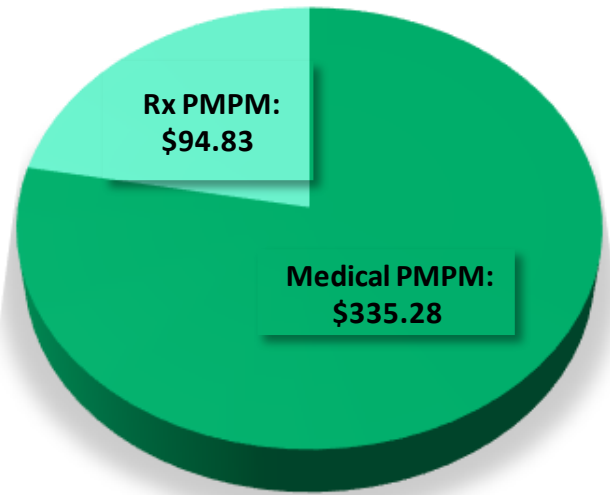


# Financial Proposal

West Lafayette Schools

# Projected Healthcare Spend and Savings

West Lafayette Schools  
 Baseline/Assumed Healthcare Spend  
 January 2020 - December 2020  
 Total Medical and Rx PMPM: \$430.11



West Lafayette Schools			
	Projected Year 1 Savings		
	Projected Costs Without Clinic	% Savings With Clinic	\$ Savings With Clinic
<b>Healthcare Savings:</b>			
Primary care	\$ 105,894	22.0%	\$ 23,297
Professional - non-primary care	\$ 277,090	7.0%	\$ 19,396
Labs	\$ 88,245	12.0%	\$ 10,589
Outpatient non-ER	\$ 669,781	5.0%	\$ 33,489
Outpatient ER	\$ 85,598	12.0%	\$ 10,272
Inpatient	\$ 538,295	4.0%	\$ 21,532
<b>Total Medical</b>	<b>\$ 1,764,903</b>	<b>6.7%</b>	<b>\$ 118,575</b>
<b>Prescription Drugs</b>	<b>\$ 499,407</b>	<b>2.5%</b>	<b>\$ 12,485</b>
<b>Total Projected Healthcare Costs and Savings</b>	<b>\$ 2,264,310</b>	<b>5.8%</b>	<b>\$ 131,060</b>
<b>Other Savings:</b>			
Access fees paid by other clinic members			\$ -
Programs to be replaced or copays saved	\$ -		\$ -
Workers compensation (if applicable)	\$ -		\$ -
<b>Total Other Costs and Savings</b>	<b>\$ -</b>		<b>\$ -</b>
<b>Total Projected Savings With Clinic</b>			<b>\$ 131,060</b>

**Assumptions:**

- Projected healthcare costs trended from midpoint of base period to midpoint of clinic year 1, based on assumed medical trend of 6% and Rx trend of 6%.
- Clinic participation by employees is estimated to be 75%, 50% for spouses, and 25% for children, based on Activate Healthcare experience in year 1.
- Projected costs and savings are based on clinic program eligibility of 400 members.

# Clinic Pricing

West Lafayette Schools Shared Clinic Access			
	Year 1 Clinic Cost		
	Annual		PMPM
Clinic operating cost	\$ 158,400	\$	33.00
Clinic access fees (if applicable)	\$ 14,400	\$	3.00
<b>Total Clinic Operating Cost with access/rent*</b>	<b>\$ 172,800</b>	<b>\$</b>	<b>36.00</b>

\* Clinic operating cost includes: staffing, IT costs and licenses, supplies, phone/internet, printing & marketing, overhead, management fee. Incentives may also be considered an additional cost if the employer/fund chooses to offer these to encourage participation and utilization in the program.

Note: The above pricing assumes clinic eligibility of 400 members; final pricing may be subject to change based on actual clinic membership and market dynamics.

