

MCSIG Saves More Than \$3.1 Million on Surgery Costs

The Challenges

Home to the Municipalities Colleges Schools Insurance Group (MCSIG), Monterey County boasts breathtaking vistas – Bixby Bridge, Fisherman’s Wharf, the High Peaks, McWay Falls and more. But the view from where MCSIG Executive Director Mike Larsen sat in 2012 was an eye sore.

“We saw healthcare costs in Monterey County that were 40 to 80 percent more than was customary, and 20 to 30 percent higher even than in Los Angeles and San Francisco,” recalls Larsen. “As a public entity, higher benefit costs meant lower salaries for our employees.”

As concerning as costs were, Larsen primarily wanted to ensure consistently high-quality care for MCSIG members.



- Government and school district insurance group
- 3,800 employees in California
- Average age: Female 48, Male 44
- Average household income: \$68,000

The Solution

MCSIG contracted for BridgeHealth’s surgery benefit program. BridgeHealth negotiates with centers of excellence – the nation’s top-performing surgical teams, according to independent, national rankings – for episode-of-care case rates. BridgeHealth bundles the charges for each of the most common surgeries into a single discounted price.

“We worked with BridgeHealth to add the best local facilities to the network, and this convenience drove a tenfold increase in surgeries by our members through BridgeHealth instead of through our PPO health plan,” Larsen says.

MCSIG also incented employees by waiving deductibles and coinsurance, paying for travel and accommodations, and offering a shared savings rebate.

Top-Quality Care Prevents \$2.4 Million in Additional Costs

The Benefits

2015 RESULTS	
COMPLETED SURGERIES	75
TOTAL SAVINGS	\$1,200,000
ROI	12.68

From 2013 to 2016, BridgeHealth’s bundled, discounted pricing saved MCSIG \$3.1 million in surgical costs. In 2015 alone, MCSIG saved \$1.2 million, and high-quality surgical care helped them avoid an additional \$2.4 million in healthcare spend. While not one member experienced postoperative complications from 75 surgeries through BridgeHealth that year, eight members endured infections, readmissions or other complications from the 20 procedures delivered through MCSIG’s broad-network PPO plan, resulting in \$650,000 in additional costs.

MCSIG avoided other costs, as well. Prolonged recovery following surgery brings the plan sponsor additional costs related to disability, loss of productivity, contract labor, recruitment, absenteeism and presenteeism. Also, postoperative complications can affect a patient’s quality of life, and even bring on bouts of depression, which can further add to a patient’s care needs and costs.

“Our members pay nothing for their care through BridgeHealth; often, they even make money from the rebate we provide,” notes Larsen. “Most importantly, MCSIG members receive the very best care from the centers of excellence in BridgeHealth’s innovative program.”

COMPLETED SURGERY SAMPLE				
PROCEDURE AREA	PROCEDURE TYPE	REGIONAL AVERAGE*	TOTAL COST**	SAVINGS
GENERAL	LAPAROSCOPIC GALL BLADDER REMOVAL	\$19,612	\$13,575	\$6,037
ORTHOPEDIC	ACL REPAIR	\$30,089	\$13,937	\$16,152
WOMEN'S HEALTH	HYSTERECTOMY	\$28,193	\$15,965	\$12,228
ORTHOPEDIC	KNEE REPLACEMENT	\$44,128	\$23,350	\$20,778
ORTHOPEDIC	HIP REPLACEMENT	\$66,161	\$28,375	\$37,786
SPINE & NEUROLOGICAL	SPINAL FUSION - CERVICAL	\$62,837	\$36,138	\$26,700

* Regional case rate averages based on the Salinas, California MSA.

** Includes BridgeHealth case rate and other costs that may include service and access fees, meals and incidentals expenses, transportation and lodging expenses, and incentives. Not every case will require travel.

Contact BridgeHealth to learn how you can have higher quality surgical benefits without higher cost.