

# Best Practices

## INNOVATIVE HEALTHCARE SOLUTIONS: QUADMED



**Headquarters:** West Allis, Wisconsin  
**Industry:** Employer-sponsored healthcare provider  
**Size:** 12,000 worldwide with about 6,000 in Wisconsin  
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### BACKGROUND

QuadMed is a leader in employer-sponsored healthcare, developing and implementing innovative programs designed to decrease corporate healthcare expenditures. Its proven model for self-funded employee healthcare has achieved what many believe is unattainable: superior care for employees with significant savings.

Unlike traditional employee healthcare models, QuadMed's model is a proactive partnership that focuses on the needs of both employee and employer. It has shown that providing employees with convenient, affordable access to healthcare best

practices promotes prevention, reduces illness and injury, and helps ensure a fast, safe return to work – all while controlling costs.

Having earned national recognition as such, QuadMed offers its employer-managed healthcare options to other companies across the country.

### HISTORY AND SCOPE

QuadMed was created in 1990 as a subsidiary of commercial printer Quad/Graphics to provide an affordable, high-quality healthcare solution for thousands of Quad/Graphics employees while controlling escalating healthcare expenditures.

Starting with a small worksite healthcare clinic at Quad/Graphics' plant in Pewaukee, Wisconsin, QuadMed took the bold new approach of bringing nearly all primary healthcare services in-house – eliminating costly middlemen and burdensome paperwork, while offering convenient quality care for employees.

Today QuadMed operates five onsite or near-site clinics for Quad/Graphics – three in Southeastern Wisconsin, one in upstate New York, and one in West Virginia – as well as onsite clinics for Briggs & Stratton Corporation (in Wisconsin and Missouri) and MillerCoors LLC (in Wisconsin). In addition, QuadMed manages eleven fitness centers and nine injury rehabilitation centers.

### PROGRAM OBJECTIVES

Rather than employing reactive medicine – or the episodic treatment of the sick or injured, which ultimately elevates healthcare costs – QuadMed's model for employer-sponsored primary care clinics strives toward proactive medicine, proven to benefit the overall health of employees while driving down costs.

QuadMed providers focus on wellness and prevention, and practice evidence-based medicine. They see only two patients per hour – versus the national average of 3.5 to 4 patients per hour – allowing the review of medical/family history and more holistic treatment.

Plus, convenient, affordable access to high-quality primary care services promotes regular patient visits – encouraging employees to take greater control over their health before problems arise.

QuadMed helps employers:

- Control healthcare costs
- Offer benefits that attract and retain employees
- Improve the overall health and wellness of employees
- Give employers greater flexibility in benefit design, such as the ability to create incentives for managing costly chronic conditions
- Improve patient access

The QuadMed strategy focuses on several key elements:

- Onsite primary care and selected specialty care services, with an innovative structure using salaried medical providers who earn incentives based on quality (not the number of patients seen), and have extended face time with patients. Patient satisfaction is surveyed in the exam room immediately following the visit.
- Prevention and wellness programs, including smoking cessation aids and classes and recreational outings and leagues.
- Lean Enterprise techniques to improve the quality of patient care.
- Integration of worker's compensation into primary care services.
- Pioneering information management. QuadMed acts as a Third Party Administrator (TPA) so it can manage its own records and evaluate utilization. The company uses Ingenix EBM Connect to conduct extensive analysis of data and develop practice rules. It offers an Internet portal where lab results are posted and medication refills can be processed. It has implemented the GE Healthcare Centricity electronic medical records system to enhance quality and reduce paperwork.

### ***THE QUADMED PRIMARY CARE MODEL AT QUAD/GRAPHICS***

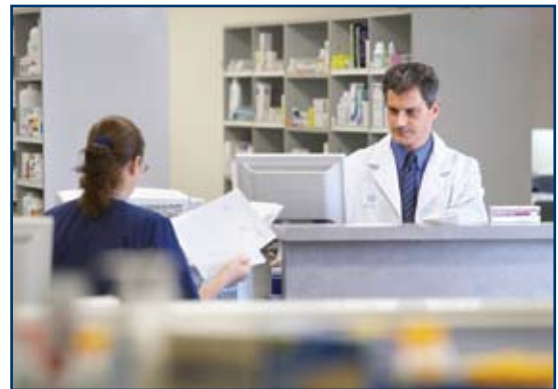
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Quad/Graphics' wellness continuum includes a value-based insurance design with narrow networks; incentives and analytics; health-risk assessments; one-on-one coaching; disease management; and onsite patient-centered medical home clinic and other services. Some elements specific to QuadMed include the following:

- Clinics. Quad/Graphics motivates employees to use the QuadMed clinics with a \$6 copay per visit with 100% percent coverage. This top level of coverage also includes low copays for select specialty providers and select hospitals. However, not wanting to limit employees' choices, the company also offers two other levels of coverage: in-network (80% coverage) and out-of-network (70% coverage).



- Pharmacy. QuadMed-owned and managed pharmacies save money. For generic and preferred medications, employees pay the greater of 25% of prescription price or \$10. For non-preferred medications, employees pay the greater of 40% of prescription price or \$10.



- Laboratory. Full-service (i.e., complex) laboratory at QuadMed's West Allis, Wisconsin, location processes standard blood and other tests for all Wisconsin QuadMed locations.
- Injury rehabilitation. Provided in-plant at most Quad/Graphics production facilities, services are free after a \$10 initial assessment.
- Fitness centers. Provided in-plant at most Quad/Graphics production facilities, use of the fitness centers is free to employees, spouses and dependents ages 16 and older, and are staffed by personal trainers.



