

The Value of On-Site and Near-Site Primary Health Centers for Employers

Overview | Analysis | Benchmarking
2017



On-Site and Near-Site Health Centers

- Conner Strong & Buckelew consults with clients around the effectiveness of on site and near site health centers for their population
- We apply an agnostic approach to helping employers evaluate if such a solution would align with their health and benefit plan objectives
- In delivering counsel, we rely on a host of resources to provide the most meaningful data and analysis:
 - Members of the National Association of Worksite Health Centers
 - National benchmarking data
 - Drawing from experience with helping clients evaluate the model and experience from where we helped a client install an on-site center

The Value of On-Site and Near-Site Health Centers

- Many employers view our current healthcare system as unsustainable citing the following concerns:
 - Limited access to care (particularly PCP's)
 - Due to PCP shortage, providers are hurried (the 5-10 minute visit)
 - Medical cost inflation continues rapidly
 - Increasing out-of-pocket cost for employees
 - With heavy work-loads, employees are less willing to leave the worksite and when they do, they take a full day which impacts productivity
 - A large percentage of healthcare expenditures are attributable to preventable illness or modifiable risks

On-Site Health Center Candidates

- Single employers with more than 500 or more members
- Multiple employers who may join forces to create a “shared” near-site, centrally located health center together in order to reach the needed critical mass
- Other candidates include:
 - Locations where workers spend hours traveling to and from work (ex. remote locations, long commutes, heavy traffic, etc.)
 - Low utilization of proactive primary care services, related to screening, prevention and risk education
 - High emergency room (ER) utilization, especially for non-emergent medical conditions
 - Populations with large concentrations of plan members with high cost, chronic conditions and illnesses
 - High absence and lost time
 - Commitment to better quality and having a healthcare strategy

Determining Eligibility for the Health Center

- On-site health centers do not need to be restricted to just employees at the site. Other parties who might use the health clinic may include:
 - Covered adult dependents
 - Covered child dependents depending on whether pediatrics is offered
 - Retirees who live locally
 - In a shared-center model, the employees of a nearby partner employer; either on a fee-for-service or fixed-fee basis

Typical Health Center Services

Primary Care Services

- Preventive care services
- Chronic care management
- Referrals and care coordination
- E-Visits
- Telemedicine
- Virtual services
- Limited on-site pharmacy
- Lab / X-Ray

Wellness

- Screenings
- Education
- Immunizations
- Condition coaching
- Health Fairs
- Community events

Occupational Health

- Immediate care
- Emergency response
- Case management
- Medical surveillance
- Screenings and testing
- CPR and first-aid training
- Quality assurance

Phase 2 Potential Expansion

- Physical Therapy
- Chiropractic Care
- Pain Management
- Other high use specialty care services

Location and Size

- Locations will vary based on population and the employer's footprint:
 - On site, near-site, near-site shared with other employers
- Depending on staffing levels, scope of services, and estimated utilization, space allocation ranges from 500 sq. ft. to over 20,000 sq. ft. (most are between 1,000 to 2,500 sq. ft.)
- Key considerations
 - Ease of access and high visibility
 - Availability of existing facilities/space that can be retrofitted (minor vs. extensive interior remodeling: walls, floors, plumbing) vs. new space
 - Security and safety concerns for non-members being on-site (i.e., separate entry, etc.)
 - Private, professional setting: members expect privacy

Types of Center Models

- The most effective centers are physician led and driven and include the traditional complement of support care staff below. This model is generally the most effective but may be more costly:
 - Nurse practitioners
 - Technicians
 - Administrative / billing
 - Chronic patient outreach and coordination
- Other models can be more limited and do not require the full complement of services. Other models can include:
 - Limited on-site nurse for basic triage
 - Physician's assistance for basic care and triage
 - Part time access to physician care model

Effectiveness of Types of Center Models

- The primary purposes of a near-site or on-site health center are to:
 - Increase access to primary care services
 - Re-direct care being delivered on a fee-for-service model to a more fixed cost platform
 - Avoid costly unwarranted emergency room and urgent care visits that are more costly than fixed cost primary care
 - Provide a more practical and focused platform to help patients with high cost, chronic conditions
- To meet these key objectives, the “physician led” model offers the best overall value proposition
- Other models may have some impact but will largely be “facilitators” back into the traditional health care model

What Do Best in Class Health Centers Achieve?

- A well designed and operated primary health center will:
 - Never be referred to as a “clinic”
 - Offer more immediate access to care for employees and dependents (i.e., little to no wait)
 - Provide after hours access to care
 - Have best in class “service” that outpaces their usual primary care provider
 - Be available outside traditional work hours so the center can become the person’s “regular doctor”
 - Have integration to get claims data to make outreach and work with patients that have high cost chronic conditions
 - Ultimately, expand to deliver occupational health services
 - Become a hub for controlling health care costs for the employer

Health Center Operators

- The on-site and near-site health center business is not new but the model has had a resurgence in the past 5-years due to skyrocketing health care costs and frustration with the health care deliver system
- There is a significant number of health center operators:
 - Primary Health Care operators that design, build and operate
 - Nurse practitioner based operators
 - Hospitals and Health Care systems
 - Insurance Carriers (primarily CIGNA)
 - Area pharmacies “clinics”
- There are pros and cons to the use of each type of operator

Health Center Operators

- Primary Health Care operators that design, build and operate
 - Private companies who specialize in building on-site, full service doctor's offices
 - Transparent fixed cost model
 - Must evaluate mix of services, costs and performance guarantees
- Nurse practitioner based operators
 - Private companies that provide a fee for service for an on-site nurse
 - Costs vary based on time and services secured
 - Harder to measure ROI or cost avoidance
- Hospitals and Health Care Systems
 - Generally a large hospital health system that provides on-site primary care
 - Largely use centers as feeder back into their model and system
 - May have a strong brand identity but there needs to be channel clarity on care direction/referrals/cost

Health Center Operators

- Insurance Carriers (primarily CIGNA)
 - CIGNA On-Site Health subsidiary
 - Best when synched with CIGNA as health plan provider
 - Can provide full service model, heavy wellness and coaching concentration

- Area pharmacies “Clinics”
 - Intended to provide limited, basic care
 - Likely a “facilitator” back into the health system
 - Helps drive more foot-traffic into the pharmacy

On-site Health Center Providers

- There is a comprehensive market of operators. Top providers include:
 - Cerner
 - CVS
 - In-House Physician
 - R-Health
 - Care Here
 - Cigna
 - Quad Med
 - HealthStat Inc
 - Tantam Health
 - We Care
 - Integrity Health
 - Pareto Health (CSB benefit captive clients)
 - Premise Health
 - Medcor
 - Paladina Health
 - Various regional Health Care Systems

Benefits of On-site Health Centers

- Reduced lost work time and absenteeism
- Improved productivity / presenteeism
- Avoidance of higher cost and time consuming settings like Emergency Room and Urgent Care Centers
- Reduced referrals to and use of costly services from specialists
- Delivery of more face-to-face chronic care services to high cost plan members
- When combined with an on-site pharmacy, improved medication compliance, generic and therapeutic substitution and formulary adherence
- Lower medical spend amongst users of the on-site clinic through greater utilization of screening and preventive services, and more timely care access
- Improved employee morale, retention, loyalty and productivity as well as a recruitment and retention inducement
- Lower workers' compensation as well as non-occupational disability costs

Cost and ROI

- The cost of a on-site or near-site primary care center will vary based on the size and scope of services delivered (i.e., primary care, pharmacy, occupational health, etc.)
- There are generally four cost components for a health center:
 - 1) 1x start up costs for bricks and mortar, equipment, etc.
 - 2) The monthly on-going management fee for the organization “managing” the center
 - 3) Fixed costs for the staff and services
 - 4) Pass through costs for lab and pharmacy
- ROI is dependent on utilization of the center
- Increased utilization will, over time, help contain costs and re-direct fee for service costs to the fixed cost structure at the center

Cost and ROI

- Most employers do not opt to install a center to simply reduce health care costs alone, yet savings is key
- Savings come from:
 - Re-direction of care to the fixed cost center model
 - Reduction of unwarranted emergency room and urgent care
 - Reduction of unwarranted specialty care utilization
 - Better management of care and cost for chronic care patients
- A measurable ROI “takes time” to achieve; 1-3 years, again depending on utilization

