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Health & Benefits Perspective

Thought-provoking insights on health and benefits issues facing companies

Worksite clinics: An old concept gets a new lease in the battle to control health care cost and improve workforce productivity

by Bruce Hochstadt, MD; Linda Havlin; Beth Umland; and David Keyt

The term "company doc" conjures an image of a lone physician providing care to workers in industrial America. Worksite clinics were considered a necessity in factories, mines, logging camps and other locations where the risk of injury was high and, in some cases, the worksites were remote. Some clinics were expanded to provide pre-employment physicals, screenings and stop-gap treatment of routine illnesses. But, by the 1980s, the prevalence of these clinics declined rapidly due to increases in the number and availability of health care providers and hospitals, employee unease about employers having access to personal medical information, liability concerns and corporate cost-cutting efforts.

During the past five years, we have witnessed a resurgence of employer-sponsored worksite clinics. Employers have been aggressively searching for new solutions to control health care costs and improve workforce productivity. Having a healthy, present and highly functioning workforce has become key to surviving increased competition in a global economy.

This *Perspective* examines the factors contributing to the growth of these on-site clinics, considerations for implementing this strategy and ways to strengthen overall return on investment through integration with other health-related programs.

Consulting. Outsourcing. Investments.

Driving forces behind the growth of on-site services

The past five years have been a time of significant innovation in the management of workforce health. A recent Mercer survey on worksite medical clinics illustrates the shift toward broader priorities for health benefit programs:

- Managing chronic illnesses – 64 percent
- Expanding health and productivity programs – 58 percent
- Managing workplace injuries – 54 percent

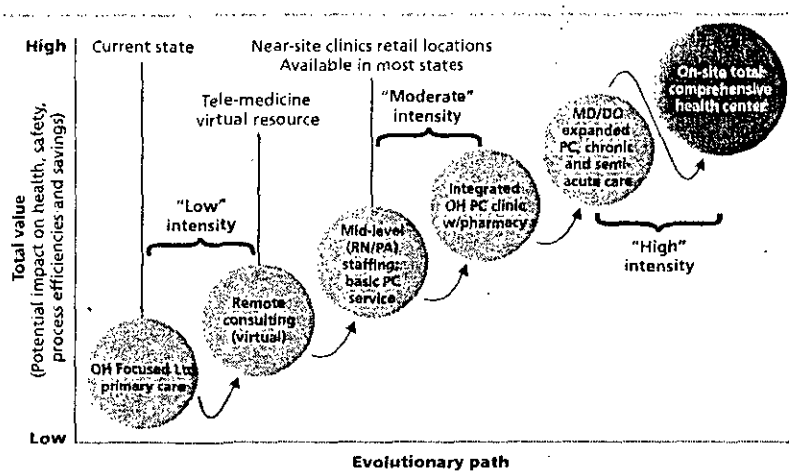
The survey also found that priorities varied by industry. Wholesale/retail employers, for example, were most likely to cite reducing lost employee time as a priority, while manufacturers and health care employers were the most likely to cite managing workplace injuries as a priority.

The goal of managing health and productivity has taken some employers in the direction of providing on-site care. The major challenge they face is how to implement a worksite clinic in a cost-neutral manner. Among the considerations are:

- Could more money be spent on preventive and screening services if less money was spent on care delivered in inefficient settings (for example, ER visits for nonemergency illnesses)?
- Could productivity be improved if employees did not have to leave the worksite to receive episodic health care services?
- Could cost and quality for complex illnesses be better managed by a partnership between the on-site clinician and a referral network of high-quality providers?
- How do employers manage a service that is not a core competency? This concern has been addressed by the emergence of new vendors that provide turnkey solutions.
- How do on-site clinics overcome possible negative perceptions and concerns about privacy? There are some factors working in favor of making worksite clinics attractive:
  - Reimbursement cuts have forced many physicians to increase the volume of patients by shortening office visits, leaving both the provider and patient feeling rushed.
  - Increased cost sharing can be a barrier for some patients.
  - Many communities have primary care shortages.
  - Most physicians do not offer evening or weekend hours.
- Can the on-site clinic be positioned as a convenient new health care resource and work/life balance benefit?

