

Case Study: Gasparilla Inn & Club

Health Rosetta Advisor: Carl C. Schuessler Jr., Mitigate Partners

KEY RESULTS

34% REDUCTION IN HEALTHCARE SPEND, SAVING

\$1.8M

OVER 3 YEARS

NO INCREASES FOR

4

YEARS

ELIMINATED DEDUCTIBLES, FROM \$2,500 INDIVIDUAL / \$4,500 FAMILY TO

\$0

[Gasparilla Inn & Club](#) is an upscale island resort on the Southwest Gulf Coast of Florida that was suffering from rising health care costs year after year.



From 2013 to 2016, the Gasparilla Inn had a **12% average increase per year** in health insurance premiums under its fully insured plan with a traditional publicly traded carrier. During this time period Gasparilla Inn was also overspending on health care. On average, its health claims spending was 35% below the amount of premiums collected a year (65% loss ratio), which benefited their carrier's bottom line. The Gasparilla Inn's total health care spend with the old plan was projected to increase to \$1.3 million in July 2016, threatening the resort's ability to provide benefits to its employees.

The company had three main goals:

- 1) cut spending
- 2) reduce employee cost
- 3) minimize member disruption

Client Profile



THE GASPARILLA INN & CLUB

Gasparilla Inn & Club is an upscale island resort on the Southwest Gulf Coast of Florida.

Location

Boca Grande, Florida

Industry

Hospitality (seasonal)

Size

Employees on health plan:
130 for 6 months of year / 215 for 6 months = 185 average for the year
Lives on Plan: 327

Funding Type

Self-funded

Annual Healthcare Spending

Per Employee Deductible:

\$0

Per Family Deductible:

\$0

Benchmarks:

Medical Expense PEPY: \$2,993

Prescription Drug Expense PMPM: \$47.53

Case Study Dates

7/1/2016 through 6/30/2019

Approach

Carl was able to gain the trust of C-level executives by exposing how much its old health plan was draining its finances. He worked directly with the CFO and CEO to create a vision of improved clinical outcomes, coupled with better financial outcomes for the employer and employees.

One of Gasparilla Inn's main goals was to increase health care and health benefits education among its employees. Prior to implementing the new plan on July 1, 2016, Gasparilla Inn conducted six Benefits

Education meetings in June 2016 to help employees understand their new benefits before the big change. Gasparilla has continued to hold these meetings annually, every June, to ensure employees remain informed about their health benefits.

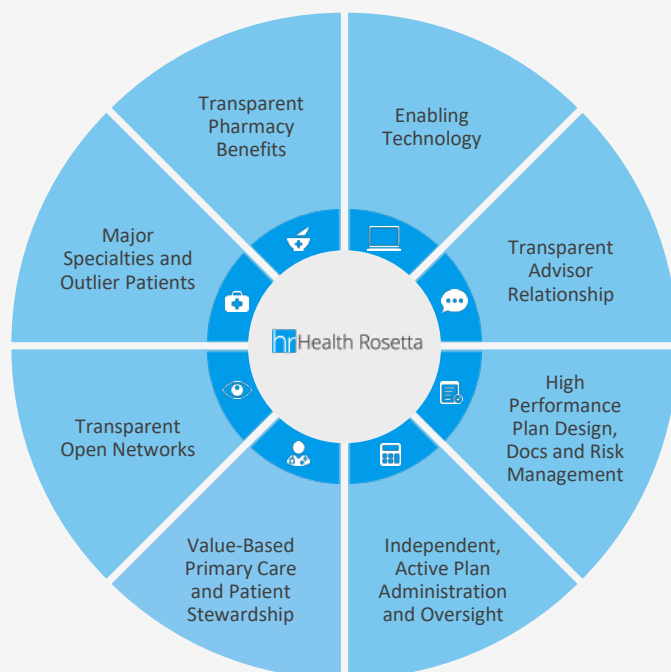
In addition to rising health spending, the Gasparilla Inn had several challenges. The first obstacle had to do with its employees. Due to the nature of its business as a resort, Gasparilla Inn only operates during October to July, so most of its employees are seasonal workers. They have 130 employees on their health care plan for the first six months of the year and then a total of 215 employees on its plan for the second half of the year. On average, Gasparilla Inn has 185 employees on its health care plan year-round.