ROI Analysis

- One of the more credible ROI analysis comes from a *2006 East Carolina University Report from Professor Dr. Chenoweth* (available upon request)
 - The study evaluated the on-site health center of the global agri-business, Syngenta; a Swiss HQ organization with 29,000 employees globally
 - Syngenta has operated a US on-site health center since 1973 with variations over time. Key findings:
 - > The per treatment costs of the center vs. identical care provided outside the center were \$87.32 (center) v. \$259.77 (private community)
 - > Employee absences were reduced by 3.3 days per year to account for lost time traveling to off site care
 - > Savings for employees was considerable by waiving copays
 - > **The net savings was \$1.97 for every \$1 spent**



Benchmarking Data

National Association of Worksite Health Centers

Benchmarking

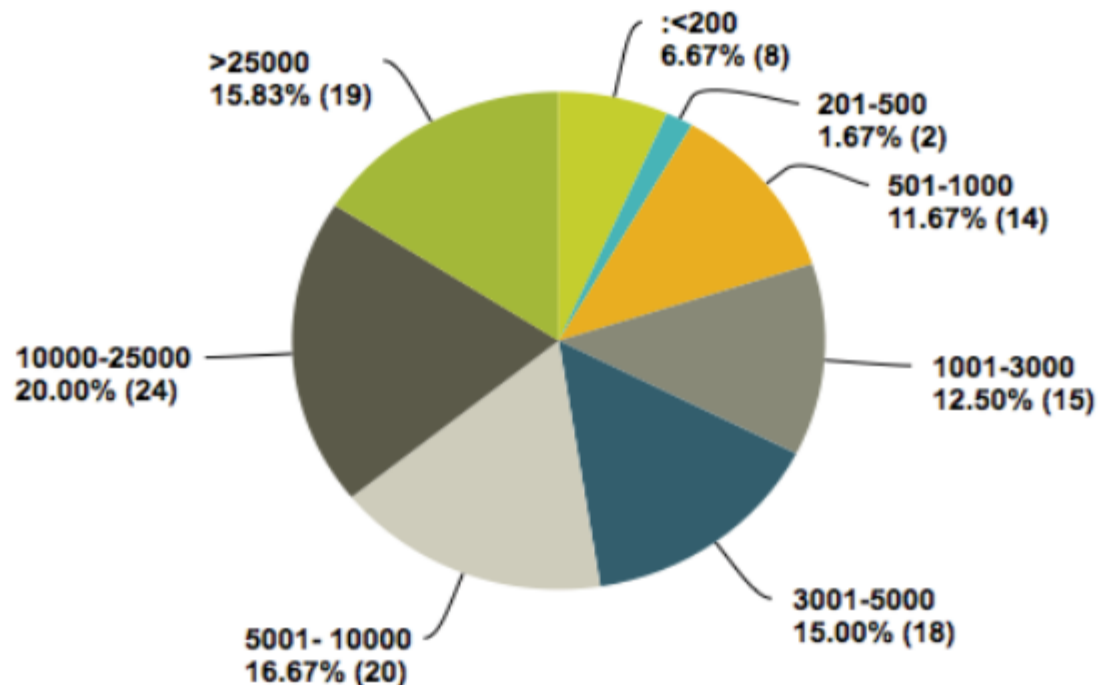
Survey Background



- ▶ Survey conducted of employers throughout the US
- ▶ Study period: Nov. 2013–March 2014
- ▶ 255 total responses
- ▶ 116 of respondents were employers indicating they had an onsite or near-site clinic
- ▶ Results presented in aggregate, no individual employer responses revealed
- ▶ Report to be produced and distributed to those responding to the survey and NAWHC members
- ▶ Executive Summary to be prepared for general public and media
- ▶ Results shown for those with <1000 employees, 1,001–10,000, and >10,000 employees
- ▶ PwC participated in the dissemination of the survey and development of the report

Benchmarking

Size of Employers with Clinics



Benchmarking

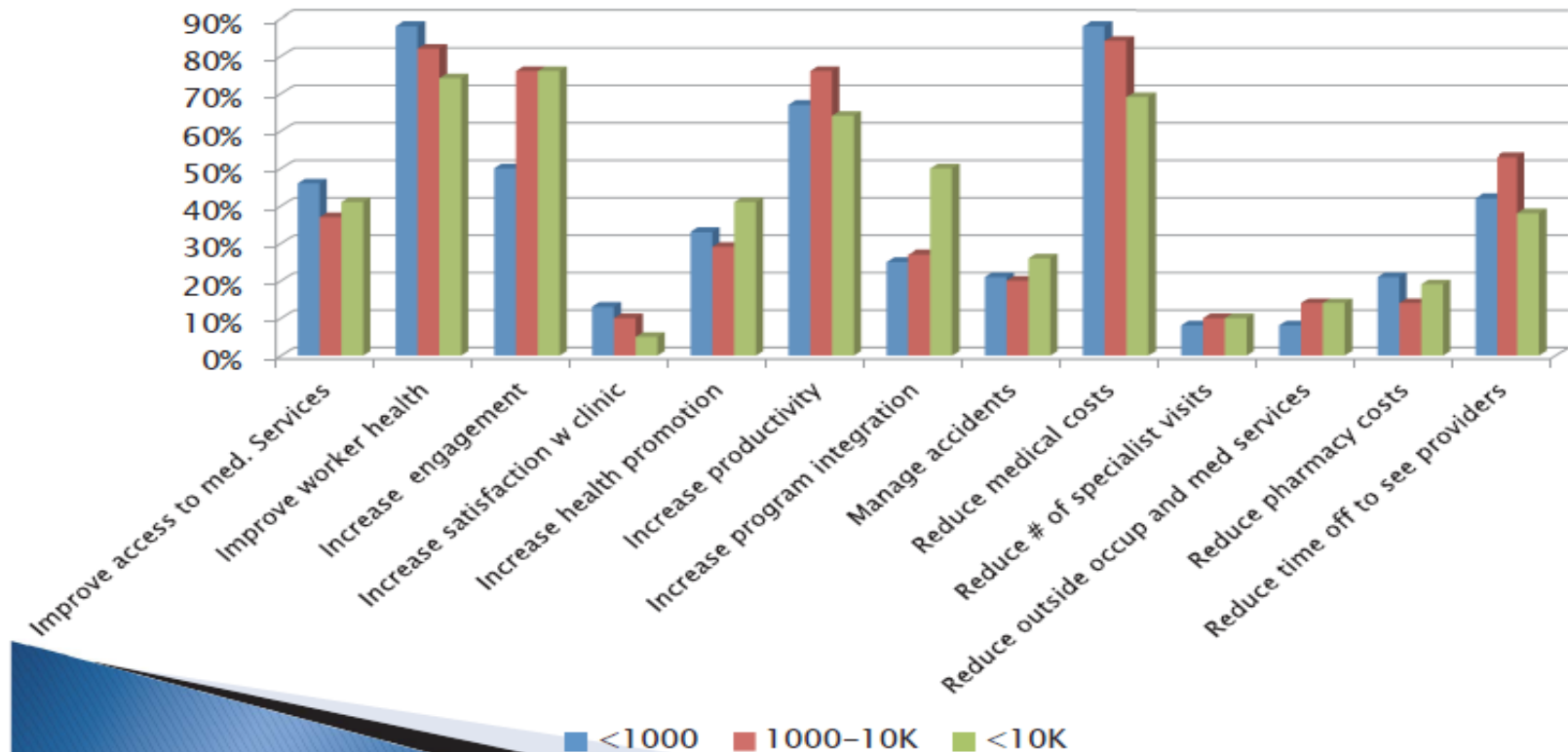
Industry Sectors Using Clinics

- Manufacturing (30%)
- Financial Services (12%)
- Health Care Services (12%)
- Government (8%)
- Consulting/Business services (5%)
- Retail (5%)
- Technology (5%)
- Others industries mentioned:
 - Food
 - Wholesale
 - Entertainment
 - Communications
 - Hospitality
 - Non-profit
 - Education