# The clinic program is estimated to have a 5-year ROI of 57%

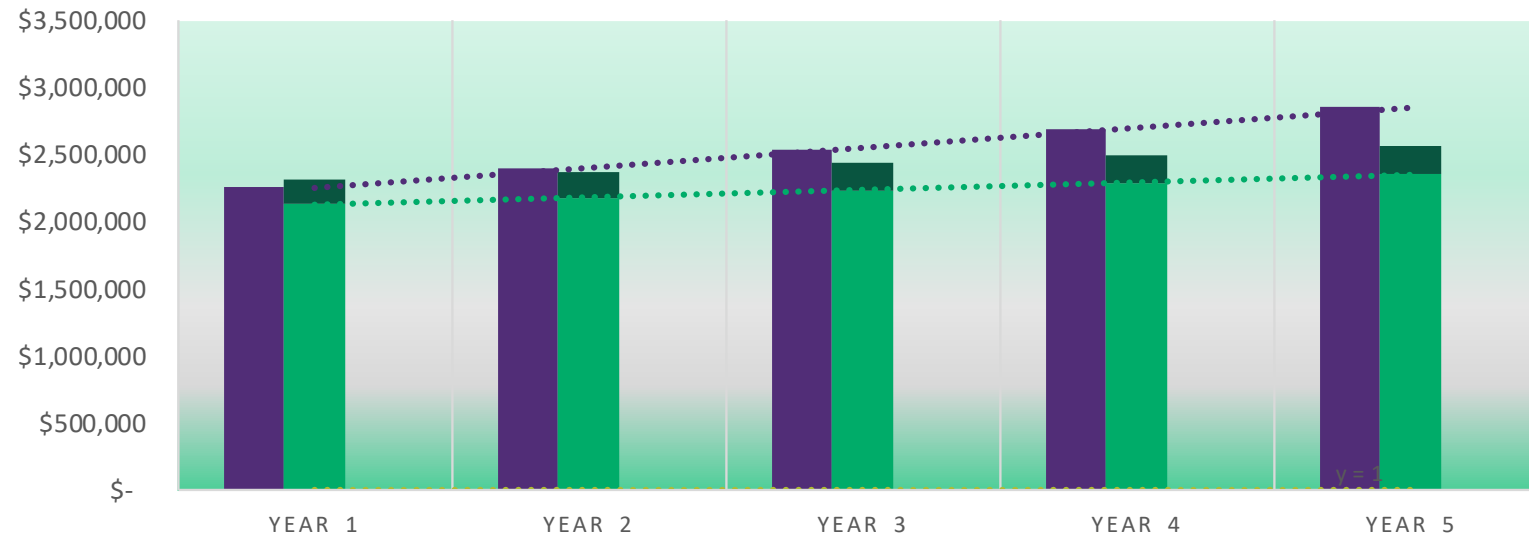
West Lafayette Schools							
5-Year Savings and Return on Investment Projections							
Shared Clinic Access							
	Year 0 (Pre-Clinic)	Year 1	Year 2	Year 3	Year 4	Year 5	5-Year Total (excl. Year 0)
<b>Projected Clinic Costs:</b>							
Start-up expenses	\$ -						
Annual operating & financing costs	\$ 172,800	\$ 178,848	\$ 185,108	\$ 191,586	\$ 198,292		
Estimated cost of generic drugs, outside labs, and flu vaccines	\$ 10,944	\$ 11,327	\$ 11,723	\$ 12,134	\$ 12,558		
<b>Total Projected Clinic Cost - Cash Out</b>	<b>\$ -</b>	<b>\$ 183,744</b>	<b>\$ 190,175</b>	<b>\$ 196,831</b>	<b>\$ 203,720</b>	<b>\$ 210,850</b>	<b>\$ 985,321</b>
<b>Projected Healthcare Savings:</b>							
Projected medical and drug claims without clinic	\$ 2,264,310	\$ 2,400,168	\$ 2,544,178	\$ 2,696,829	\$ 2,858,639		
Projected medical and drug claims with clinic	\$ 2,133,249	\$ 2,186,581	\$ 2,241,245	\$ 2,297,276	\$ 2,354,708		
<b>Total Projected Clinic Savings - Cash In</b>	<b>\$ 131,060</b>	<b>\$ 213,588</b>	<b>\$ 302,933</b>	<b>\$ 399,553</b>	<b>\$ 503,930</b>		<b>\$ 1,551,064</b>
<b>Projected Net (Cost)/Savings</b>	<b>\$ -</b>	<b>\$ (52,684)</b>	<b>\$ 23,412</b>	<b>\$ 106,102</b>	<b>\$ 195,832</b>	<b>\$ 293,080</b>	<b>\$ 565,743</b>
<b>Annual Return on Investment</b>		<b>-28.7%</b>	<b>12.3%</b>	<b>53.9%</b>	<b>96.1%</b>	<b>139.0%</b>	
<b>Cumulative 5-Year Return on Investment</b>			<b>57.4%</b>				
<b>Cumulative 10-Year Return on Investment</b>			<b>175.8%</b>				

