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## HEALTH

### How Imagine360 in Wayne is helping companies save money on employee health coverage

Chapman Auto Group has been a customer for five years and says it saves 20% a year over traditional health insurance.

By Harold Brubaker

**T**he rising cost of health coverage is a relentless fact of life for most companies that offer insurance to their employees. This year the average increase for mid-size companies was 7.8%, according to Mercer, a national benefits firm.

There is no sign of relief, either, as the full impact of higher health-care wages and supply costs has yet to work its way into insurance rates that employers pay on behalf of their staffs, Mercer said.

When Anthony Tigano, chief financial officer of Chapman Auto Group, sees those numbers, and what might be coming, he's glad the Philadelphia-area auto dealer has a relatively new and unusual way to offer health benefits to hundreds of employees at its seven locations from Lancaster County to the Jersey Shore.

Instead of using Independence Blue Cross, Aetna, or another traditional insurer, Chapman relies on a company based in Wayne called Imagine360 and saves about 20% a year on health coverage.

What used to be a \$3 million health-care tab — split equally between the company and employees — now costs \$2.4 million, Tigano said. He said Chapman passes the savings on to employees.

“Before this we were continuously increasing deductibles, on



Chapman Auto Group takes an unusual approach to providing health insurance for its 550 employees, including Mark Walton, a master technician at Chapman Nissan in Philadelphia. Chapman uses Imagine360, a Wayne company that helps self-insured employers get better prices under an exclusive contract with the University of Pennsylvania Health System. TOM GRALISH/STAFF PHOTOGRAPHER

prescriptions, doctors' visits, hospitals,” Tigano said. Since switching to Imagine360 in 2018, “we've been lowering them.”

#### The Imagine360 model

Imagine360 CEO Jeff Bak said the privately-owned company dif-

fers from traditional insurance plans, which historically have competed to have the largest networks of hospitals and doctors.

“That's great for the HR team because you can stand in front of your employees and say, ‘Look, you can go see anybody anywhere,’ but it's

not terribly cost efficient because what you're reimbursing those hospitals is pretty high," Bak said.

Instead, Imagine360 has a contract with one health-care system in each of the 20 markets where it has business. In the Philadelphia region, it's with the University of Pennsylvania Health System, which has six acute-care hospitals stretching from Lancaster to New Jersey north of Princeton.

Bak said the exclusive contract means it gets better rates for its clients, who are self-insured, which means they pay bills directly rather than doing it through insurance premiums.

Having a contract with one system also means that the 25,000 employees and their dependents at around 200 Imagine360 employers are steered toward Penn doctors and facilities. Chapman employees, including Mark Walton, a master technician at Chapman Nissan in Southwest Philadelphia, have lower co-pays if they use Penn doctors.

Chapman employs 550 people and has about 300 of them on the health plan, Tigano said.

If an employee goes elsewhere, Imagine360's plan doesn't simply accept whatever the provider decides to charge.

"We pick what we think is a fair and reasonable amount of reimbursement. We use Medicare as a starting point. We look at what Medicare pays a hospital for services. We give a 20% bump on top of that," Bak said.

Tigano said that health systems rarely balk at Medicare plus 20%. That's when Imagine360 steps in to work something out. Employees don't get stuck with the bill, he said.

### What's in it for Penn

Penn likes the arrangement, which started in 2018 with Imagine360's predecessor company, ELAP Services Inc., said Roy Schwartz, the health system's vice president for payer strategy.

ELAP was a pioneer in what

is called referenced-based pricing. That means commercial health plans use a base price, usually Medicare, and tack on a set percentage.

By contrast, Imagine360's rates with Penn are negotiated.

"There is no ambiguity about what we get paid, and we get to work together with the plan to determine what a fair and reasonable market rate ought to be, instead of having the plan set that rate unilaterally," Schwartz said in an email.

Because beneficiaries of Imagine360 plans are more likely to stay within the Penn system, Penn providers are able to maintain a comprehensive view of the patients. "This often results in superior clinical outcomes and patient satisfaction," he said.

Penn has a similar arrangement with a smaller organization called Homestead Smart Health Plans, which is based in Philadelphia, Schwartz said.

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