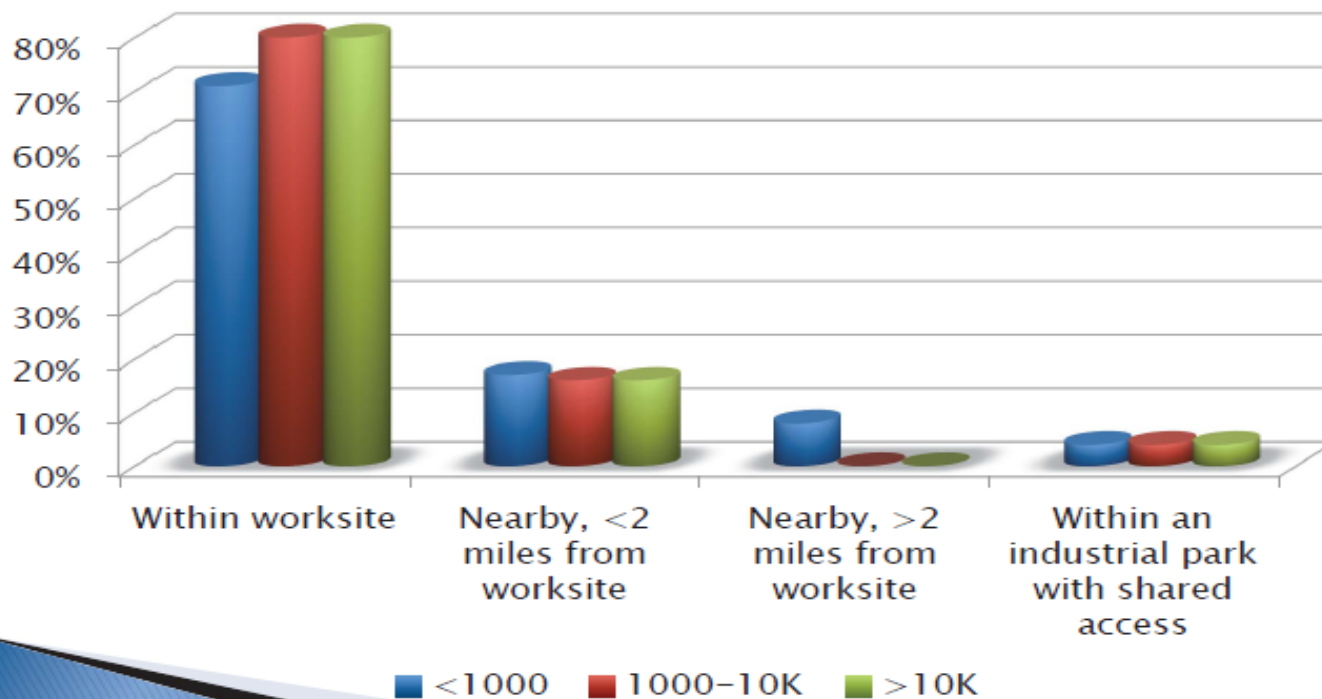
Benchmarking

Objectives of Worksite Health Programs and Clinics



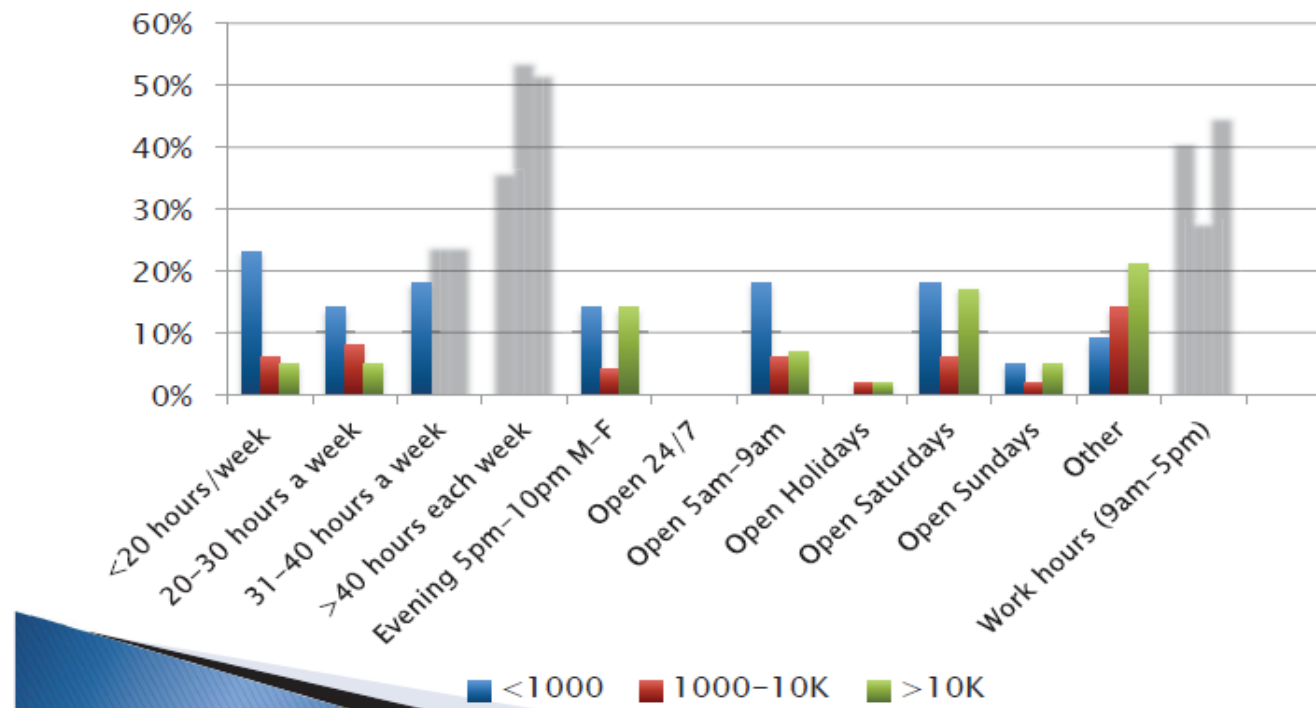
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Location of Clinic



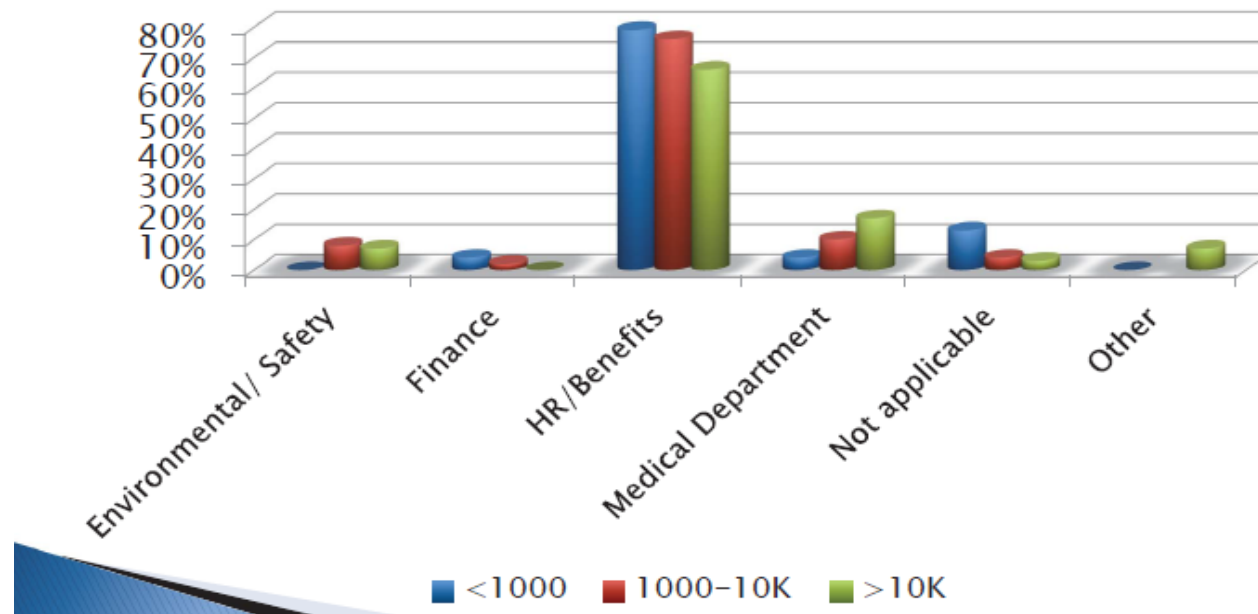
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Clinic Hours



