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PRACTICE PROFILE

An Employer-Directed Health Plan That Seeks To Reenergize Primary Care

PRACTICE QuadMed LLC.

WHO AND WHERE An employer-directed health plan, a subsidiary of Quad/Graphics, which is a large Wisconsin-based printing firm. Eleven workplace clinics in four states, employing forty-two full-time-equivalent providers, serve as preferred sites for members to receive primary care.

CORE INNOVATIONS Providers are salaried and receive bonuses based on clinical quality, customer service, and collegiality. Claims and pharmacy benefit data are used to monitor patient outcomes such as medication compliance and preventive screening. Premiums are reduced for members who participate in health promotion programs.

KEY RESULTS Actuarial studies indicate that Quad/Graphics' health care expenditures are 17–31 percent lower than those of similar employers in its region. Employees' participation in a health promotion program for two years or more was associated with increased physical activity; reduction in tobacco use; and reduction in cholesterol levels.

CHALLENGES It is likely that a major portion of the cost savings were produced by improved employee health, decreases in use of health care, and thorough preventive care. However, further studies are necessary to determine the relative cost-reducing role of the health plan's aggressive contracting with external providers.

In the 1980s, the rising cost and questionable quality of health care attracted the attention of Harry V. Quadracci, founder of Quad/Graphics, the largest employee-owned printer of magazines and catalogs in the world. Trying to address both cost and quality problems, Quad/Graphics created a subsidiary, QuadMed. In 1991 Harry Quadracci launched his new, company-owned health plan—initially housed in a single clinic staffed by a doctor and a nurse—with the words, “We’ll keep you well. And if you get sick, we’ll take care of that, too.”

That prevention and wellness philosophy continues to animate QuadMed, which today operates eleven clinics employing forty-two

full-time-equivalent providers—including family practitioners, internists, pediatricians, physician assistants, and nurse practitioners—as the centerpiece of a tiered health care plan serving Quad/Graphics and three other employers.

The model's success stems from two key factors. First is the tight integration of benefit design with access to data gleaned from in-house claims adjudication. Second is the focus on patient-centered, prevention-oriented primary care delivered on site. Only one health plan is offered to Quad/Graphics employees, but the plan is tiered in a way that balances cost-effectiveness with patient choice. Weekly premiums for all three tiers are the same: \$24 for a single employee, \$37 for a couple, and \$52 for a family.

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Employees Of Quad/Graphics, a large Wisconsin-based printing firm, have access to workplace employee fitness facilities and company-sponsored clinics.

Copayments and the percentage of costs covered differ by tier.

The base, or “preferred,” tier consists of the QuadMed on-site clinics and a network of high-performing specialty clinics and hospitals. About 85 percent of employees choose QuadMed clinics for their primary care and selected in-house specialty care. Copays at QuadMed clinics are \$7 for any provider visit, whether to a primary care clinician or to an in-house specialist, and may be paid by payroll deduction. A visit to a network specialist, selected from claims experience for high-quality care at the best price, is available for a copay of \$30.

Patients pay \$30 per outpatient procedure and \$400 per hospital admission as a copay at any of the twelve contracted hospitals in the preferred tier, after which 100 percent of costs are covered. There is a \$150 annual deductible for a single individual or \$300 for a family in the preferred tier; however, the deductible does not apply to any care received at the QuadMed clinics.

The middle, or “network,” tier looks like a typical preferred provider organization (PPO). Coverage is set at 75 percent after the annual deductible—\$400 for a single individual and \$800 for a family—has been met. The maximum out-of-pocket exposure for an inpatient facility fee is \$2,300. Enrollees can choose from nearly 20,000 doctors and 153 hospitals.

The third, or “non-network,” tier allows full patient choice and covers 65 percent of care expenditures, with an annual deductible of \$500 (single) and \$1,000 (family).

QuadMed Features

The QuadMed model focuses on prevention and wellness for all employees and dependents. It aligns the incentives of everyone involved in providing, receiving, and paying for care. Primary care providers are salaried; however, all can receive bonus compensation, which is calculated based on a formula that emphasizes clinical quality, customer service, and collegiality, with productivity of secondary concern. Bonuses make up around 10 percent of compensation and are awarded on an “all or none” basis.

