On-Site Employee Health Centers

A Competitive Advantage in the New World of Employee Health

By Tony Brice and Eric Parmenter

The greatest seismic shift in employer-sponsored health benefits, since tax-exemption in the mid-1950s, will hit American workers in the next five years. According to an Oliver Wyman Report, nearly 40 million individuals will receive health insurance through private exchanges by 2018 – more than on all of the government-sponsored public exchanges combined.[1] Furthermore, large hospital/health systems will enter the market to provide local metallic health plans (bronze, silver, gold, and platinum) directly to individuals through public and private exchanges, built upon new population health models, such as Accountable Care Organizations (ACOs) and Patient-Centered Medical Homes (PCMHs).

While the way that health benefits are purchased will certainly shift, the fact remains that the value of a healthy and productive workforce will always be a competitive advantage for employers. Many mid-size to large employers are looking to their local hospital/health systems to build on-site or near-site health centers to improve the health and productivity or their workforce, to lower the cost of worker's compensation payments, to reduce the cost of short and long-term disability benefits, and to lower absenteeism and presenteeism. The popularity of on-site and near-site services is growing despite the fact that some employers may discontinue direct sponsorship of health benefit plans. After all, according to the Integrated Benefits Institute (IBI), only 48 percent of the cost of poor health shows up in the employee health plan.

Prevalence and Objectives of On-Site and Near-Site Health Centers

According to a Towers Watson survey of 600 employers with more than 1,000 employees, approximately 23 percent offer on-site clinics and approximately 12 percent planned to open a clinic in 2012.[3] The growth in interest in on-site and near-site health centers is being spurred on by the Affordable Care Act (ACA), which promises to reduce the number of uninsured patients dramatically through the introduction of exchanges, guaranteed issue coverage, subsidies, and expansion of Medicaid, which in turn, may limit access to primary care for their employees and lead to worse care and additional time away from work.

A 2010 study funded by the Robert Wood Johnson Foundation explains, "By far the strongest motivation for implementing workplace clinics is to contain direct medical costs. In the short term, exerting greater control over direct costs, such as specialist visits, non-generic prescriptions, emergency room (ER) visits and avoidable hospitalizations, is a key employer objective." To achieve greater savings, employers are often providing spouses and dependent children access to the clinics, at little or no cost to the employee.[4]

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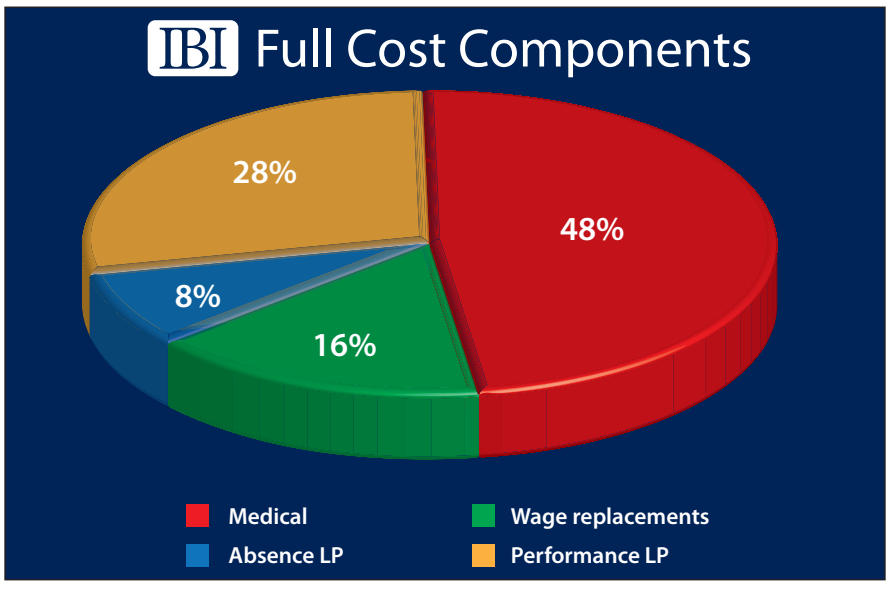

Figure 1: The Cost of Poor Health[2]