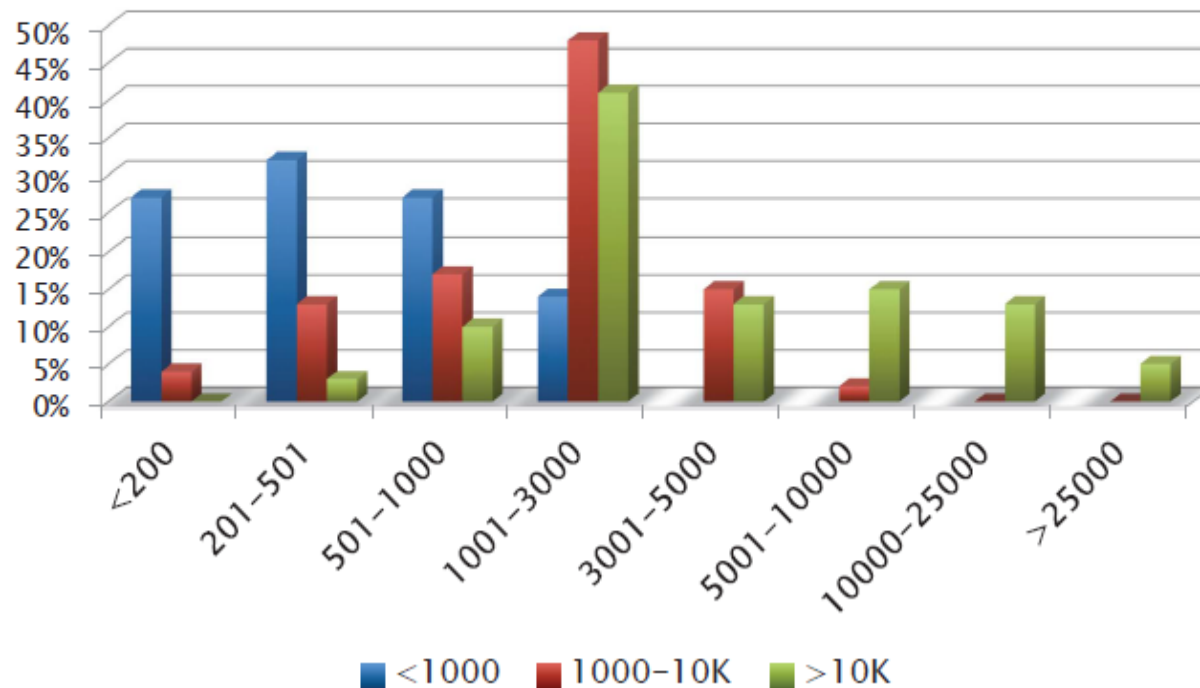
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Department Overseeing Clinic



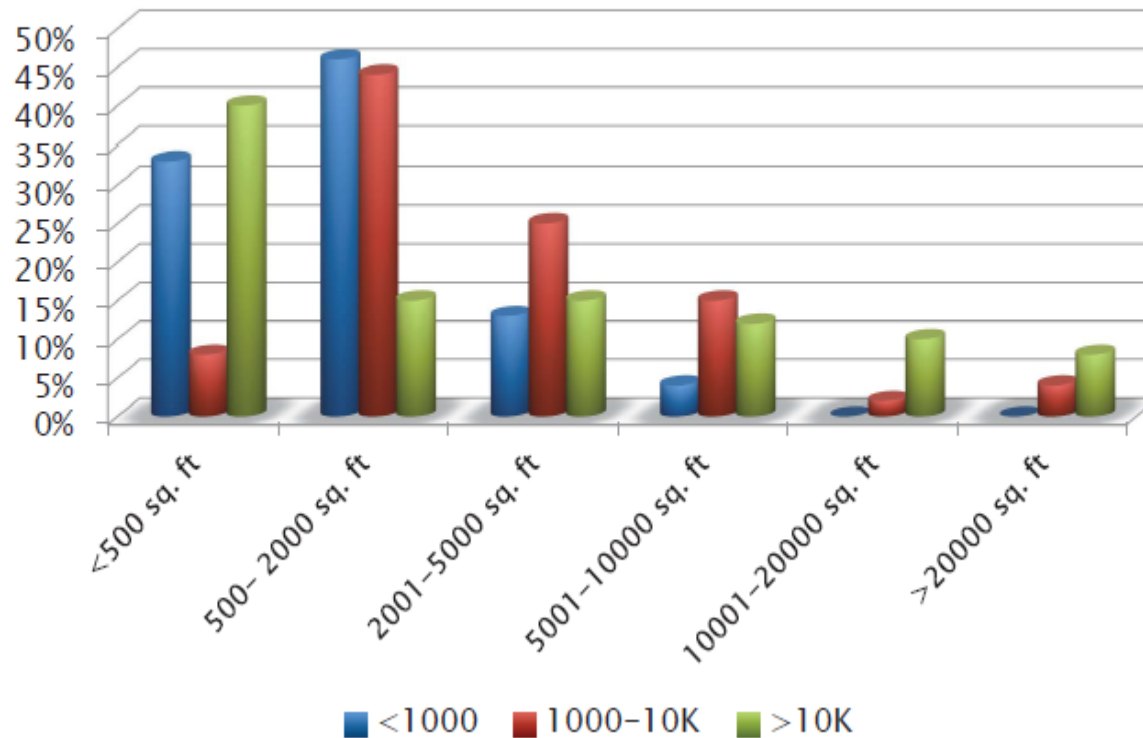
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Employees at Largest Site



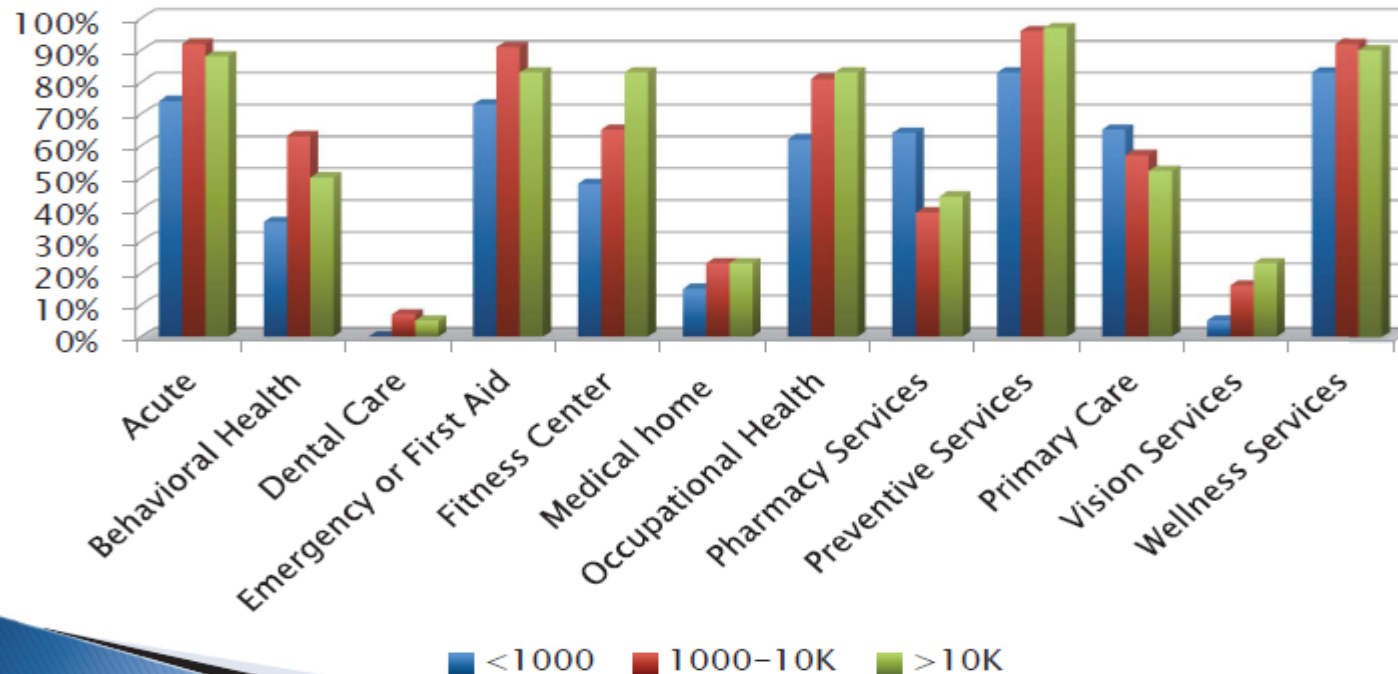
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Size of Facility



