures, focusing on high quality care and matching the best healthcare provider and most appropriate facility to the patient's needs.

Our study compared the complete range of BridgeHealth surgical categories (performed in inpatient and outpatient facilities) to National Average (population level) cost benchmarks. Findings showed significant cost savings with the BridgeHealth model. When compared to benchmarks developed from **two national databases** representing over 53 million lives and \$253 billion in paid medical claims, an independent management and actuarial expert found that BridgeHealth's model had an **average savings of 50% per procedure**. In contrast with recent studies that looked at smaller samples, our study examined the cost difference at a **total population level**. Therefore, the BridgeHealth results can be easily generalized for the typical Plan Sponsor with opportunities to analyze differences in regional and national costs per episode. While not measured in this study, BridgeHealth's focus on high quality care – which reduces complications due to surgery by 80% vs. the national average – is an additional factor in lowering overall healthcare costs and improving Members' experience. Through our approach, we are tackling one of the nation's most pressing problems: the high cost of healthcare and lack of accessibility to high quality care.



MorningStar Actuarial Consulting, LLC was engaged by BridgeHealth to conduct an actuarial analysis of the effectiveness of its program in reducing costs to current and prospective customers.

Our Data is All Inclusive

To ensure an objective comparison that Plan Sponsors can reliably use as due diligence to make well-informed decisions about BridgeHealth's innovative approach, we commissioned a third-party actuarial expert to conduct a study to examine the financial outcomes for both Plan Sponsors and Members under the BridgeHealth savings methodology. The data underwent independent analyses and actuarial verification from a reputable third party, MorningStar Actuarial Consulting (MorningStar).

- Benchmarks were developed from two national databases representing over 53 million lives and \$253 billion in paid medical claims. For more information about the data sources used, please reference the BridgeHealth Actuarial Certification of Program Results 2020 [here](#).
- **MorningStar** analyzed BridgeHealth costs compared to the National Average (**population level**) cost benchmarks.

What is unique about our study is that our data and analyses were comprehensive, transparent and can be applied to any large Plan Sponsor's group of Members. Our data covered:

ALL PLAN SPONSOR CLIENTS

Our data represented all BridgeHealth claims data from over 1 million Members/employees. Compared BridgeHealth contracted rates against the database of commercial plan experience representing over 53 million Members and \$253 billion in claim payments.

ALL SURGICAL CATEGORIES

BridgeHealth offers a full range of surgical categories, including orthopedic, spine, women's health, general surgery, cardiac, vascular, neurological, and bariatric, and provided all categories for analysis.

ALL FACILITY TYPES

The Bridgehealth model provides a distinct advantage in the market by offering inpatient, outpatient and specialty hospital and ambulatory surgical center sites to shift Members to the most appropriate facility for their care. This generates greater value and better experiences for Members and their employers.

ALL GEOGRAPHIC AREAS

Our data included all geographic locations, including expensive regions like Alaska and California as well as low-cost areas, to ensure an accurate representation of our Members' surgical costs across the country.

TRANSCARENT

BridgeHealth is now part of Transcarent and serves as a foundational component of the company's vision to deliver unbiased information, trusted guidance and easy access to high quality, high value care.

TRAVEL & CARE COORDINATION EXPENSES

We also factored in these extra expenses. Through the BridgeHealth program, employers cover travel to the most appropriate facility based on Member needs. This means our data accounted for lower savings when we transport people out of less expensive areas without high-quality options to more expensive areas with better quality care.

Our overall average savings from this study takes all of this into account. We provided our entire book of business to outside experts who compared us to nationwide databases of claims.

Our Study Results Are Compelling

Data analyses from the consultants showed the BridgeHealth model significantly outperformed traditional commercial healthcare plans, proving what we knew was true. The data showed:

- BridgeHealth overall average had a net savings of **49.5% per procedure**.
- Per surgery savings varied from **40.3%** for orthopedic surgery to **76.9%** for spinal surgery.
- Results can be **easily generalized** for the typical Plan Sponsor with opportunities to analyze differences in regional and national costs per episode.

While not measured in this study, we also know our complication rate is 80% lower than the risk-adjusted rate of 10.09% (with national average 14%). Therefore, we can extrapolate that our high-quality approach still allows us to achieve significant cost savings without risk to quality.

