



# SUCCESS STORY

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## Out of the box thinking pays off for employer

Affiliated Foods Midwest (AFM) in Norfolk, NE is a Member-Owned cooperative providing independent grocers with a full range of foods, supermarket supplies and services throughout the Midwest. Like many other companies that are self-funded for healthcare benefits, AFM was looking for proactive ideas to help lower overall healthcare expenses. Since AFM was the de facto payor for employee healthcare expenses, it seemed crazy not to know the price of any services the employees might use until they received the invoice. The challenge was to find options that give more control over the money they were spending without sacrificing their commitment to provide high quality healthcare benefits to their employees.

“We knew it was important to be innovative and provide solutions for quality care and benefits to our employees and their families under our healthcare plan,” said Martin Arter, President/CEO of AFM.

So the search was on to find innovative, more affordable and manageable healthcare benefit options. Surprisingly, the search eventually led Arter and staff away from traditional health insurance offerings and toward looking at more “free market” approaches. One company that hit their radar was literally right up the street from them.

AET LLC is also a Norfolk, NE based company known for integrating technology with healthcare delivery to create new models of care. They began discussions with AET in late 2014 with the goal of developing “free market” options that would provide high quality care, transparent pricing and cost savings. Achieving these goals would also facilitate more accurate planning and cash allocation.

In 2015, AFM began a partnership with AET LLC and agreed to pilot a trio of services, outside of traditional health insurance. Services included: 24/7 virtual medical visits, bundled surgical and medical services, and lower cost urgent care clinic visits. The promise from AET was that these employer sponsored (and paid for) benefits could be offered at no cost to their employees and still result in substantial savings on their healthcare spend.

The first service to kick off and show results was Virtual Visits. A Virtual Visit is live, online medical consultation with a licensed healthcare provider through video. The service is offered to employees through the AET video/data sharing platform called the CPI Exchange. Employees were automatically enrolled and AFM worked with AET to train employees and promote the service. Once the service was implemented, AET launched an ongoing employee engagement campaign to make sure the service became “top of mind” if an employee needed care.

Bill McGuire, AFM’s Assistant General Manager added: “In addition to more affordable options, our busy employees enjoy the anytime virtual medical visits that allows them to connect with an expert medical care provider from anywhere due to AET’s innovative technology platform.”

During the pilot year, an average of 240 employees and their dependents were enrolled in the virtual visits program. AET providers conducted 153 online visits involving conditions ranging from asthma to rashes. Of the 153 visits, 121 were resolved successfully with the online visit. There were also 42 prescriptions written through the service.

Based on customer satisfaction surveys completed after each visit, 99% of the employees were completely satisfied with the service. It was also discovered that 95% of the employees would have gone to their primary care doctor or an urgent care center if the virtual visit service was not available. This resulted in an estimated productivity savings of 367 hours by employees not having to take time away from work for an in-office visit. It also resulted in \$7,830 savings in wages that would have been lost to employees taking work time to visit a doctor. By avoiding the cost of in-office visits, it was also estimated that AFM saved \$18,125 in direct payments for office visits through traditional, PPO charges.

The second service to show results was the lower cost urgent care. AET partnered with a local urgent care clinic on behalf of AFM, to provide office visits, on a direct pay model, at a significant discount. AFM provided each employee up to four visits per year, per family and waived the traditional co-pay and deductible for the visits. The visit also included significant discounts on in-house laboratory and radiology services if needed.

During the pilot year, AFM employees and family members utilized Premier Discount Services 59 times. It was estimated that the company saved approximately \$3,835 in office visits vs. paying through the traditional PPO provider contract. Additional savings were attained through the discounted laboratory and radiology services and amounted to approximately \$1,856. There was additional savings on claims processing by the TPA not figured into this.

In mid-2016, bundled surgical and medical services were introduced to employees. Bundled services combine all the fees for the surgeon, anesthesiologist and facility in one, discounted, direct pay price. If appropriate, radiology, physical therapy and DME can also be included in the price. AET partnered with independent surgery centers and other healthcare facilities in the region to develop a “cost-based” pricing structure that eliminates the hidden costs and red tape of insurance and governmental intervention. The pricing is provided upfront and ahead of the surgery so there are no hidden costs, charges or surprises. For most surgeries or procedures, AFM waived the traditional deductible and co-pay resulting in no out-of-

pocket cost for the employee. The benefit to the providers was payment of the entire invoice with 14 days abolishing the extra staff and time-frame needed to collect from patients and insurance carriers.

The first bundled service case was with a single mother who needed carpal tunnel release surgery. If she would have chosen to go through the regular health insurance plan, the cost would have been \$5,800. This cost included the pre-surgery physical, the surgeon fee, the anesthesia fee, the facility fee and the physical therapy fee. The employee would have paid \$1,640 of the cost with AFM paying the balance of \$4,160. By utilizing the bundled services option and having the surgery done by one of AET's partner facilities, the cost was \$3,480 (A 40% difference in total cost for the procedure). The cost included the same pre-surgery physical, the surgeon fee, the anesthesia fee, the facility fee and virtual physical therapy fee. Being able to utilize physical therapy virtually, the employee spent zero time off the job (this was scheduled during break times) for physical therapy than she would have if it had been done through the typical in person method. Three subsequent bundled services surgeries produced similar results. Meaningful savings were achieved by both the employees and the employer. The employees were very satisfied and the employer was very satisfied. Bundled Medical Services demonstrated that the direct pay model works for self-insured employers and their employees.

"This new method of direct patient-to-doctor healthcare access is an educational process because unfortunately, patients have become accustomed to red-tape, paperwork, and access restrictions that will be eliminated by this new AET partnership. Transparency is key in knowing what your true costs are and having the ability to share that and help control co-pays and family and single health plans for our associates puts more power into the hands of our cooperative. We are not only able to guard against the soaring inflation of insurance and rising medical care costs, but to provide quality health options to all." Mr. Martin Arter, CEO, Affiliated Foods Midwest

The combination of the three services met AFM's goals of providing high quality healthcare options, knowing what the costs were going to be upfront and saving money for both the employees and the company.