Benchmarking

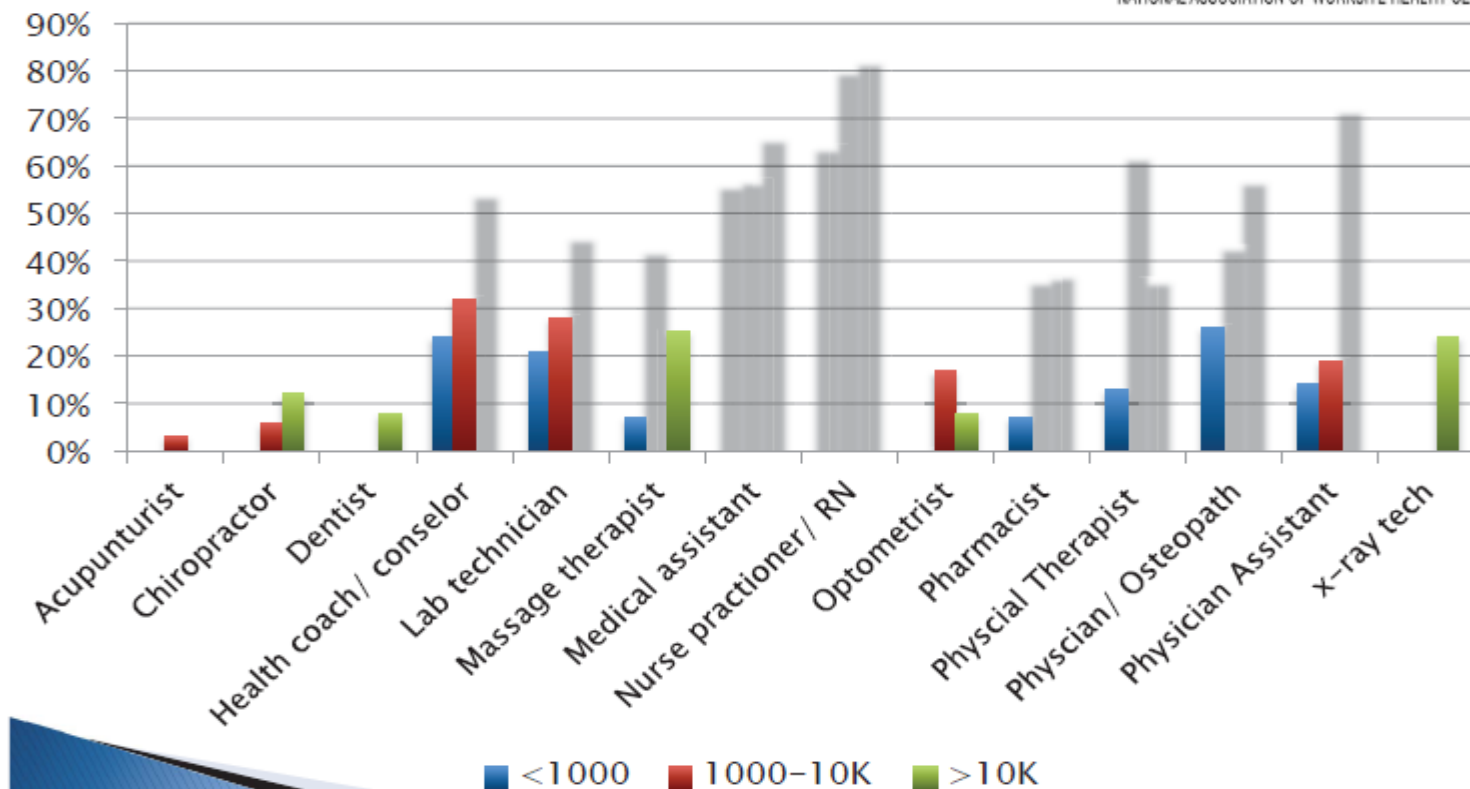
Services Offered



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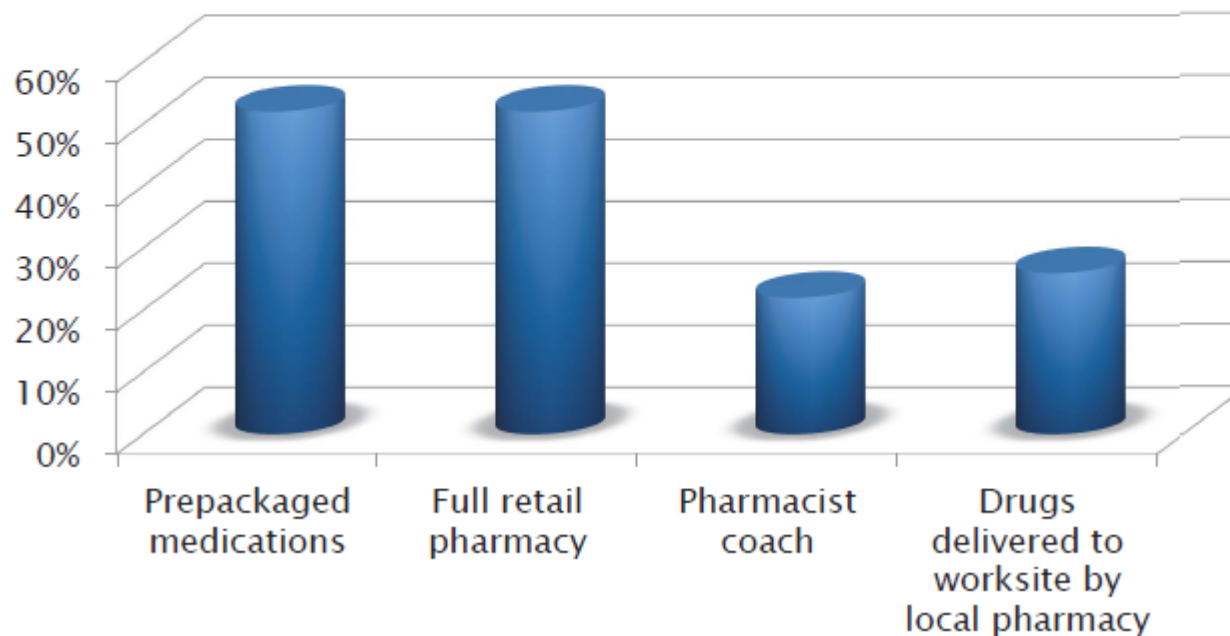


Providers Used



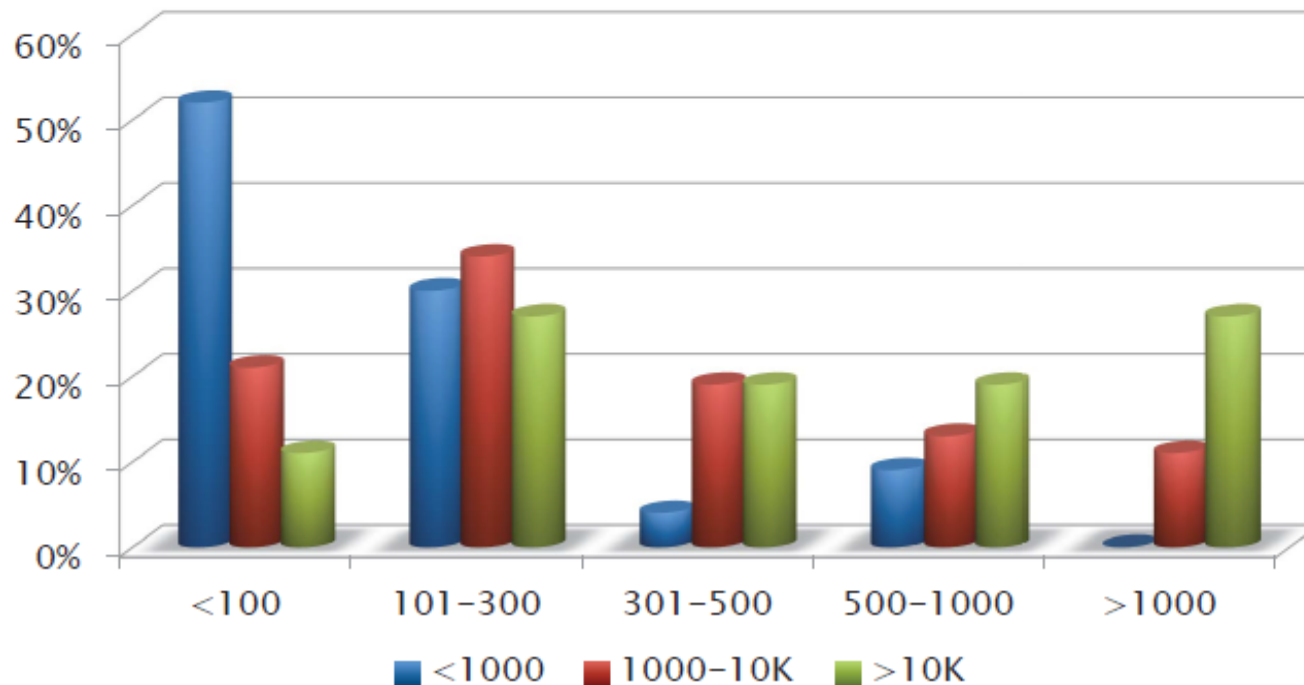
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Pharmacy Services Offered