THIRD-PARTY EXPERT

MorningStar President, Ed Pudlowski, ASA, FCA, MAAA, conducted data analysis for this study. He has more than 35 years in guiding healthcare benefit solutions, healthcare reform and conducting healthcare data analyses. He holds leadership positions in many professional organizations including the Conference of Consulting Actuaries (past president and chair of the CCA's Healthcare Community) and the International Actuarial Association (Health Section board and Member of the Strategic Planning Committee).

“ *Due to the comparison of the program's actual experience against a large database of 53 million plan Members representing a national cross-section of large commercial health Plan Sponsors, the BridgeHealth study demonstrates the clear opportunity to affect change in the healthcare system with significant benefits to Plan Sponsors (employers), plan participants (employees), and the providers of care (physicians and facilities) — a win-win-win scenario.*

ED PUDLOWSKI

President, MorningStar Actuarial Consulting

Key Findings

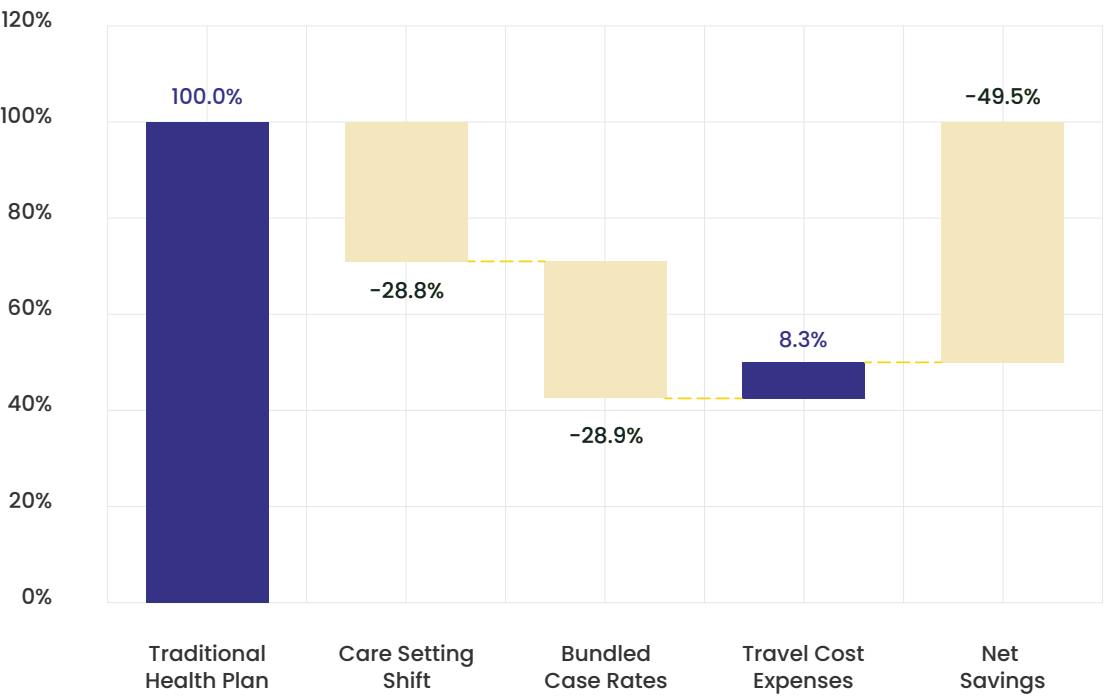
Savings come from bundled payment approach, shift in setting

MorningStar analyzed the savings in the BridgeHealth model that come from two primary sources:

- **Shift in the treatment facility** (inpatient hospital, outpatient hospital or ambulatory surgical center) to a high quality, less costly setting.
- **Negotiated bundled payment rates** set below traditional health plan provider contractual amounts.

Figure 1 shows the combined percentage of savings coming from the BridgeHealth bundled case rates (28.9%) and shift in surgery setting (28.8%). When we include Member travel costs and deduct the expense from the gross savings of the BridgeHealth program, our Plan Sponsors get a net savings of 49.5% overall per procedure.

