

Jobsite Health Clinics Open Door To Savings

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Workplace health clinics, once not much more than a sparsely appointed room with a gigantic first-aid kit, are transforming to become a key component in the fight by employers to contain healthcare costs and improve employee well-being.

Onsite clinics can also be found at schools and office buildings. They vary in size and staffing, depending on the employer's needs and wants. The typical employer putting in an onsite clinic is self-insured and has more than 200 employees in one geographic location, according to Ernie Clevenger, president and a founder of CareHere, a five-year-old Brentwood, Tenn., company operating onsite clinics that provide primary medical care, occupational health services and comprehensive laboratory diagnostics at more than 80 locations nationwide.

Hewitt Associates recently surveyed 248 large and mid-sized companies and found that 19 percent of them had worksite medical facilities and 11 percent offered worksite pharmacy services. They reported that 25 percent of employees used the clinics and half used the pharmacies. Of the employers sponsoring worksite health programs, 81 percent expressed satisfaction with worksite clinics' results and 95 percent were satisfied with the pharmacies.

The number one reason employers are adding the clinics is to save money, especially by blunting the trend of year-to-year cost increases. "In our experience we can cut the trend in half. If the self-funded trend is growing at 11 percent, our clients have experienced 5 percent or less and two went down," Clevenger said.

Since many large companies are self-funded, any savings that are achieved usually go back to the company. But if a company is fully insured, the savings typically do not go to the company; they go to the insurer. While it is possible that over time rates for the fully insured company will reflect the lower claim costs but typically the insurer does not pass 100 percent of the savings back to the fully insured company.

A Different Business Model

In the past, onsite clinics' primary focus was to get workers back on the job quickly after a workplace accident or injury. More recently, though, employers have come to realize that the greatest amount of avoidable healthcare spending comes from employees with chronic conditions.

Cal Doty, director of human resources for DTR Tennessee, an automotive supplier with a plant in Midway that employs 900 people and a Tazewell plant with 400 people, sees the clinics as "a great new benefit." The Midway plant became a CareHere client in 2006 and Tazewell in 2007. The company is self-insured with BlueCross BlueShield of Tennessee. The clinics were put in with several cost containment goals in mind: encouraging and providing health risk assessments (HRA) and preventive care, having the provider spend time with each patient to explain health improvement and wellness activities and lower prescription costs for the company.

All family members are covered under the DTR's CareHere operations, which provide general primary care including on-site prescriptions (antibiotics, maintenance medications, stomach care and allergy medications), routine gynecological care and lab work. Services are paid for by the company along with one health risk assessment per year that is funded through administrative charges.

"There was some fear from associates that we would be monitoring their health issues, but we stressed the fact that CareHere was the owner and manager of the clinic for DTR," Doty said. About 65 percent of the employees and their family members have used the two DTR clinics.

The company pays an administration fee to CareHere to run the clinic, schedule appointments, provide computer support and provide the yearly HRA. The costs for the providers and all supplies are paid by DTR. CareHere has contracts with lab services and a pharmacy provider to help control costs.

DTR built the clinics which are prefab (modular) buildings erected at the plant sites. Per clinic, the buildings each cost approximately \$50,000 and the equipment about \$5,000.

The company has encouraged smoking cessation and healthier living alternatives. After an HRA is done, nurses with CareHere contact employees to discuss healthy behaviors. They also encourage all employees to schedule an appointment with the onsite provider to discuss the assessment's findings and the wellness activities they can undertake to improve outcomes.

The company has seen a major payoff from lower healthcare cost trends since the clinics opened. In 2006, costs rose only 3 percent; in 2007, they actually fell by 2 percent. In 2008 (through November), costs are up 10 percent. Doty said the numbers are in comparison to an 8 percent to 10 percent forecast trend per year.

"The most important issue is finding a provider who will spend time with people and help them to better understand their health and actions they can take to improve their overall health," said Doty.

Municipal Connection

Along with private businesses, onsite clinic vendors such as CareHere have city and county clients for which they can perform many services such as pre-employment physicals, random drug testing of employees, EKGs, auditory testing and preliminary first aid.

After about six months of the company providing primary care to Chattanooga employees, city officials asked CareHere to take over occupational care. The city had been spending \$1.2 million to \$1.3 million. "First year, that was down to \$700,000; the second year, to \$600,000. So they saved about \$1.5 million in two years," said Clevenger.

There were several reasons why Rutherford County, in middle Tennessee, decided to open clinics for its employees in 2004. "The goal was to help with medical costs, to try to keep costs down, to provide an additional [benefit] for the employees and to contribute to productivity," said Lois Miller, insurance director for the county where five clinics operated by CareHere serve 4,600 employees and their dependents, along with 400 retirees with an array of primary-care and other types of services.

Miller cites the clinics' convenience factor, which improves access to care and avoids lost time on the job. "Teachers only have their planning period during the day so it is especially difficult for them to get away and have a doctor appointment. So if we have a clinic nearby that runs on a timely basis, which these do for the most part, then they can go and be back during their planning period," Miller explained. "Benefits will come immediately. You definitely get the productivity benefit immediately. It will take a while for you to figure out what your medical cost benefits are. But it is an employee satisfier—huge, right out of the gate."