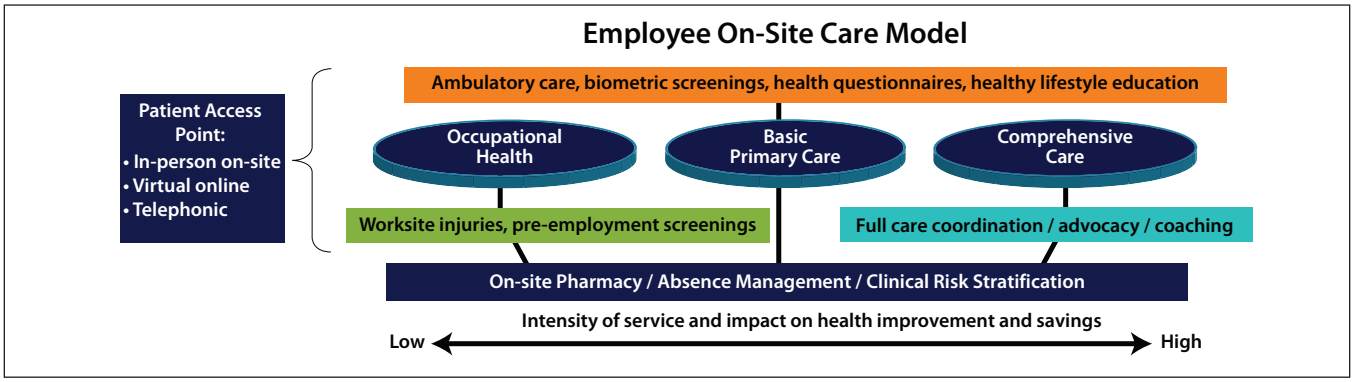

Figure 2: Employee On-Site Clinic Model

Several studies elaborate on the advantages of on-site health centers to reduce the cost of services delivered by a Nurse Practitioner or Primary Care Physician (PCP). In 2014, employers will begin to consider new options from public and private insurance exchanges. In order to cost-justify sponsorship of a self-funded employer sponsored medical plan, or even if the employer accesses an exchange strategy, they must change from being facilitators of administrative benefit transactions to become facilitators of health care transformation. Thus, employers have embraced population health improvement as their primary human resource objective. "The on-site clinic is a catalyst that allows all other programming to 'work better' and to be more coordinated and internally complementary."[5]

A. Michael LePenna suggests that employers ask themselves five questions during the planning and development of an on-site or near-site health center. Is the organization committed to delivering the following through the on-site facility?

1. **Use of a Primary Care model**
2. **Integration of all aspects of health care**
3. **Population health improvement**
4. **A benefit plan design that complements the on-site clinic**
5. **Value-based contracting.**[6]

Employee Health Center Models

According to Alicia Daugherty of the Advisory Board Company, a health care industry consultancy, organizations need a critical mass of 800 to 1,000 employees at an employer location to sustain a clinic with a full-time nurse practitioner, and a PCP visiting two to eight hours per week. Larger employers may support a full-time PCP.

Some employers are not large enough to support an on-site health center on their own but many band together with other nearby employers to form a near-site clinic.

There are three common employee health center models[7]:

1. *Comprehensive primary care*

- Includes at least one PCP; extended hours but typically not weekends; pharmacy, rehab, vision, dental, dietetics, mental health, and part-time specialist care.

2. *Basic primary care*

- A supplement to PCP practices or some employees' primary source of care; treats minor injuries and episodic low-acuity illness; disease management and evaluation of more complex conditions
- Offers screenings, health questionnaires, and health education
- Staffed by full- or part-time nurse practitioner; PCP may visit two to eight hours per week.

3. *Occupational health model*

- Intended to treat work-related illnesses and promote health awareness and education; treats minor injuries and low-acuity illness
- Offers screenings, flu shots, health questionnaires, and health education
- Staffed by a full- or part-time nurse practitioner.

An average health center size – one housing a primary care practitioner five or six days per week and basic lab services – is about 1,800 square feet. Some health centers are as large as 17,000 square feet serving large populations and more robust services.[8]

On-site or near-site health centers also take advantage of video teleconferencing. Teleconferencing (or telemedicine) serves two purposes; (1) to provide the patient access to a physician while at the onsite facility, and/or (2) to provide access to a health care professional when they are not able to access a health care facility.

Business Purpose and Justification

Each of the three basic models noted at the left has a unique purpose, depending on the needs of the employer. Many employers find these models to be financially viable when examining the cost of services purchased versus the cost of the same services had they been purchased in the traditional health care market (cost avoidance). For many employers, the direct cost avoidance is adequate to justify the financial viability of the clinic.

A business plan for any on-site health model should be predicated on the idea that facilitation of improved health outcomes is the primary objective. Figure 1 illustrates the spectrum of onsite clinics relative to their impact on health improvement.

Measurement is critical to the health improvement process because you cannot change what you cannot measure. Operating an on-site or near-site health center without metrics and a baseline eliminates the ability to substantiate health improvement success. Risk stratification (population health analysis) is the primary method for measuring health improvement. The on-site health center, by its nature, provides more opportunities to supplement the data points captured in a population health analysis (screenings, risk assessments, acute care encounters, wellness participation, etc). "Worksite-based health screening and preventive care

programs can help to identify individuals with concerning health risks that can be mitigated or early-stage conditions responding to treatment, with avoided potential future health care costs."[9]

Conclusion

On-site clinics are not a panacea to lower health care costs, but they can be a valuable tool in improving employee health, which will, over time, impact health care utilization.

Bruce W. Sherman, MD, and Raymond J. Fabius, MD, concluded in their 2012 research for the American College of Occupational and Environmental Medicine, *Quantifying the Value of Worksite Clinic Nonoccupational Health Care Services – A Critical Analysis and Review of the Literature*, that "there is a remarkable lack of information concerning ROI in the peer-reviewed literature. Quantifying the value of worksite clinic care can be challenging" and using a "transaction-based analysis model" is outdated.[9] For example, savings produced by the reduction in the unit cost of a particular health care service fails to consider "compliance with evidence-based care, achievement of clinical outcomes, reductions in use of high-cost services, including hospitalizations, and improved workforce productivity." Nonetheless, according to a study by David Chenoweth and Judy Garrett, combined off-site costs were found to be nearly twice as high as actual on-site operational costs, which suggests that worksite clinics provide employee health care services two to three times more cost-effectively than off-site health care services.[10]

Regardless of the type of model chosen, or whether the employer continues to sponsor health benefits or exits through an exchange strategy, the role of the on-site or near-site health center is to support the broader health management strategy to gain a competitive advantage in their marketplace because it directly contributes to a healthy, engaged, and productive workforce. ■

Tony Brice is senior director of Employer Services at Evolent Health Inc.
www.linkedin.com/pub/tony-brice-cebs-gba/0/31/a87
Eric Parmenter is vice president of Employer Services at Evolent Health Inc.
www.linkedin.com/pub/eric-parmenter/0/8b0/683

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