FIGURE 1 – SOURCE OF SAVINGS FOR SURGERIES OFFERED BY BRIDGEHEALTH

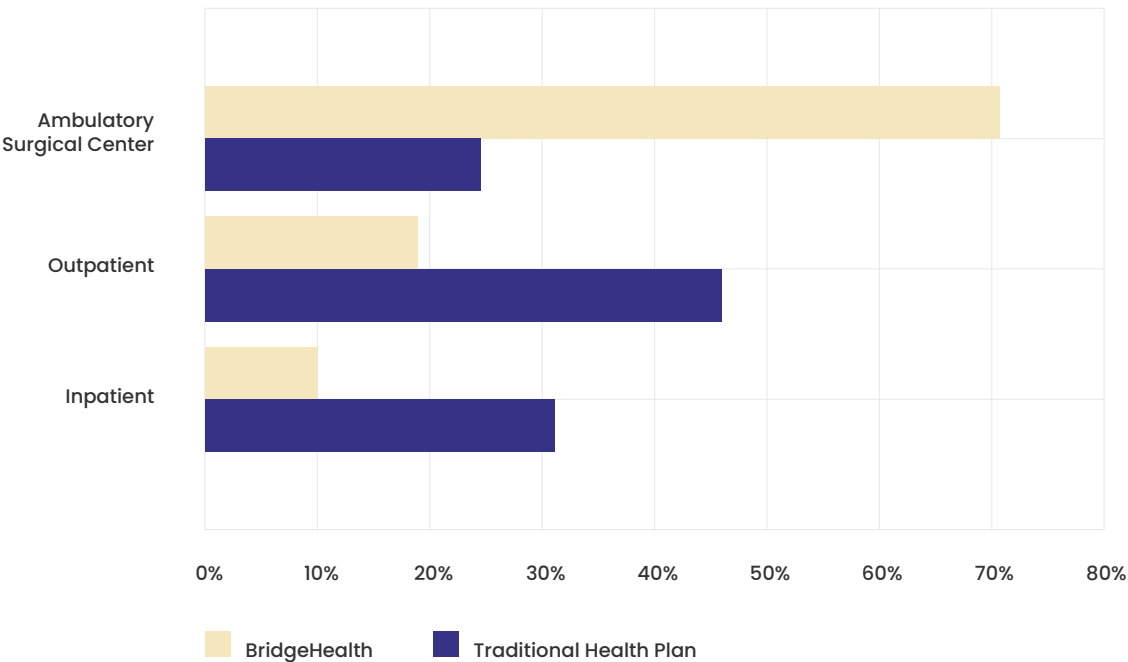


SOURCE

MorningStar analysis of BridgeHealth model compared to national population level databases

Figure 2 shows the shift in setting experienced under the BridgeHealth solution as compared to traditional health plan experience. BridgeHealth has the distinct advantage of shifting patients to ambulatory surgery centers when appropriate, while many healthcare plans and other benefits providers do not have that option. The data shows that 70% of BridgeHealth patients were treated in an ambulatory surgery center, which is often less costly, more convenient and less stressful than hospitalization. In addition, BridgeHealth’s engagement of high-quality healthcare providers assures better outcomes for patients.

