




The Doctor Is in—

at the
Workplace

by | Anne Vollmar Moore

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Although the investment in on-site health and wellness centers is considerable, large self-funded health plans experience a number of benefits including healthier workers, more convenient preventive initiatives and workers spending less time off the job.

As they seek ways to contain rising health care costs and address impacts of health care reform, more large, self-funded plan sponsors are looking to on-site health and wellness centers as a possible solution.

According to the *16th Annual Towers Watson/National Business Group on Health 2011 Survey on Purchasing Value in Health Care*,¹ 23% of the nearly 600 large employers (all with at least 1,000 employees) surveyed offer on-site health services; approximately 12% more plan to open an on-site clinic in 2012. In addition, many that already offer on-site health centers are looking to expand their services.

“On-site health centers lower overall health care costs for employers, and employees like their convenience. It’s a model that works very well for self-funded companies,” said Tim Dickman, president of QuadMed, a provider of on-site centers. “In addition, there’s a growing shortage of primary care doctors that will become even more critical when health care reform takes effect, so we are also finding that large companies want to ensure they lock in access to them for their employees.”

Wide Range of Sizes, Staffing, Services

On-site health centers can be staffed by physicians, advanced practice nurses and/or physician assistants to provide primary care, plus medical assistants, registered nurses and office personnel. Basic lab services are offered at most clinics, and larger setups can include radiology, pharmacy, dental, fitness, physical therapy and vision.

“Including a vision center can be very popular. It’s a way to bring peo-

ple into the on-site center who might not otherwise think of using the services,” noted Gary Smithson, M.D., a senior health management consultant for Towers Watson in the firm’s Los Angeles, California office. “Some sites are also offering out-of-box services such as chiropractic care and acupuncture as a means of both addressing demands for these services and offsetting more costly community-based orthopedic services.”

An average-sized clinic—one housing a primary care practitioner five or six days a week and basic lab services—is about 1,800 square feet. Clinic size can go up significantly in correlation to extra services, however. For example, global commercial printer Quad/Graphics (parent company of Quad Med) offers seven on-site health centers in five states that range from 990 square feet to over 17,000 square feet, depending on the services offered and the size of the employee population.

Generally, an employee threshold of 1,000 is needed to warrant on-site, comprehensive primary care. However, Smithson said that number might be lower if dependents also use the clinic.

Quad/Graphics encourages employees and their dependents to use its clinics, and drives utilization by keeping copays to approximately \$7 per office visit. Employees pay significantly more if they choose to go elsewhere for care.

As a result, over 80% of Quad/Graphics employees use on-site health services through 2010.

The benefits that employers hope for from opening an on-site clinic—reduced health care costs, reduced absenteeism, increased use of preventive screenings and less use of costly emergency room and specialists—are tied to employee utilization rates. Like Quad/Graphics, many employers charge only a modest copay—well below the copay rate for using a regular health plan network provider—as an incentive to steer employees to on-site clinics.

Goals for On-Site Centers Vary

Among large employers in different industry sectors that have embraced on-site health centers, business reasons can vary.

For example, manufacturers and on-site health clinics are a natural match: They often have a high concentration of employees in one location, facilities are often located outside of urban areas where access to community care may be problematic, and the employees are often already accustomed to getting limited occupational health services on site.

On-site health centers are also gaining significant interest from the high-tech sector. “High-tech firms are less concerned about cost savings but rather want to create a convenient concierge

on-site experience that is superior to physician offices in the community—easier to schedule a desired appointment time, less waiting in the office to see the doctor, more face-to-face time with the doctor, and an environment that is modern, clean and inviting,” Smithson said. “They have a real concern for attracting and retaining talent, so they see on-site health centers as an employee satisfaction tactic.”

STIHL, Inc., a manufacturer of handheld outdoor power equipment, was hoping to achieve both cost savings and high-quality care for its employees. The company recently went through the process of determining the feasibility of an on-site center and choosing a provider partner. A new health center opening by year-end for more than 1,900 STIHL employees in Virginia Beach, Virginia offers care for immediate needs such as bronchitis, sinus infections, strep throat and fever in addition to prevention-focused activities such as annual physicals and basic lab work.

