Case Study:

Impact of U.S. HealthCenter Wellness Plan on Medical Plan Costs

This client has a unique program that features the following: Access to Quad-Med clinics through a self-funded arrangement. The benefit plans offered allow employees choices of TWO plans, the Quad-Med Plan and a PPO plan. The plan also features the complete integration of those plans with the following WELLNESS-Population Risk Management Plan, which includes the following strategy that was implemented in late 2007:

- Financial incentive for taking part in the wellness plan initiatives.

- Interactive HRA that all employees who select to be involved must take as well as their spouses. Unlike traditional HRAs, the interactive HRA builds a unique and personalized profile by using advanced predictive modeling. For example, when a participant answers a question, the next question(s) may be based on how they answered. This way, the HRA focus is on building an exacting medical profile rather than reporting question responses.

- 17 Panel Bio-Med that also provides evidence of health status and, combined with the HRA, allows confirmation of the medical profile as well as contributes to the exacting nature of each individual profile.

- Individual predictive modeling profile for each participant. Each profile includes a predictive modeling effort that statistically measures where a patient will be in three to five years if the current treatment plan (if any) is continued, or what the statistical direction change may be with specified medical interventions at different points in time. Additionally, we are working on a scenario whereby these profiles would also be made available to the PCP's at the Quad-Med clinics and added to their patient electronic medical records.

- Aggregate corporate report providing population profiles. When the individual profiles are aggregated, a complete corporate "conditions at risk" profile is accomplished that exacts by category each condition and weights the level of overall corporate risk.

- On-site health nurse contracted through US Health Center in coordination with the Wheaton-Franciscan health system. The on-site nurse visits the locations of the client and through wireless technology applications has access during those visits to the participant profiles. This allows the nurse to target individuals and address issues in a one-on-one environment. Spouses are also managed by phone with the same on-site nurse.

The result of the "wellness-risk management" process has contributed to controlling the medical trend of the client. Each individual participant is categorized into risk status categories including: pre-disease or low risk category; on-going conditions that are moderate risk category, and of course, chronic level of disease, or high risk category. Based on the identified category, treatment protocols are then set into action, thereby producing a better quality of life as well as significant savings. The risk management program has identified several of the following at the pre-event (pre-disease) stage for this client:

The result of the "wellness-risk management" process has contributed to controlling the medical trend of the client

- Prostate Cancers

- Breast Cancers

- Diabetes treatment compliance (the program has lead to a program whereby diabetics can receive special, higher level benefits, for compliance at Quad-Med clinics and Quad-Med pharmacy.

- Normal pregnancies vs: complicated pregnancies resulting in C-sections.

The trend line presented below is over a period of 48 months. The client was able to hold the underwritten rates of the program, and therein employee contributions, the same for the entire period.

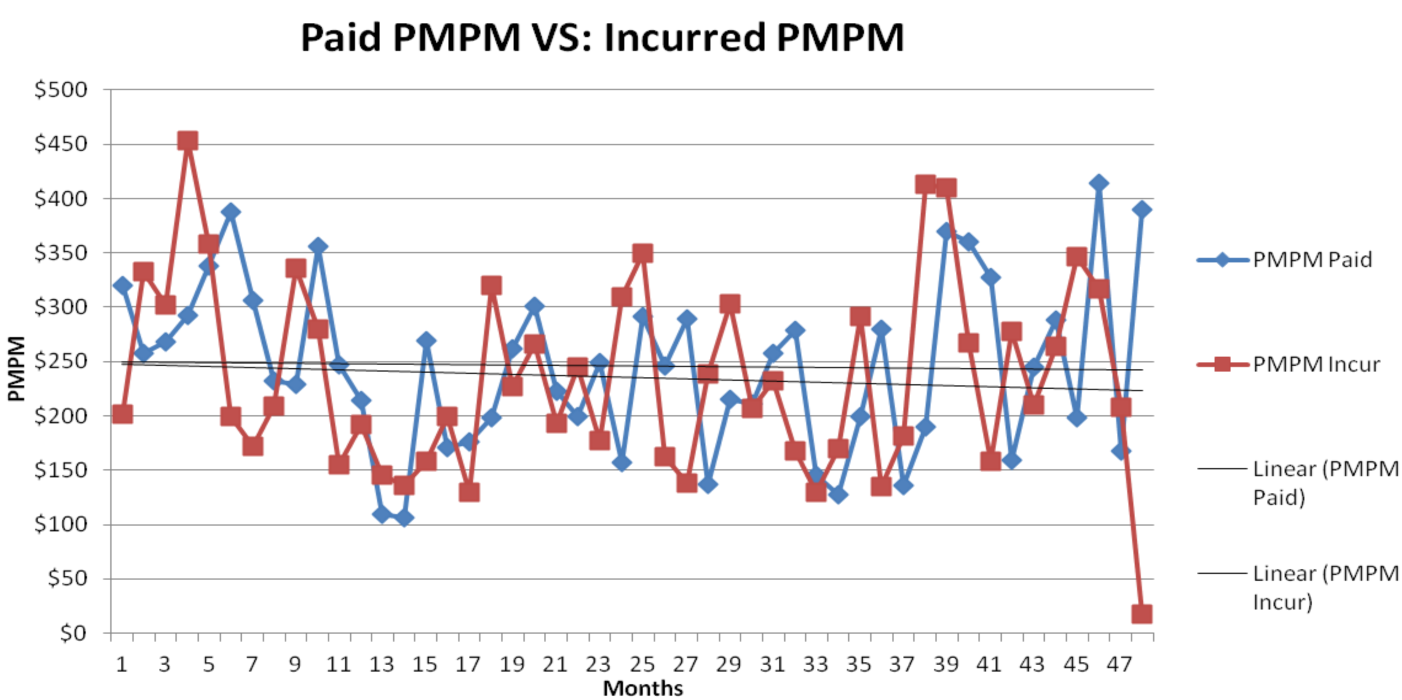
The estimated result in savings is determined by comparing costs to similarly situated organizations in the local healthcare marketplace. In this instance, the client averaged costs of $6800 per employee per year, with market costs expected to be at $10,500 per employee per year, a difference of $3700 per employee per year for 4 years.

The client averaged 250 employees over this 48 month period resulting in an estimated savings of $925,000 per year, or $3.75M since the inception of the USHC wellness risk management program.

It is estimated that 30% of the savings were a direct result of the USHC process, or $1100 per employee, as compared to the costs of the program at $150 per employee per year, resulting in a 7.4:1 return.

These savings have created financial capacity to adjust our ratings and contributions as well as make modifications to our plan due to the following:

- Implementation of Federal Mandated benefits.
- Coverage of specialty care drugs that average, for this client, over $1400 month per participant at risk, presently 4 individuals. Prior to this time, we did not cover such drugs.
- Growth of company into other areas.
- Making adjustments to the "risk management" program to adjust employee contributions and make such contributions tied to the employee's health status score.



Provided by: *Greg L. Bass, RHU, REBC, MSHCA*
CEO Benefit Underwriters & Strategist, LLC
Consultant for client since 1994