In January 2016, the Affordable Care Act (ACA) came into effect. This made employee enrollment more challenging as the ACA mandated that all employees who returned in October 2015 and had accumulated the required hours must be offered coverage.

“We're saving probably between five and ten thousand dollars a year as a family, that's the difference between a few mortgage payments and college savings for my son.”
Nathan McKelvy, Assistant Food and Beverage Director at Gasparilla Inn

Health Rosetta Components Included

Included in Plan Not Included in Plan



Plan Grade

93 / 100



Health Rosetta is the blueprint for high-performance health benefits. It's a practical approach built on what successful purchasers do. We drive its adoption by growing an emerging ecosystem. Think of us as providing LEED-like blueprint for health benefits.

As part of that effort, we have a proprietary Plan Grade protocol to assist plan sponsors in understanding how optimized their plan is.

You can grade your own plan at:
members.healthrosetta.org/plan-grader

Approach (continued)

The second challenge was a product of Gasparilla Inn's location. The Southwest Gulf Coast is one of the nation's [most expensive regions](#) for healthcare, with up to [2,000% markups](#) for common treatments and procedures like knee replacements and CT scans. Price variation is a major issue in standard Preferred Provider Organization (PPO) network contracts. Quality scores are equally as important, as there are high quality, low cost providers and low quality, high cost providers. [Cost of CT Scan in Tampa](#)

System (location)	Avg. Billed	Avg. Cost	Medicare Pays	Units of Service
Florida Hospital (Tampa)	\$5,193	\$ 80	\$168	3,545
St. Joseph's (Tampa)	\$4,244	\$107	\$167	6,508
Brandon Reg. (Tampa)	\$8,022	\$ 67	\$166	3,318
Morton Plant (Clearwater)	\$4,136	\$ 49	\$165	5,145
Palms of Pasadena (St. Petersburg)	\$7,301	\$110	\$179	2,166
Sarasota Memorial (Sarasota)	\$3,529	\$145	\$185	15,725

Data and statistics are obtained at www.ahd.com (the American Hospital Directory), from a hospital's most recent Medicare cost report, as filed annually with CMS (Centers for Medicare and Medicaid Services).

Good plans actively manage the affordability and value of health care options and services.

Carl was tasked with providing better, more affordable coverage for all employees. In order to find the root cause of the resort's rising health costs, he pulled a report detailing the resort's health care spending from 2013 to 2016, a time period when the Gasparilla Inn was still under a traditional fully insured plan. Carl discovered that the resort was overspending on health care, as claims paid were only 65% of the amount of premiums resulting in a huge profit for the carrier.

After exposing this to the Gasparilla Inn, Carl worked with its executives and leaders to move the resort off its fully insured plan and construct a better, more affordable health insurance plan.

Top Level Results

In July 2016, the Gasparilla Inn moved off its fully insured plan onto Carl's **FairCost** self-funded health plan. By July 2019 it had **saved over \$1.8 million — a 34% reduction**. Under the new plan, the Gasparilla Inn is projected to save \$5 million over the next five years.

Gasparilla Inn Employees: 185 Tenure: 3 Years	Fully Insured Insured with Insurance Carrier	Self-Funded with FairCoSt Health Plan	Savings (Dollars)	Savings (Percentage)
2016	\$1,315,697	\$1,068,047	\$247,650	19%
2017	\$1,721,550	\$1,012,897	\$708,653	41%
2018	\$2,148,205	\$1,259,861	\$888,344	41%
Total:	\$5,185,452	\$3,340,805	\$1,844,647	34%

When faced with a decision to go self-funded, the Gasparilla Inn considered working with a traditional Insurance carrier, but instead chose its current self-funded health plan. In light of what the traditional carrier projections were for 2016 to 2018, the **cumulative savings are \$3.8 million — a 67% reduction** from what it would have been had they stayed with the old-line carrier when reviewing only medical claims.