“We wanted to move to on-site health care to generate health care savings for our employees and for STIHL, provide convenient access to excellent health care, create a focal point for wellness initiatives and improve health outcomes for employees and their families,” said Stan Redwood, manager of benefit services for STIHL.

STIHL’s motivations echo those of other employers that decide to bring health care services on site. The workers have easy access to quality care while their employer often sees productivity increase as time away from the job for routine medical care can be trimmed from multiple hours down to 30 or 60 minutes. In addition, total medical expenditures can be reduced

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through the emphasis on preventive screenings and services and improved overall medical management.

Cost Savings

Briggs & Stratton launched its first on-site health center in Milwaukee in 2002 to serve approximately 1,200 employees, hoping to lower costs with primary care focused on prevention.

“Milwaukee is the headquarters for Briggs & Stratton and was the highest cost of all sites for our health care,” said Craig Reynolds, the company’s director of employee benefits. “We decided to offer an on-site health center as a means of mitigating costs by better managing care on the front end.”

Briggs & Stratton pays primary care doctors at its health center a salary, unlike most community-care models that tie earnings to production numbers. Providers are able to spend as much time as needed to focus on both the patient’s immediate health need as well as health risk identification. The on-site clinic serves as the hub for wellness initiatives such as smoking cessation and weight management as well as chronic condition management services such as a diabetic educator.

“We try to keep the well people well and the sick people compliant with an appropriate treatment regimen. That’s the core of the clinic,” said Reynolds.

Briggs & Stratton also opened a smaller on-site clinic for its 1,000 employees in Poplar Bluff, Missouri in 2003, and the company has experienced benefits from both centers.

“You can determine a direct savings by measuring the number of visits, types of visits and what it would have cost through the medical plan,” Reynolds said. “There’s a savings—no doubt about it. We reduced ER and urgent care by 50%, and our claim history has leveled off since having the on-site. We save about a half a million a year in both Milwaukee and Poplar Bluff. You can demonstrate that you have savings where you have clinics versus where you don’t.”

Primary Care With Prevention Focus

Quad/Graphics was an innovator in offering on-site primary care that centered around prevention and wellness when the company founded QuadMed in 1990 and launched its first employee clinic. Two decades of data have convinced the company that its investment has benefited both the company and its employees. Since 1990, average health care costs at Quad/Graphics have consistently been one-third lower than those of comparable companies. In addition, employees give the quality of care high marks. Following each provider

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visit, employees fill out a questionnaire ranking categories such as overall visit quality, courtesy of staff, wait time, time spent with provider and technical skills. Quad/Graphics’ employees rank their overall experience 4.8 out of 5.

Raymond Zastrow, M.D., QuadMed’s chief medical officer, credits the strong emphasis on prevention delivered through primary care provider visits as the foundation for success.

“By spending a little bit more up-front on primary care and prevention activities, we’ve demonstrated you’re able to reduce your overall costs,” said Zastrow. “We make sure to build time into each clinical encounter, so providers can reinforce prevention-related topics such as smoking cessation, cholesterol and blood pressure levels and weight issues.”

Quad/Graphics was ahead of the curve 20 years ago when it began integrating wellness activities such as preventive screenings, fitness and nutrition services at its primary care on-site health centers. Those activities have now become more common at other companies.

“There is significant value in integrating on-site primary care with other employer-sponsored health management activities such as chronic condition management, lifestyle coaching, health risk assessments and biometric screenings. Some vendors offer all the services, but in many situations, there are multiple vendors that require coordination of their

takeaways >>

- Unless dependents use an on-site center, at least 1,000 employees are needed to warrant the investment in comprehensive primary on-site care.
- On-site centers are likely to provide preventive as well as acute care and chronic condition management.
- On-site health centers are significant investments; an employer may not experience a return on the investment for several years.
- Employees need to be reassured the employer will not have access to their personal health records.

An on-site center also helps offset high community care costs by providing care more efficiently and without the costs associated with emergency room (ER) care. Those savings, along with better overall medical management, can help reduce an employer's total health care costs.

services," said Smithson. "Vendor integration isn't easy, but it helps employers and employees realize the maximum value from each component."