- Employee Assistance Program (EAP) and Alcohol and Other Drug Abuse (AODA) services. Provided free onsite in QuadMed clinics and/or in-plant at Quad/Graphics production facilities.
- Dental care and vision services (with onsite frame and contact lens fulfillment). Provided onsite at two clinics.
- Lean You! health and wellness incentive program that provides monetary rewards to employees and their spouses who meet certain wellness criteria at year's end (e.g., regular exercise, normal blood pressure and blood sugar levels, etc.). In 2009, employees and their spouses are each eligible for \$400 in cash or a flex plan award. In addition, Quad/Graphics offers employees an instant \$2 per week savings on their healthcare premium just by enrolling in the Lean You! Program. And, they are eligible for an additional \$8 per week savings on their healthcare premium if they are tobacco-free.

### ***COST OUTCOMES EXAMPLE: QUADMED AT QUAD/GRAPHICS***

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Implementing the QuadMed model has resulted in significant savings for Quad/Graphics. Since 2000, Quad/Graphics has seen healthcare costs increase an average of 4.9% per year, which is significantly lower than the 10-12% other companies have seen. In 2007, Quad/Graphics' per-employee cost was \$6,700 compared with the average employee cost in the Midwest of \$10,000. QuadMed estimates lab savings at about \$1.1 million per year.

Hard savings come from paying the cost of care, not the charges for care; cutting out the middleman; better discounts through narrow provider networks; and more efficient care. Soft savings involve a focus on prevention and wellness resulting in improved productivity and attendance; and cost avoidance from the evidence-based medicine model.

When compared with industry norms, Quad/Graphics employees spend 21 percent less time in hospitals,

medical admissions per 1,000 is 7.3% lower, and physician office visits are per 100 members are 23% fewer.

### ***QUADMED AT WORK AT OTHER COMPANIES***

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Although QuadMed estimates 900 or more employees make a good population to support a worksite primary care/occupational health facility, it also offers options for mid-size companies, including a nurse practitioner model, rehabilitation clinic or fitness center. QuadMed also sells drug screening and occupational medicine services. Its healthcare consulting team can help determine which worksite clinic options will most benefit a company.

Based on a company's corporate healthcare goals, cost drivers and employee health and injury risks, QuadMed can:

- Develop, staff and manage QuadMed's proven worksite clinic model.
- Provide consultation on implementing effective employer-sponsored healthcare programs.
- Provide services to employees through existing QuadMed healthcare clinics and specialty care networks.

### ***SUMMARY OF BEST PRACTICE LESSONS***

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QuadMed has developed a program that successfully:

- Improves the quality of healthcare while reducing costs.
- Successfully aligns the provider, patient and employer in using – but no overusing – necessary services.
- Re-energizes and re-invigorates the primary care model, with providers incentivized to practice healthcare conscientiously (versus cutting corners and churning through volumes of patients).
- Promotes wellness and prevention

For more information, contact Dr. Ray Zastrow, President of QuadMed at 414-566-6400 or [Raymond.Zastrow@Quad-Med.com](mailto:Raymond.Zastrow@Quad-Med.com)

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View other Wisconsin Business Best Practices Reports at <http://www.wmc.org/healthcare/index.php>

# Best Practices

*WMC's healthcare agenda includes initiatives to encourage employers to take innovative steps to improve the health status of their employees and control their healthcare costs. WMC has identified employers whose healthcare initiatives can serve as best practices for others to use as models for their own initiatives.*

## Healthcare Best Practices—Common Lessons Learned

WMC has interviewed a number of companies who have taken bold steps to control their healthcare costs and improve the health status of their employees. From those best practices, we have seen a series of common elements or lessons learned. A summary follows:

- *Employees must be engaged in programs to improve their health. Incentives are essential to engaging employees.*
- *Innovative practices come from companies with executives who push the boundaries and drive their employees to seek change.*
- *While cash or tangible incentives sweeten the pot, reduction (or increase!) of the employee's share of health insurance premiums is the most effective strategy.*
- *A broad array of wellness options engages more employees. Flexibility of access during and off of normal working hours increases participation.*
- *Successful programs emphasize improved productivity and cost savings, and often focus on mental as well as physical wellbeing.*
- *Most employers recognize that "doing the right thing" for their employees' health is incentive enough to invest in wellness programs. For those with this philosophy, positive returns on investment follow.*
- *Health Risk Assessments provide the basis for most programs because they immediately engage employees. It is equally important to engage spouses, and to the degree possible, dependents enrolled in family plans, in health assessments and wellness activities.*
- *Consumer-driven plan designs experience slow employee acceptance unless significant incentives or disincentives are provided. Employers must educate and aggressively market the benefits of these plans to employees in order to get participation.*
- *As programs evolve, employers realize the need to dedicate an individual to develop, market, and monitor wellness programs. As programs mature, they need to be integrated, such as the coordination of exercise programs, medication regimens and nutritional guidelines for high-risk employees.*
- *Goals and objectives with appropriate metrics must be clearly stated and communicated to employees. They have to understand why it is important to them and to the company.*
- *Management of chronic/high risk diseases provides the best opportunity for cost savings. The 80/20 rule applies; 80 percent of healthcare costs are spent on 20 percent of the healthcare encounters.*
- *Almost any size company can implement programs to improve wellness and cut costs. The range of options is scalable to company size. Help is out there from companies who have already implemented best practices.*
- *And finally, leading companies are more than willing to share their health care best practices with other companies in their communities.*