"The goal of managing health and productivity has taken some employers in the direction of providing on-site care. The major challenge they face is how to implement a worksite clinic in a cost-neutral manner."

The following graph illustrates the evolution of on-site health management:

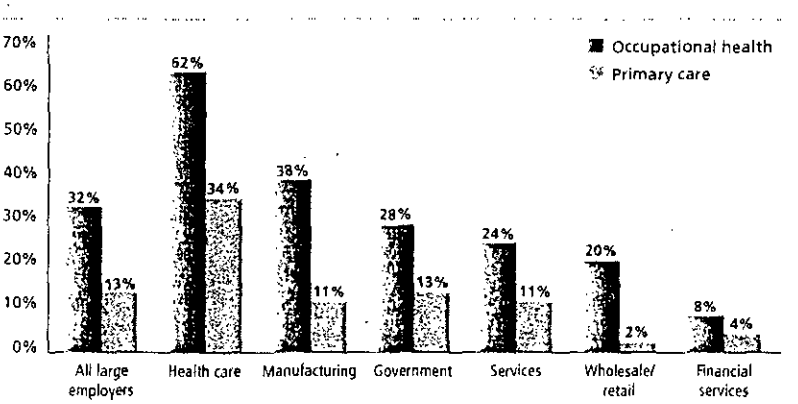


"Thirty-four percent of large employers (500+ employees) offer a worksite or near-site facility."

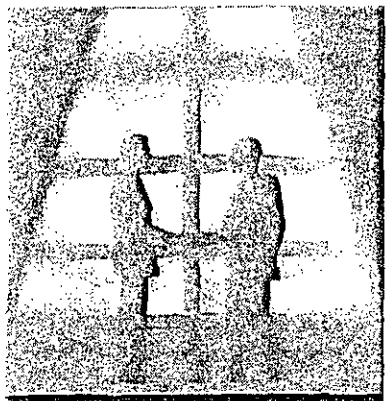
Prevalence

Who are the early adopters of worksite clinics? Mercer's 2008 National Survey of Employer-Sponsored Health Plans found that:

- Thirty-four percent of large employers (500+ employees) offer a worksite or near-site facility.
- Occupational health facilities are the most common approach.
- Thirteen percent offer primary care services and another 10 percent are considering it.
- Worksite clinics are most common among health care organizations – 62 percent provide a clinic for occupational services and 34 percent provide a primary care clinic.



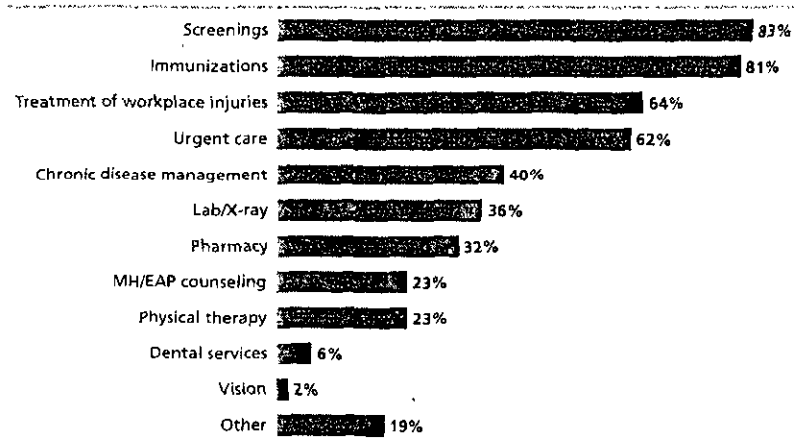
Source: Mercer National Survey of Employer-Sponsored Health Plans, 2008



"The services offered typically include a mix of primary care and occupational health management of worksite injuries and exposures."

In July 2008, Mercer conducted a more detailed survey on worksite health services. Of the 345 respondents, 100 had clinics in place. Most commonly, these employers wanted to provide convenient delivery, improve compliance with preventive care and control spending. The services offered typically include a mix of primary care and occupational health management of worksite injuries and exposures.