Wellness and disease management programs are among the primary functions of the clinics in Rutherford County, which offer special weight loss and tobacco cessation courses. So far, the offerings have proven to be well-received and very effective, according to Miller. The health risk assessments have garnered good participation and have identified health risks before they've become serious health problems.

This confirms observations from Hotz. "There's a pretty solid body of research to show that the most important money an employer can spend is keeping healthy people healthy. So the first buckets of issues we concern ourselves with are nutrition, obesity, weight management and exercise. The second bucket is helping those with chronic issues manage those issues," he said.

The Cost Structure

Rutherford County employees have not been paying to use the onsite clinic services, but beginning in January the 250 persons with high-deductible plans will have a copay for non-preventive services. "There is no effect on premiums, copays, etc. that is measurable. We are self-funded, so I set the employees' rates based on the experience of the plan. The costs of the CareHere clinics are included in the experience of the plan," Miller said.

The county pays a per-employee-per-month rate as well as a direct pass-through of doctors' time, supplies, drugs, case management, disease management and, wellness. Last year, the county's average cost per-employee visit was \$103 after a full year of experience. Beginning with the July fiscal year in 2008, the county's average cost per visit is about \$80, Miller said.

"This method is fully transparent. Our clients know exactly what we pay for a lab or for drug testing," said Clevenger. "When the cost of the procedure is exactly what we've paid and that is what we charge the client, then we have aligned our objectives in sync with those of the client."

The system is transparent with employers receiving regular reports that detail spending. The expense of the clinic is not additional cost but merely a transfer of existing costs, Clevenger said, so if 50 percent of doctor office visits move from traditional settings to onsite clinic, money will be saved. "Projected savings and costs are shared with clients and when the costs come down the client no longer sees this as an additional cost," he said. "The trend decreases after you factor in all costs."

Every CareHere clinic has a pharmacy with about 190 meds in all seven therapeutic classes (although no controlled substances are included). "Those meds have been brought in because we can buy them at less than the plan can. Our financial analysis to determine which medications to stock onsite ignores co-pays and ignores PBM discounts," said Clevenger. Even generics can be bought by CareHere for as little as 80 cents, and that price is passed through to the employees. "We make no money on the pharma. Our thinking is that for the physician time, lab test, medications these are all flow-throughs at cost. We do not mark up any of these."

Collaborator Or Competitor?

Because the clinics remain largely the province of large, self-insuring companies, health plans have had limited interaction with them. A health center can be administered as a stand-alone benefit, or integrated into an existing company health plan administration through a TPA or an ASO arrangement. Some managed care companies agree to waive or reduce copays when workers visit the company clinic. The model also fits in well with employers that have adopted high-deductible health plans with medical spending accounts for employees.

In a fully insured environment, the arrangement might be more competitive, though, since the more efficient the worksite clinic becomes at managing the health of the members, the less it might need the disease management services of a health plan. The number of fully insured companies that open clinics remains small, but Take Care foresees growth in that segment as well.

Insurers, Hotz said, could find value in treating the onsite clinic almost as another primary-care provider in their networks, one that is highly efficient thanks to its direct contact and unique familiarity with the patient group.

There might be longer term and more significant effects from onsite clinics in that they could morph into a person's medical home. "If you look at the concept of medical home, it says do a better job of coordinating care. I think we are in as good a position as anyone to help improve care," Clevenger said. To begin with, he said, the company staffs the clinics by recruiting doctors and nurses from the local area. They are then paid an average of \$90 per hour compared to the average of \$75 an hour outside the clinics. The doctors and nurses usually see just three patients per hour compared to the industry average of six.

CareHere uses electronic medical records and encourages patients to have the information shared with their other doctors, noting that women typically keep their regular OB/GYN and children continue to go to their regular

pediatricians. “But these silos are beginning to break down with better integration across providers for the benefit of the patient,” said Clevenger.

Advice

The Rutherford County clinics are essentially free for employees and it is estimated that approximately 55 percent to 60 percent or more of the eligible employees have used them. “I think because of they are free, there might be a tendency to over-utilize,” said Miller, who has had previous experience as an insurance underwriter. “The appointments are almost always taken. While the service is extremely valuable, I think the fact that it is free causes people to not even think twice [about going]. I would recommend you put in a minimal copayment. Not enough to deter necessary services but enough to make people ask themselves if they need the visit; even if it is only \$5. Then, if you ever need to charge more it is easier to go from that than starting at zero.”

In the case of serving a large geographic area like Rutherford County, it helps to have clinics strategically placed in county and have them open at varying hours. Since employees can make appointments online, they can see which sites are available.

OUTLOOK: Worksite health clinics appear to be the next big thing, with clearly evident benefits and high satisfaction among employers and their workers. Their presence will increase, and insurers will have to figure out how to treat them. Vendors of clinics already appear to be positioning themselves as network providers, and are likely doing so to take advantage of coming healthcare reforms that may reduce barriers to their use. A worksite clinic’s intimate understanding of an employer group suggests it will rank as a high-efficiency provider, and insurers should anticipate having to reimburse them at their highest rates.