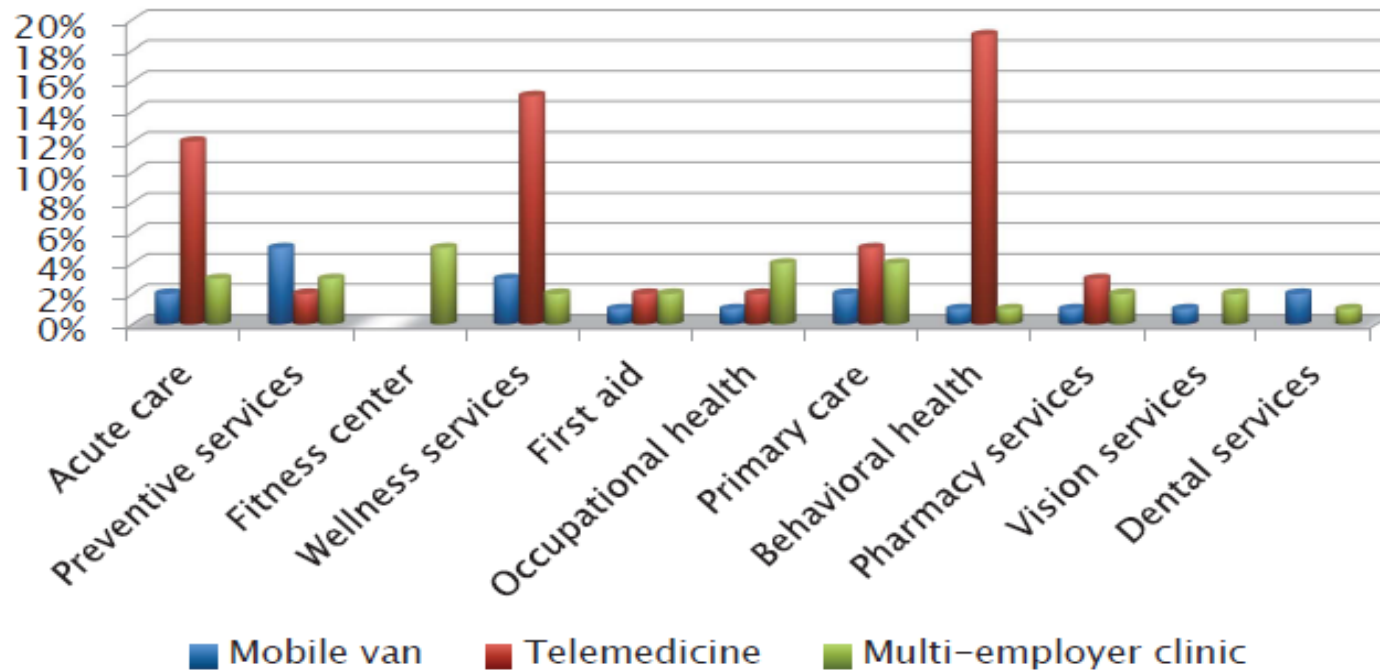
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Monthly Average of Visits



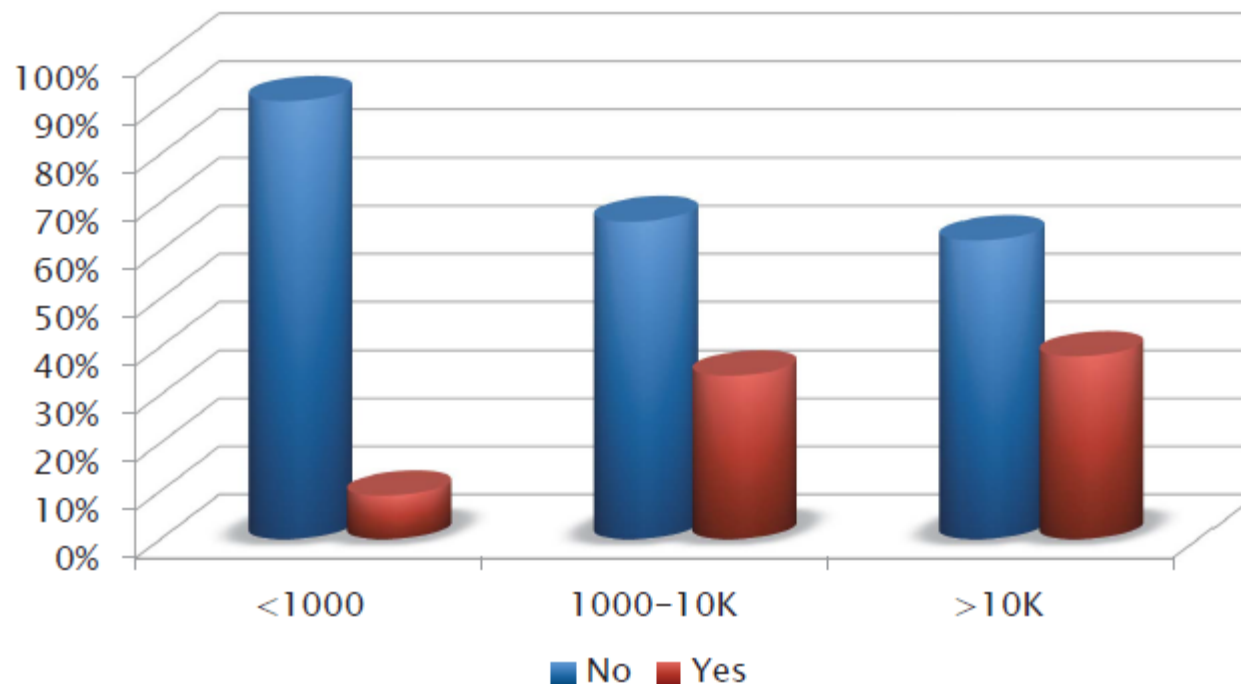
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Other Means of Providing Onsite Services



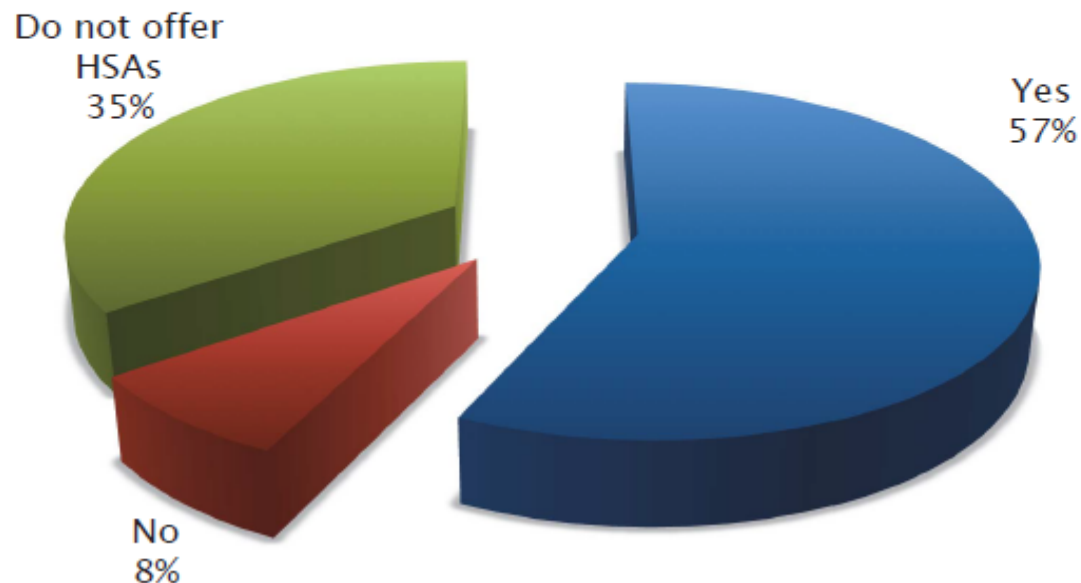
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Cost-Sharing for Clinic Services