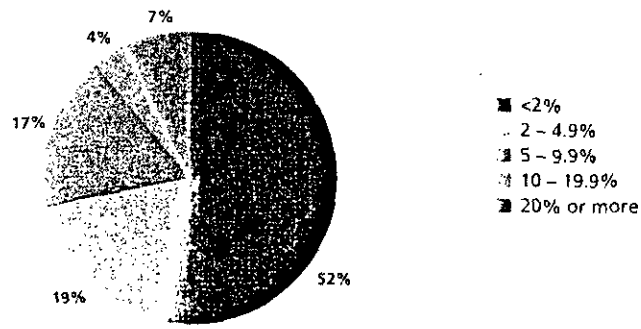
Services offered at clinics that emphasize primary care:



Source: Mercer's Survey on Worksite Medical Clinics, 2008

Most employers reported spending less than 2 percent of their total health budget on clinic services. Manufacturing employers generally spend more than other employers because they offer more extensive services for occupational health and safety programs.

The following graph illustrates the percentage of total health benefit budget spent on a primary care clinic based on employers offering a primary care clinic to their employees:



Source: Mercer's Survey on Worksite Medical Clinics, 2008

"What services would be an ideal starting point for gaining employee confidence? A common choice is to provide services that will reduce delivery cost and time lost from work."

Determining feasibility

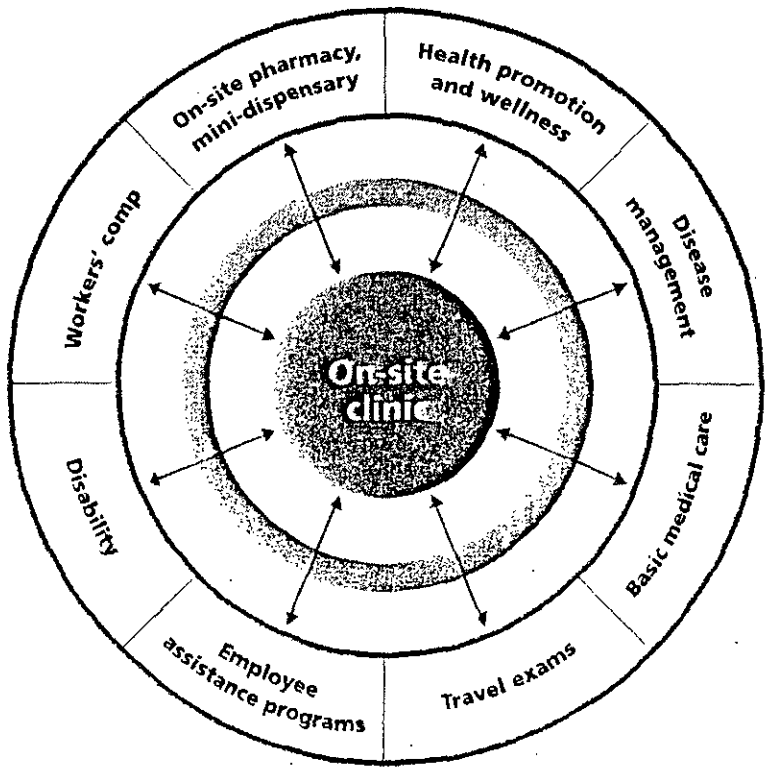
Given today's unprecedented financial challenges, organizations will *have to design programs that break even, at a minimum. A major barrier* can be the lack of baseline information that ties together health, absence and disability data. Key issues to address are:

- Do employees appear to have established physician relationships? Where do they currently receive care?
- Are there opportunities to improve compliance with preventive care and care management programs? Could care be redirected from emergency rooms?
- Is there an opportunity to improve the integration of health and disability management?

More advanced modeling can include sensitivity analyses to forecast potential clinic volume or capture based on the population's illness burdens, historic use, the clinic's scope of services, incentives offered and adoption rates. Influencing factors include eligibility, scope of services, cost sharing, facility cost, staffing model and liability.