FIGURE 2 – SURGICAL EPISODES BY SETTING

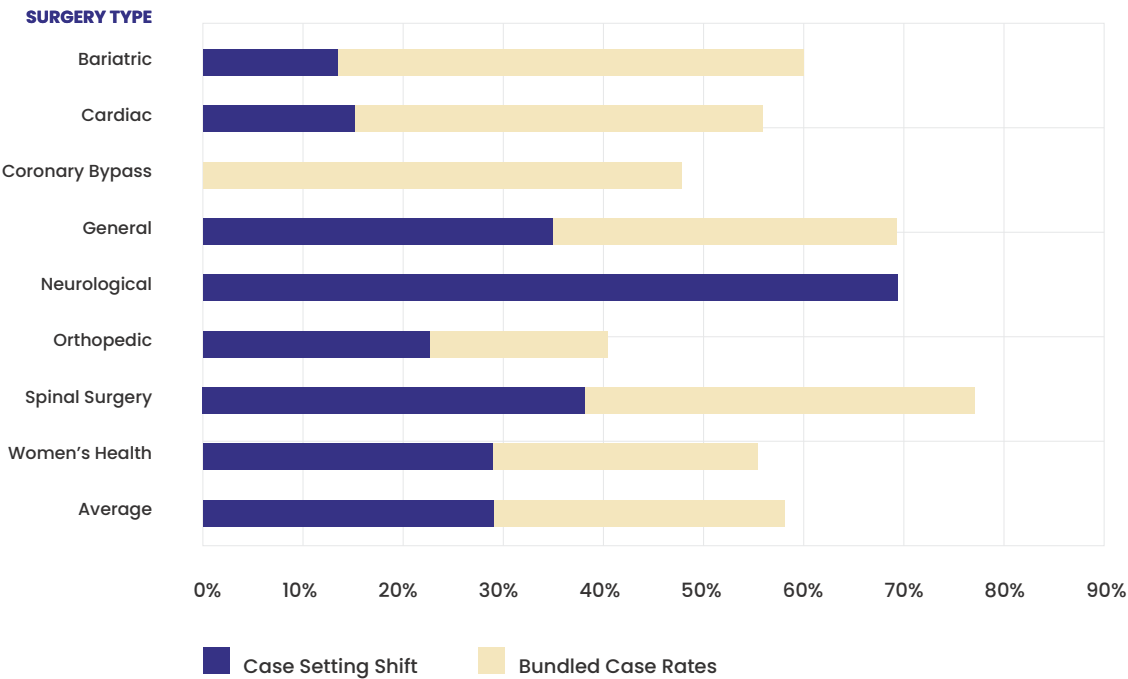


SOURCE

MorningStar analysis of BridgeHealth model compared to national population level databases

Figure 3 shows the percentage of savings from BridgeHealth bundled case rates and shift in surgery setting by surgical category as compared to the national averages. BridgeHealth’s flexible model allows us to shift Members to the setting that is appropriate for their surgery, assuring the high-quality outcome we require, but at a lower cost. As a result, BridgeHealth is able to deliver significant cost savings across all surgical categories.

FIGURE 3 – BRIDGEHEALTH SOURCE OF SAVINGS



SOURCE

MorningStar analysis of BridgeHealth model compared to national population level databases

Sponsor and Member Savings

Figure 4 illustrates the estimated savings for Sponsor and Member. The graph shows estimated savings under a traditional health plan by allowed charges (after applicable discounts), employer paid claims and employee payments through cost-sharing features (deductibles, coinsurance amounts, co-payments, etc.).

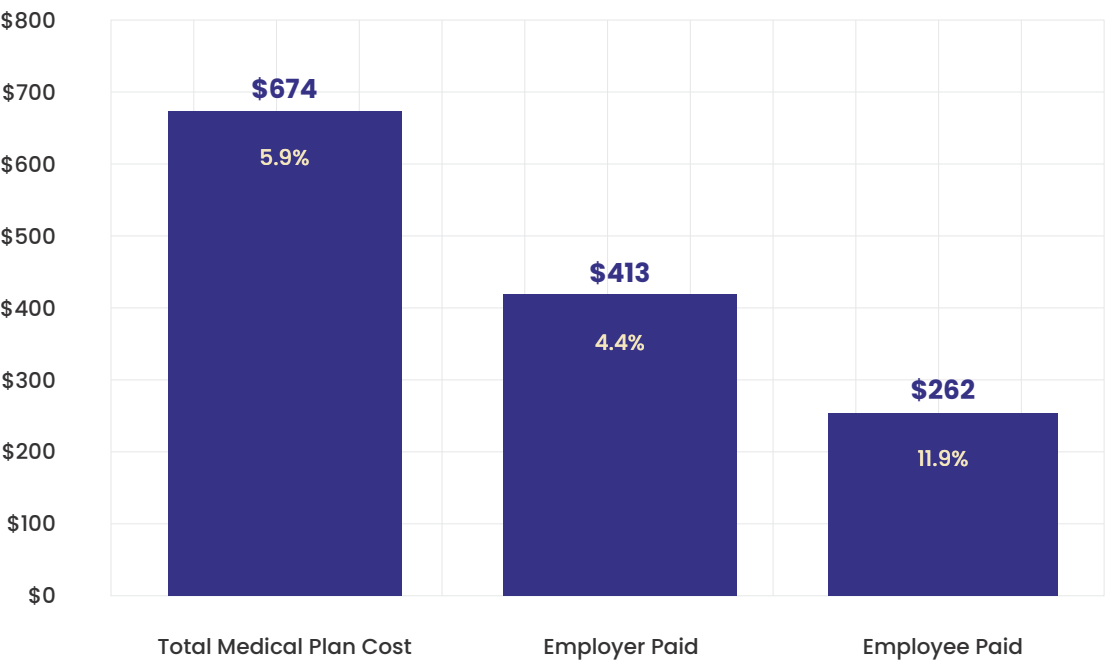
Savings as a percent of total medical plan payments (excluding pharmacy-based prescription drugs) for surgical care is estimated at 5.9% of total allowed cost, 4.4% of employer paid claim cost, and 11.9% of the employee cost typically paid through the plan's cost sharing. **Member participation rates** are a significant factor that can influence savings in actual customer results. The results depicted in Figure 4 are an example of total savings opportunity based on 100% Member participation. Other factors that can influence savings include, but are not limited to:

