



ValidationInstitute

2021 Validation Report

Review for: Employer Direct Healthcare® SurgeryPlus®

Validation Achieved: Level 1 - Savings

Valid through: August 2022



Company Profile



Category:	Special Savings
Website:	http://www.edhc.com
Year Established:	2011
Public or Private:	Private
CEO:	John Zutter
Company contact:	(855) 200-2099

Description:

Headquartered in Dallas, Texas, Employer Direct Healthcare® (EDH) is an innovative healthcare services company that provides self-insured employers the SurgeryPlus® benefit, the largest independent COE solution in the marketplace. In 2022, the company will also begin offering the industry-first end-to-end oncology solution, including second opinion, diagnosis confirmation, treatment planning, care guidance and NCI-driven COE services.





Company Profile



SurgeryPlus® is a supplemental surgery benefit that transforms the way employers support their plan participants access to planned medical procedures, with a focus on driving superior outcomes, a better member experience and fair pricing. SurgeryPlus® has pre-negotiated bundled rates for thousands of non-emergent surgical procedures with top-quality providers, which brings significant savings for both employers and their employees. With this benefit, members have access to full-service healthcare concierge services and an exclusive national network of 100% board certified physicians representing numerous specialties, including orthopedics, sports medicine, spine, general surgery, gastroenterology, women's health/GYN, bariatrics, ear, nose and throat (ENT), cardiac and more.



Claim Assertion for Validation

The SurgeryPlus® package price for the procedures listed below range from 100% to 140% of Medicare-applicable rates, at a locality-specific and code-specific basis prices (as published by CMS).

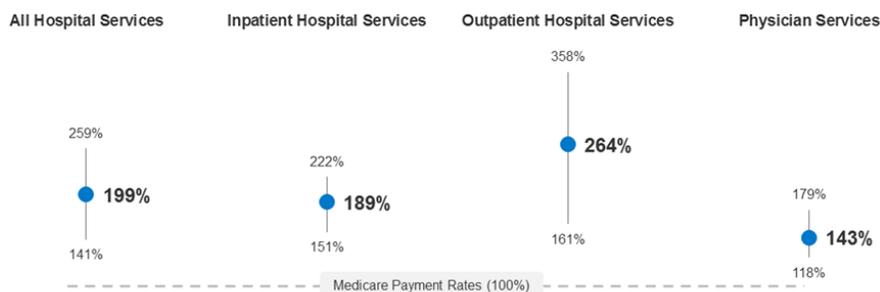
By contrast, commercial payment for surgical procedures are typically higher than Medicare. For example, a recent study conducted by Johns Hopkins and published in the Journal of American Academy of Orthopaedic Surgeons (“JAAOS”) found that commercial payments for professional fees (e.g., surgeon fees) for orthopedic surgeries were 233% of Medicare rates, on average. (Wang, Margalit, Thakkar, Hsu, & al, 2021) On average employers pay 264% of Medicare rates on outpatient hospital claims and 189% on inpatient hospital claims,. (Lopez, Neuman, Jacobson, & Levitt, 2020) Thus, for the majority of employers, SurgeryPlus® prices are significantly lower than what most employers are otherwise paying.

Note: this analysis does not address whether an employer’s volume of surgeries changed as a result of offering SurgeryPlus®.

ES Figure 1

Private Payment Rates Are Higher Than Medicare Rates for Hospital and Physician Services

● Average Private Insurance Rates as a Percentage of Medicare Rates, Across Studies Using 2010-2017 Data



SOURCE: KFF analysis of 19 published studies comparing private insurance and Medicare payments to providers. Because some studies analyze payments to providers in multiple service categories, the number of studies across all categories is greater than 19.



Method / Calculation / Examples

SurgeryPlus® prices for the procedures listed below were compared to Medicare rates (source: CMS.gov) as of October 2021.