Gasparilla Inn Employees: 185 Tenure: 3 Years	Actual Billed by Healthcare Provider	Average Payment by BUCAH PPO Network (50% off Billed)	Actual Paid via FairCoSt Health Plan HPHSP	Savings (Dollars)	Savings (Percentage)
2016	\$3,450,975	\$1,725,488	\$494,552	\$1,230,936	71%
2017	\$2,051,791	\$1,025,896	\$445,098	\$580,798	57%
2018	\$5,589,174	\$2,794,587	\$721,212	\$2,073,375	74%
Total:	\$11,091,940	\$5,545,970	\$1,660,861	\$3,885,109	67%

With Carl's help, the Gasparilla Inn achieved its first goal of reducing health care costs. Its **Per Employee Per Year (PEPY) Medical Expense average is now \$2,993 — 75% under the national average — and its Per Member Per Month (PMPM) Prescription Drug Expense average is now \$47.53 — 48% under the national average.**

The Gasparilla Inn's employees don't have copays for any imaging when performed at one of its directly contracted providers. This translates into significant savings for employees, as the average cost of MRIs/CT scans in the Southwest Gulf Coast of Florida can cost well over \$1,200, one employee received a claim worth \$38,400.

Carl devised a plan that focuses heavily on value-based care, making preventative medicine and procedures like cancer screenings extremely affordable or free. For example, employees can receive a preventative colonoscopy covered at 100%, including polyp removal during the same visit if they are found. Under the ACA, preventive colonoscopies are covered at 100%, however if polyps are found, the removal is classified as a diagnostic code and billed as a separate charge to the patient. Diagnostic colonoscopies are more expensive than preventative and in the Tampa area the procedure can range from \$1,300 to upwards of \$19,000.

Top Level Results *(continued)*

The new plan also had a direct impact on employees. The Gasparilla Inn employees used to pay a \$2,500 (single) and \$4,500 (family) deductible, which was a lot compared to the average employee salary. Today, they have a \$0 deductible with significantly reduced or nonexistent copays.

The Gasparilla Inn's **FairCost** plan eliminated the risk of expensive out-of-network fees and surprise medical billing, as employees now have no network restrictions and are free to go to any hospital or clinician in the U.S.

The new plan focuses on value-based care with an emphasis on increased access to direct primary care services and affordable preventative treatments. Employees now have access to free primary care services, including transportation to appointments if necessary. Employees were also given more accessible options for primary care, such as a clinic that is 400 yards from the resort.

Primary care providers are funded through a value-based care model — not fee-for-service — meaning clinicians are rewarded for improved health outcomes instead of the number of services provided.

Plan Funding Details

The Gasparilla Inn's new plan eliminates deductibles and coinsurance for employees, who are now only responsible for paying copays that are significantly reduced or cost nothing at all.

Employees do not have to pay a copay for telemedicine visits and specialist copays were reduced from \$80 to \$25-\$35. All services performed in a physician's office are covered by the appropriate office visit copay. Employees will only pay copays for both physician and admissions costs for surgeries and tests. They are never billed separately for specialist charges such as anesthesiologists, radiologists, or pathologists.

Plan choice was increased from two plans under the incumbent carrier to three plans in the new high-performance plan. The **FairCost** self-funded plan also added two new payment programs to combat balance or late billing issues. The first was the Direct

Plan Funding Details *(continued)*

CASH Pay program, a cost and quality transparency tool, that provides discounts lowering healthcare cost to 70% of Medicare. Under the CASH program, hospitals are paid no later than on the day of service. The program also implements upfront custom negotiations when a cash price agreement is achieved. This allows employees to receive up to 50% of the savings on medical services — with a cap of \$1,000 for outpatient and \$1,500 for inpatient services.