There is no personal incentive for QuadMed-employed providers to overuse treatments, as there is in the provider-owned indemnity model. Nor is there an incentive for underuse, as in the capitation model. Through reasonable copays, unhurried and timely appointments, and wellness incentives, QuadMed patients are encouraged to seek the right care at the right time.

Ample time is allotted for each primary care visit. At least thirty minutes are allotted for episodic visits (such as care for an upper respiratory infection or minor injury), and sixty to ninety minutes for complete physicals, comprehensive visits, or complex problems. The extra time is meant to foster close relationships between patient and provider and to encourage the exploration of prevention and wellness issues. QuadMed providers routinely screen for depression, for example, and our Employee Assistance Program (EAP) is integrated into the on-site clinics and thus readily accessible. Fitness and nutritional counseling as well as physical and occupational therapy are also carried out in the clinics.

Actuarial studies performed biannually since 1998 have shown that Quad/Graphics has consistently saved 17–31 percent on overall health care expenditures, compared to similar employers in the Midwest. However, primary care services typically make up a greater percentage of total expenditures at Quad/Graphics than at similar Midwest employers. QuadMed’s costs for hospital inpatient care are 38 percent lower, and its pharmacy costs per covered life are 62 percent lower, than the national norm.

QuadMed’s integrated design allows for powerful use of administrative data. By bringing together data on patient eligibility with on-site clinic claims and pharmacy benefit data, we have the ability to measure selected outcomes of care, such as medication compliance and adherence to preventive screening protocols. Measuring these variables helps guide our programs by allowing us, for example, to identify potential high-cost claimants and intervene to encourage better compliance and attention to preventive care.

Even more powerful is the plan’s ability to

measure and manage treatment outcomes, such as blood pressure and body mass index. The data for such outcomes reside in our electronic health record, in use for nearly twelve years. In 2010 QuadMed is implementing disease registries and other robust reporting functions, drawing on data from the electronic health records.

We use our benefit design to enhance both experience and outcomes of care, targeting common chronic diseases for improved compliance. We waive copayments for selected high-impact medications, to lower barriers to patients' adhering to drug regimens. Our initial focus has been on diabetes and general preventive care.

Recent Innovation

A recent QuadMed innovation is Lean You!—an incentivized wellness program open to all employees and their spouses. It encourages physically fit and well employees to maintain good habits and at-risk employees to adopt healthier lifestyles. It also rewards employees for actively managing chronic conditions. Qualifying Lean-You! participants receive, at year's end, \$400 in cash or flexible spending plan dollars and a chance to win a free vacation. They also pay lower weekly premiums: \$2 less for tobacco users and \$11 less for nonusers.

LeanYou! has potentially benefited both participants and Quad/Graphics. In 2008, 70 percent of employees participated. Those who participated for two years or longer have shown increases in physical activity and reductions in tobacco use and low-density lipoprotein (LDL) cholesterol levels. These changes may help prevent serious and costly chronic illnesses.

QuadMed has almost twenty years of experience in the employer-directed health field, developing and testing a workplace-based model of primary care delivery with a focus on prevention. The data suggest that we are meeting Quad/Graphics' goals of reducing health care costs, while increasing employees' health and productivity. QuadMed's model draws much of its power from integrated health information technology, relying on the clinical decision support and information sharing allowed by the electronic health record.

We believe that our results can be applied more broadly. QuadMed runs clinics for three other employers in southeastern Wisconsin. Other employers, including consortia of smaller companies, have been studying the QuadMed



Quad/Graphics' Employer-Directed Health Plan, QuadMed, operates eleven workplace clinics in four states for workers and their families. Quad/Graphics' health care spending is an estimated 17–31 percent lower than that of similar employers in the region.

model. Furthermore, the language of health reform now contains phrases that capture what Harry Quadracci started in 1991—phrases such as “patient-centered medical home” and “accountable care organization.” As defined in the *New England Journal of Medicine* in 2009, such an organization is “a provider-led organization whose mission is to manage the full continuum of care and be accountable for the overall costs and quality of care for a defined population.”

QuadMed has evolved into an accountable care organization. We continue to drive toward wellness goals by incorporating incentives for risk-factor reduction into our premium structure; innovating in the area of care interaction, facilitated by information technology; and further developing lean, patient-centered primary care. ■

Some data presented here have been presented at various meetings and appear on the QuadMed Web site.