- Actual claims costs, mix of surgeries or settings, or actual usage versus the national average
- Inflation, changes in bundled rates and health plan design

Based on the study, Sponsor and Member savings were:

- Plan Sponsor with 10,000 employees would save approximately \$4,127,000 annually
- \$412.73 per employee per year or \$202.24 per plan Member
- Additionally, plan Members (employees and dependents) save on average \$2,617,000 or \$261.68 per employee per year (\$128.22 per Member)

FIGURE 4 – BRIDGEHEALTH SAVINGS, PER EMPLOYEE PER YEAR



SOURCE

MorningStar analysis of BridgeHealth model compared to national population level databases

“ Plan Sponsors benefit through an improved benefit offering to plan participants that lowers the Plan Sponsor’s cost of healthcare and creates opportunities for quicker return to work. Plan participants benefit through the elimination of required deductible, coinsurance, and co-payments for services and access to high-quality providers. Providers benefit from quicker payment for services and less hassle with insurance-related requirements.

ED PUDLOWSKI
President, MorningStar Actuarial Consulting

Value Beyond Scope of the Study



Not all bundled-payment models are created equal.

Some focus on one type of setting over another, others focus on savings over quality, BridgeHealth delivers a balanced blend of the highest quality care, delivered in the most appropriate setting for the most affordable price. We are pleased this study reconfirms what our Plan Sponsors and their Members have been telling us all along about the enormous benefit that BridgeHealth delivers.

BridgeHealth has delivered exceptional healthcare experiences through our bundled payment surgical Centers of Excellence (COE) programs since 2009. We serve over 1 million Members through 160+ hospital and ambulatory surgery centers that offer more than 300 pre-negotiated surgical bundles across eight surgical categories with an average Net Promoter Score® of 90 and above. We see this as proof positive that if you focus on improving the Member's experience and on the quality of care, you can also drive lower costs. In addition to the savings documented in the study, BridgeHealth's approach to working with a higher quality Provider network produces added value for our Members who have:

- 80% lower complication rates
- 86% lower readmission rates

While separately identifying the savings from lower complications and readmissions rates was beyond the scope of this study, the savings are naturally reflected in the analysis through the bundled case rates, as BridgeHealth reimburses providers the same regardless of the surgical complication status. In addition, the BridgeHealth

program includes a 30-day warranty for all procedures. Our Members and Plan Sponsors also see the following benefits from our approach:

- Improved productivity
- Lower absenteeism
- Faster return to work
- Better quality of life for the Member and family
- Greater Member satisfaction with their health benefit offerings
- Less time navigating the health care system
- Lower administrative costs
- Reduced stress and frustration
- Greater employee retention

Value Based Care Beyond the Surgical Episode



Now as part of Transcarent, BridgeHealth current clients and new Plan Sponsors can support their Members across all of the big and little interactions that they have for their health and care. For the past 13 years, BridgeHealth has been a leader in providing an exceptional experience and outcomes in surgical care. Transcarent is building on that model to improve every type of health and care interaction Members need.

Transcarent has created a new consumer-directed digital platform that puts people in charge of their health and care experiences and reduces the cost, complexity and confusion of our current healthcare system. Transcarent is expanding value-based care upstream and downstream of surgery to deliver better outcomes across the health and care journey. Transcarent's new virtual and high touch platform organizes health and care all in one place and provides individuals with the unbiased information, trusted guidance and easy access to high value care they need to make the best decisions for themselves and their families.

Learn More Today

Contact us if you're interested in learning how Transcarent and BridgeHealth can help you deliver more affordable, unified and employee-satisfying health and care benefits.



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