Improvement of Medical Management

On-site clinics can provide a *patient-centered medical home* from which a primary care doctor or other medical professional coordinates care across the health continuum—acute care, chronic care and preventive services. This model of care is intended to result in fewer dollars being spent on unnecessary care and in helping people make more informed health care decisions.

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"Employers can improve medical management with on-site centers because they are able to help shape the care provided," Smithson said. For example, if employees stop into an on-site health center for a minor issue such as a cold or sinus infection, it's expected the provider will take the time to also take their blood pressure, make sure they've had a flu shot and perform other preventive services.

"An additional value of on-site centers is to influence referrals to quality,

cost-effective community specialists and hospitals," Smithson added.

In addition to providing overall improved medical management, Smithson noted that the look and feel of an on-site clinic may also offer a better patient experience.

At Briggs & Stratton, "employees like the convenience and the ability to see the same group of providers," Reynolds said. "They like that they aren't rushed in their treatment and the whole approach of the clinic. It's a more relaxed, in-depth and homey experience."

Northwestern Mutual opened two on-site health centers in 2009 to serve the company's Wisconsin employee base of nearly 5,000 with two medical doctors, a nurse practitioner and a physician's assistant providing primary care services. While Northwestern Mutual had long offered wellness activities and a fitness center, the company found the added investment in primary care has reaped immediate rewards.

"Our employees embraced the health clinic very quickly, and surveys show that about 98% are satisfied or very satisfied. They like the providers and the convenience," said Jessie Schwade, Northwestern Mutual health benefits consultant. "The providers take time to address chronic conditions and lifestyle issues. Patients don't just walk away with a bandage on the arm. They also receive the ammunition they need to stay healthy for the long run."

On-Site Clinics a Long-Term Investment

It takes some time for a company to realize a return on what is a considerable expenditure. Even a small on-site clinic entails an investment of at least \$500,000; a large clinic with a full spectrum of services could cost more than \$2 million.

"It often takes two to three years to build utilization and to see a significant financial benefit," said Smithson.

Consultants can help companies determine the feasibility and business case for on-site health services as they relate to overall health benefits and other programs. They can also help determine scope of services, provide guidance for regulatory issues, assess and select vendors, assist with negotiating fees and performance guarantees, and monitor the performance of the on-site health vendors.

STIHL hired a consultant to help the company navigate the 12-month feasibility study process. "You have to do your homework," Redwood said. "There are a lot of players in the market, but there are just a few quality providers."

Communication Key to Employee Engagement

Just building a center doesn't guarantee employees will use it. Constant communication is important to remind employees of the center's services and benefits.

“Communicate. Communicate. Communicate. It’s central to everything,” said Reynolds, of Briggs & Stratton. “It must be varied and constant.”

Keeping lines of communication open prior to a clinic opening is particularly important to address initial concerns employees may have over confidentiality. Employees need to understand there are patient privacy regulations, such as the Health Insurance Portability and Accountability Act, that create a “firewall” between the employer and clinic operations so employers will have no access to medical records. Some states, such as California, forbid the practice of corporate medicine to ensure that on-site clinics are wholly operated and managed by a third party.


Once a clinic is open, ongoing reminders of services and benefits are important.

“We engaged our union leaders right away, but it still takes time to get rid of the notion that ‘big brother is looking under the covers,’” Reynolds said. “The employees had to see

things for themselves and they did. It was warmly embraced by the union and nonunion employees.”

To keep employees engaged, many companies also sponsor activities that are interwoven with their health centers such as open houses, giveaways, lunch-and-learns, contests and wellness fairs.

Opening an on-site health center involves considerable upfront costs and effort. However, creating a corporate culture of health can provide a strong return on investment.

“Employers are seeing significant health care cost inflation each year and are looking for a better way to control the health care delivery system,” Smithson said. “On-site centers are one way.” 

Endnote

1. *The Road Ahead: Shaping Health Care Strategy in a Post-Reform Environment, the 16th Annual Towers Watson/National Business Group on Health 2011 Survey on Purchasing Value in Health Care*, is available at www.towerswatson.com/assets/pdf/3946/TowersWatson-NBGH-2011-NA-2010-18560.pdf.