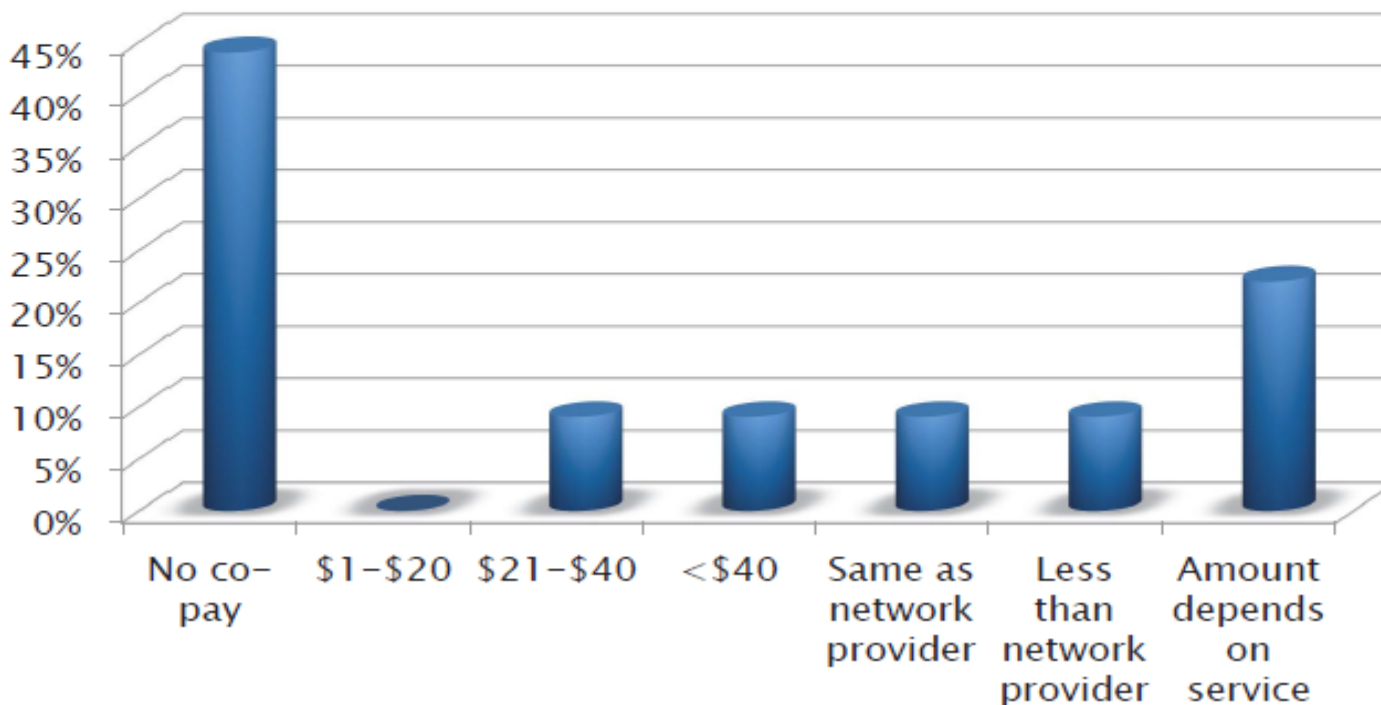
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*Access to Clinic for those
with HSAs*



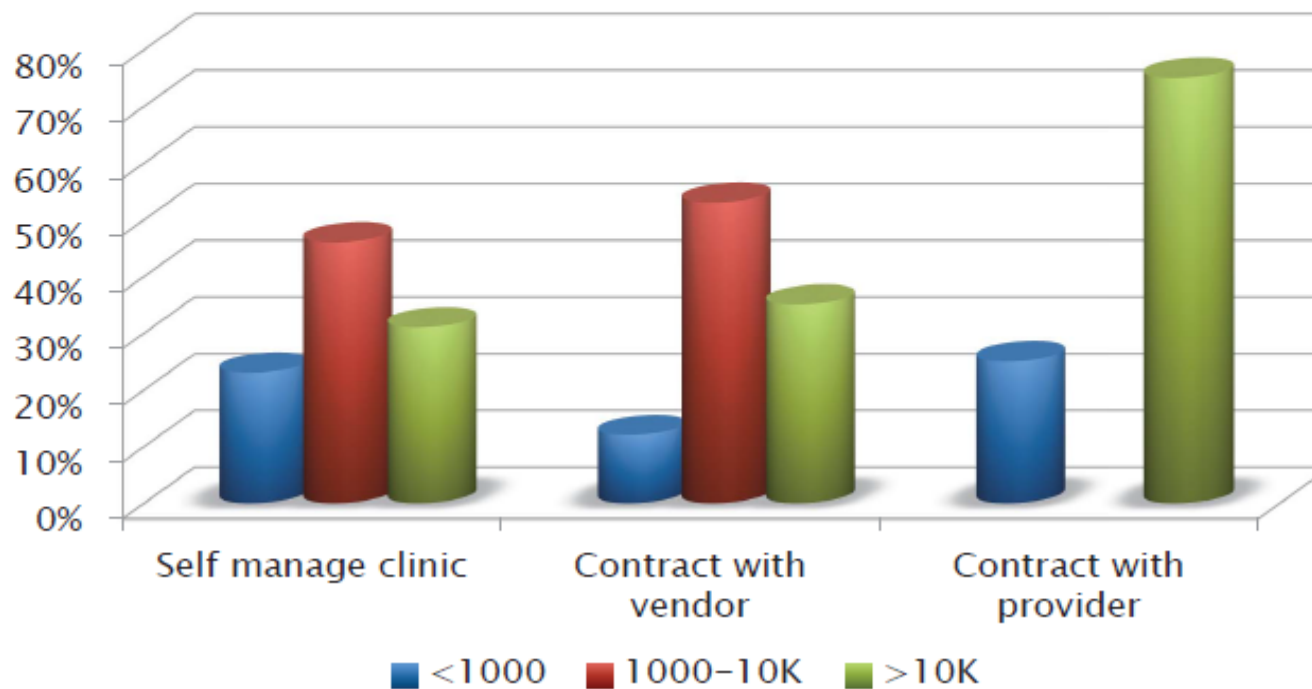
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Cost Sharing for Employees with HSAs