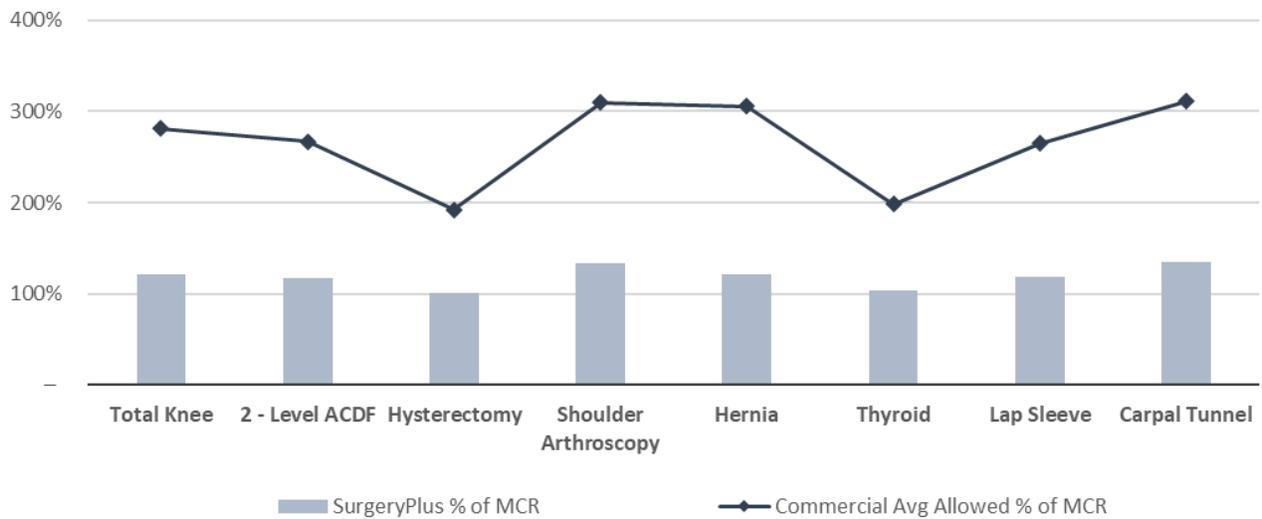
- Total Knee Replacement
- Two-level Anterior Cervical Disc Fusion
- Hysterectomy
- Shoulder Arthroscopy
- Hernia
- Thyroid
- Lap Sleeve
- Carpal Tunnel

In addition, SurgeryPlus® prices were compared to the average allowed amount from commercial payers in the 24-month period ending June 30th, 2021, The data for commercial payers came from a data base with 10.6 million lives and at least 10,000 of each procedure except for thyroid and lap sleeve, which had 5,000 procedures.



Findings & Validation

Graph 1 below shows SurgeryPlus® price and the average allowed amount by commercial payers; both are shown as a percent of Medicare rates.



Graph 1



Limitations

This analysis focused on the most common surgeries. Other SurgeryPlus® prices may or may not be similarly comparable to Medicare or average commercial allowed amounts.

Further, value realized through the SurgeryPlus® program is dependent on utilization. While we were able to validate the pricing associated with SurgeryPlus®'s contract rates, we did not evaluate utilization strategies, such as offering patients a financial incentive to use the program. This analysis does not address whether an employer's or plan's spending for surgery changed as a result of offering SurgeryPlus®.

Works Cited

Lopez, E., Neuman, T., Jacobson, G., & Levitt, L. (2020). How Much More Than Medicare Do Private Insurers Pay? A Review of the Literature. Kaiser Family Foundation Issue Brief .

Wang, K. Y., Margalit, A., Thakkar, S. C., Hsu, N. N., & al, e. (2021). Reimbursement for Orthopaedic Surgeries in Commercial and Public Payors: A Race to the Bottom. The Journal of the American Academy of Orthopaedic Surgeons.



Validation and Credibility Guarantee

Employer Direct Healthcare® SurgeryPlus® achieved level 1 validation for Savings. Validation Institute is willing to provide up to a \$25,000 guarantee as part of their Credibility Guarantee Program. To learn more, visit <https://validationinstitute.com/credibility-guarantee/>.

Level 1 – Savings

Can reduce health care spending per case/participant or for the plan/purchaser overall.

Level 2 – Outcomes

Product/solution has measurably moved the needle on an outcome (risk, hba1c, events, employee retention, etc.) of importance.

Level 3 – Metrics

Credible sources and valid assumptions create a reasonable estimate of a program's impact.

Level 4 - Contractual Integrity

Vendor is willing to put a part of their fees "at risk" as a guarantee.





Validation Expiration: August 2022

CERTIFICATE OF VALIDATION

Applicant: **Employer Direct Healthcare®**
2100 Ross Avenue, Suite 550, Dallas, TX 75201, US

Product: SurgeryPlus®

Claim: For the majority of employers, SurgeryPlus® prices are significantly lower than what they are otherwise paying.

Validation Achieved: **Level 1 - Validated for Savings**

Validation Award Date: December 2021

Linda Riddell
VP, Population Health Scientist
Validation Institute

Benny DiCecca
Chief Executive Officer
Validation Institute



About Validation Institute

Validation Institute is a professional community that advocates for organizations and approaches that deliver better health value - stronger health outcomes at lower cost. We connect, train, and certify health care purchasers, and we validate and connect providers delivering superior results. Founded in 2014, the mission of the organization has consistently been to help provide transparency to buyers of health care.