Notes: Medical and Rx claims are assumed to increase at 6.0% per year. All other costs are assumed to increase at 3.5% per year.

Clinic participation for employees is projected to increase to 80% in year 2 and 85% in years 3+. Participation for spouses is assumed to remain at 50% for spouses and 25% for children.

# Bending the Cost Curve

## What happens if nothing is done?



<b>Projected spend without clinic:</b>	<b>\$2,264,310</b>	<b>\$2,400,168</b>	<b>\$2,544,178</b>	<b>\$2,696,829</b>	<b>\$2,858,639</b>
<b>Projected spend with clinic:</b>	<b>\$2,133,249</b>	<b>\$2,186,581</b>	<b>\$2,241,245</b>	<b>\$2,297,276</b>	<b>\$2,354,708</b>
<b>Projected gross savings:</b>	<b>\$131,060</b>	<b>\$213,588</b>	<b>\$302,933</b>	<b>\$399,553</b>	<b>\$503,930</b>
<b>Projected clinic cost (net tax savings):</b>	<b>\$183,744</b>	<b>\$190,175</b>	<b>\$196,831</b>	<b>\$203,720</b>	<b>\$210,850</b>
<b>Projected net savings:</b>	<b>-\$52,684</b>	<b>\$23,412</b>	<b>\$106,102</b>	<b>\$195,832</b>	<b>\$293,080</b>

# Sensitivity – Clinic Utilization

Assumed Utilization (Employee / Spouse / Children)	Year 1		Year 2		Year 3	
	Net Savings (\$)	ROI (%)	Savings (\$)	ROI (%)	Savings (\$)	ROI (%)
<i>Shared Clinic Access</i>						
Low - 65% / 40% / 15%	-\$74,038	-41%	-\$12,545	-7%	\$54,331	28%
Base - 75% / 50% / 25%	-\$52,684	-29%	\$23,412	12%	\$106,102	54%
High - 85% / 60% / 35%	-\$31,330	-17%	\$59,370	31%	\$157,873	79%

# Member Out of Pocket Savings

Estimated Member Savings	Year 1	Year 2	Year 3
<b><i>Clinic Visits</i></b>			
Number of Visits	675	705	735
Savings per Visit	\$30.00	\$30.00	\$30.00
Total Savings	\$20,250	\$21,150	\$22,050
<b><i>Generic Drugs</i></b>			
Number of Drugs Dispensed	355	371	387
Savings per Dispense	\$10.00	\$10.00	\$10.00
Total Savings	\$3,552	\$3,710	\$3,868
<b>Total Estimated Member Savings</b>	<b>\$23,802</b>	<b>\$24,860</b>	<b>\$25,918</b>