Second, the Gasparilla Inn setup direct contracts with four hospitals within a fifty-mile radius from the resort. Carl even helped arrange for the CEOs of these hospitals to attend Gasparilla Inn's annual Benefit Education meetings.

Carl aimed to get rid of its previous insurer-built health plan and instead craft an employer-built plan, one that re-humanized healthcare by focusing on local physicians and health services in the Southwest Gulf Coast community.

Carl eliminated the passive management of healthcare benefits and introduced active management policies, such as using cost and quality transparency tools to properly manage the cost of different medical services. Once executives saw returns quickly come in during the early stages of the plan change, the entire executive team was convinced and dedicated to the new healthcare vision.

One of the Gasparilla Inn's main goals was to increase healthcare and health benefits education among its employees. Using the significant savings it accrued from changing health plans, the Gasparilla Inn hired a Benefits Champion, Liz Schrock, in July 2016. Liz is responsible for the administration of all aspects of the employee benefits program. Her main role is to educate more than 215 employees year-round about their health benefits and how to make smart healthcare decisions. The Gasparilla Inn employees have the ability to go to Liz for any healthcare benefits questions. She also works with community partners to resolve complex claims.

She is considered the "mother hen" to her teammates. Liz puts the resort and its employees' best interests at the forefront of her daily priorities.

Having a resource like Liz and early education programs helped employees better understand and accept their new benefits plan before it was fully implemented.

Change Management Approach - Expect More from Your Advisor

Carl also completely changed how the Third Party Administrator (TPA) receives payment. He hired a TPA under a fully transparent policy where the TPA is only paid for administration fees. Carl helped set up a direct arrangement between his **FairCost** Health Plan's 16+ seamlessly integrated High-Performance Healthcare Solutions to help the Gasparilla Inn actively manage their plan.

For the Gasparilla Inn, its Health Rosetta dividend was twofold. The new plan that incorporates Health Rosetta principles allowed it to hire a health benefits resource, Liz, who looks out for the employees' wellbeing. Additionally, since changing plans nearly four years ago, the Gasparilla Inn has yet to increase employee healthcare rates.

Watch the Video

After hearing about how Mitigate Partners were successfully reducing health insurance costs for Florida based employers, [Patient Rights Advocate](#) asked if they could film Gasparilla Inn to show how the change to lower health insurance costs have directly impacted its employees and the company.

Click here - [Gasparilla Inn & Club](#)
View the full case study and more information at healthrosetta.org/GasparillaInn

Advisor Background



[Carl Schuessler](#) is the managing principal at [Mitigate Partners](#) in Atlanta, Georgia. Mitigate Partners is a Risk Management, Cost Containment and Employee Benefits Consulting firm, which is a partnership of twenty-one (21) employee benefit consulting and brokerage firms that allows local management within a collaborative environment with more than 400 years of combined experience.

With more than 30 years as an insurance, risk management, and employee benefits consultant, Carl pioneered the fiduciary approach to benefits advisory services. His interest in treating the employer's money like his own, led Carl through years of research culminating in the development of his proprietary **FairCost** Health Plan, an innovative plan design seamlessly integrated with a High-Performance Healthcare Solutions platform that provides best-in-class benefits at substantially lower costs while improving clinical and financial outcomes for health plans and their members.

He is an advocate of active health care management and saying no to passive, status quo health care plans that reward insurers more than plan sponsors and its members. Carl has helped large and small companies across various industries regain control over their health care benefits by creating innovative health care plans that meet the specific needs of their employees to achieve their financial goals.

The Health Rosetta aggregates proven best practices from the best benefits purchasers, then simplifies adoption so you can follow their lead. Learn more at healthrosetta.org/employers.

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