What services should be provided?

What services would be an ideal starting point for gaining employee confidence? A common choice is to provide services that will reduce delivery cost and time lost from work.



"A range of opinions exist on whether employees should be charged. Key considerations are whether a charge reinforces the value of the benefit or creates a barrier."

What are the alternatives for designing a worksite clinic?

A number of alternative approaches can be considered based on an employer's unique circumstances, location, population and financial resources. A starting point is the potential population's size. An on-site facility requires a minimum concentration of 750 or more employees in one location.

Assuming the target number of employees can be met, the employer then needs to consider what type of model to implement. There are three predominant models:

Employer-managed clinic	Hybrid	Outsourced
Employer owns clinic	Employer contracts with local clinic/ health institution	Employer contracts with third-party vendor
Employer controls all clinic operations, personnel and decisions about vendor integration	Employer influences scope of services and vendor integration	Vendor controls all clinic operations, personnel and decisions about vendor integration
Result: High control, high risk, higher barrier to exit	Result: Moderate control, lower risk, easy exit	Result: Low control, lower risk, easy exit

If an employer does not have the necessary headcount to generate sufficient clinic volume or foot traffic, the alternatives are to market the facility to neighboring employers, establish a relationship with a near-site retail clinic or explore a multi-employer sponsored clinic. Mercer's survey findings indicate that 39 percent of employers that offer an occupational health clinic to their employees are sharing that facility with a nearby employer.

Who should be eligible to use the clinic?

Although the majority of employers design their clinics for employees located at a specific site, two-thirds of respondents with primary care clinics allow employees from other locations to use the facility. Only one-third of employers allow retirees or family members to access the facility.

Should employees be charged?

A range of opinions exist on whether employees should be charged. Key considerations are whether a charge reinforces the value of the benefit or creates a barrier. About two-fifths of Mercer survey respondents with primary care clinics charge their employees for clinic services. But as more services have been added, we see that employers are charging at least a nominal copayment per visit. The payments help to offset overall expenses and deter visits by workers who may be inclined to use the clinic inappropriately.

How should results be measured?

As with any operating entity where the employer has a fiduciary responsibility to ensure that services are appropriately administered, a worksite clinic should be audited. Focal points should include operational effectiveness, quality, efficiency, savings and outcomes.

Case study: Consumer products organization

Profile

- Global company with $11 billion in annual sales
- 100+ US locations
- 30,000 full-time US employees in warehouse, distribution, trucking, sales and management
- 20+ on-site clinic locations, with planned expansion to 30 sites
- Average number of employees served by each clinic is 250 – 500

Current clinic offerings

- Acute-care treatment
- Referrals to local physicians and health programs
- Preventive screenings and immunizations
- Prescription of basic medications
- Return to work and assistance with case management
- Pre-employment ergonomics and drug testing
- Department of Transportation physicals
- Blood and alcohol testing
- Risk identification

Key actions

- Build and expand facilities
- Drive utilization
- Promote clinics as a method of attracting and retaining employees
- Integrate program with other key human resource initiatives (e.g., diversity)
- Use clinics as "storefront" for other health-related programs
- Use Online Toolkit to support clinical practitioners' work with participants
- Use summits and other approaches to share best practices and enhance overall service delivery quality
- Improve measurement and evaluation

Results

- Extensive use of services
- Goodwill with employees
- Return on investment of 1.6:1 through cost avoidance, more appropriate use of health services, improved productivity and indirect benefits
- Industry awards

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Summary

The creation of on-site health clinics is a strategy that employers have been increasingly pursuing over the past several years. On-site clinics provide convenience, improved control over employee health and potential savings. There also is an opportunity to improve the provider's experience by replacing claim-based revenue with a salary and bonus based on patient satisfaction and improved health outcomes.

Is it worth the risk? Of the employers currently offering worksite primary care services, 75 percent said that their clinic is successful or very successful. The areas they rated most highly were employee satisfaction and clinical quality. More than two-fifths of the respondents felt that their clinic was successful or very successful in terms of achieving return on investment or medical cost savings.

About the authors

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