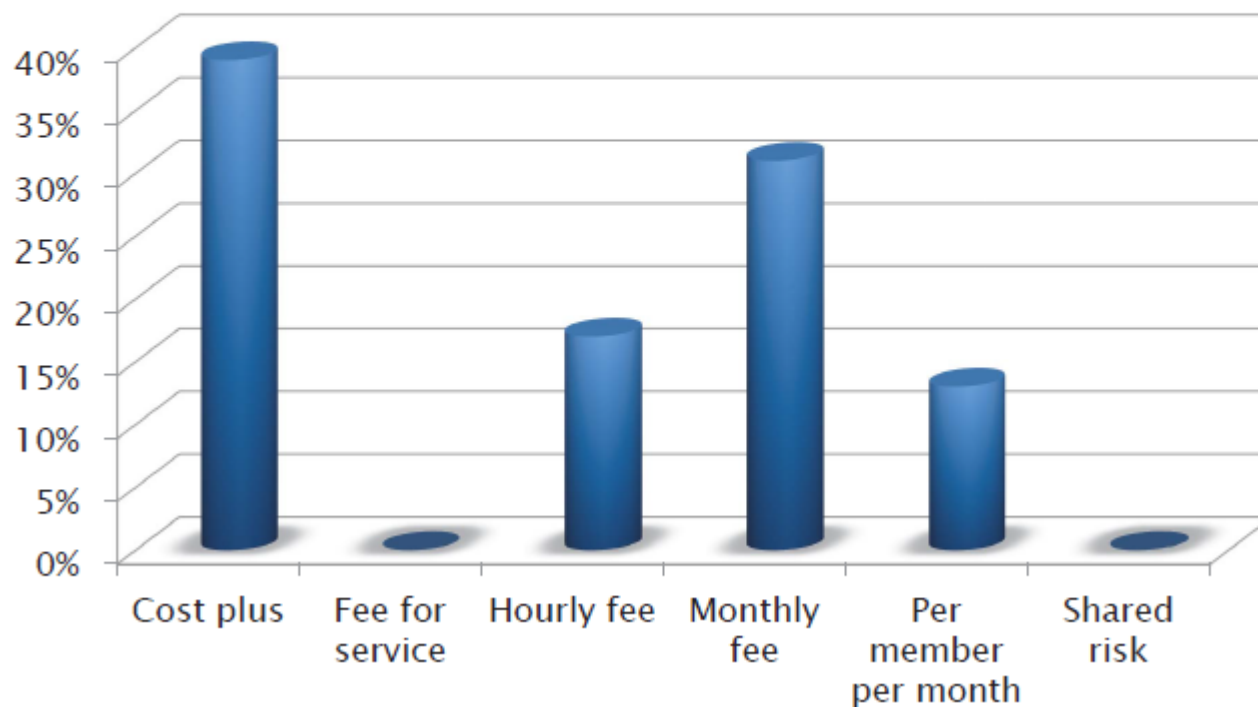
Benchmarking

Management Model



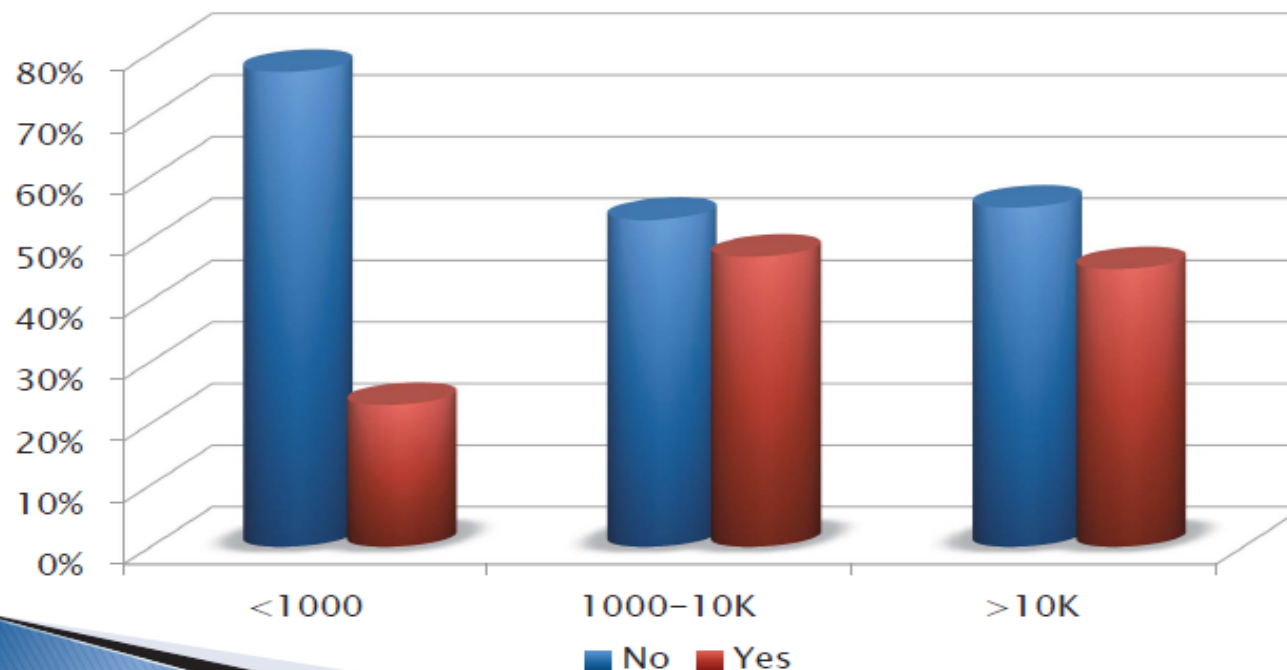
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Payment Methods for Contractors



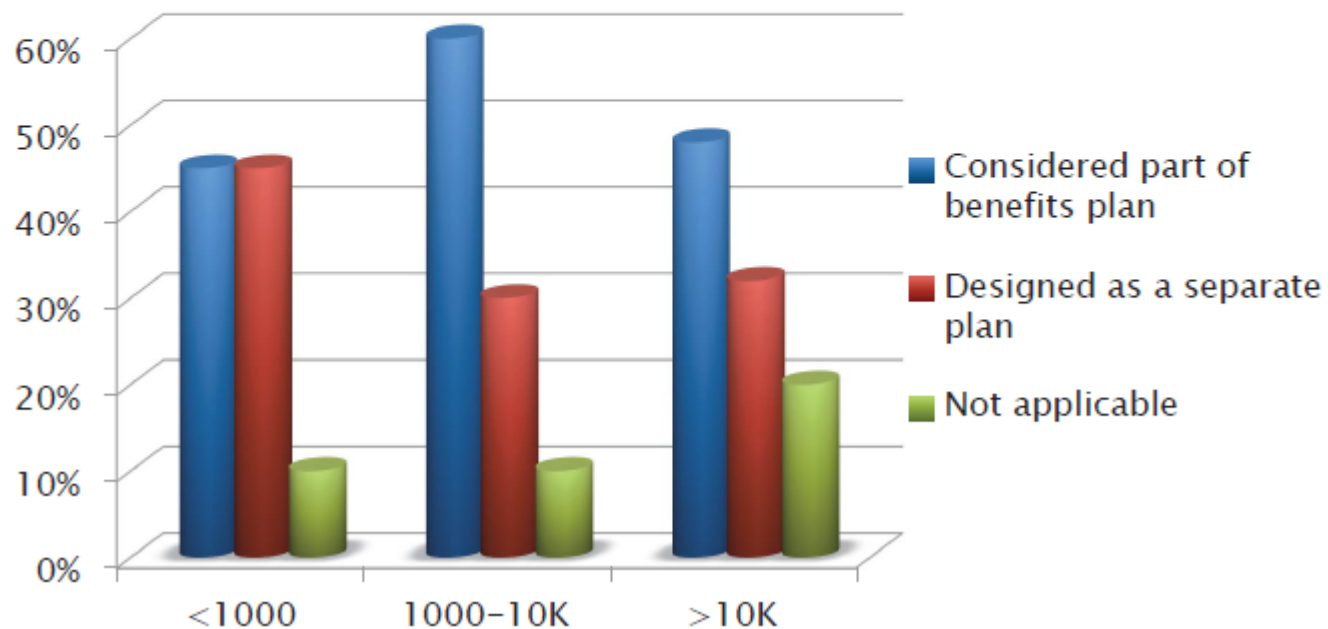
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Integration of Onsite Clinic and Onsite Fitness Center Programs



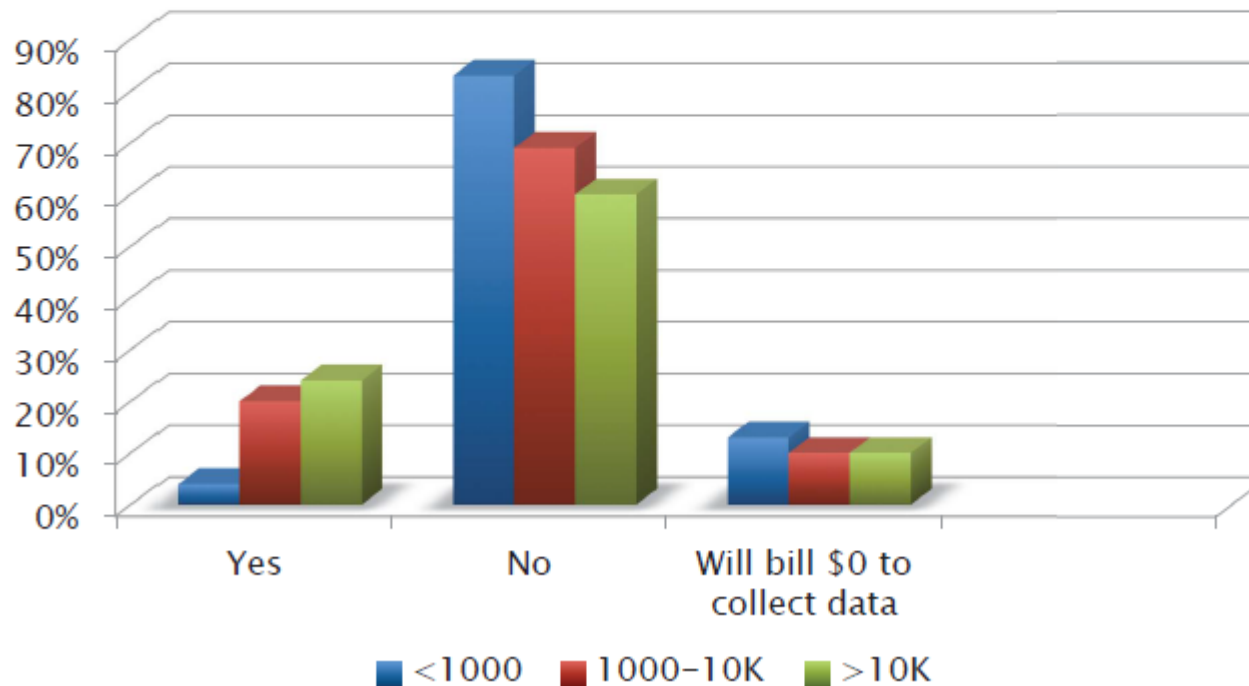
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Integration of Clinic with Benefits Plan



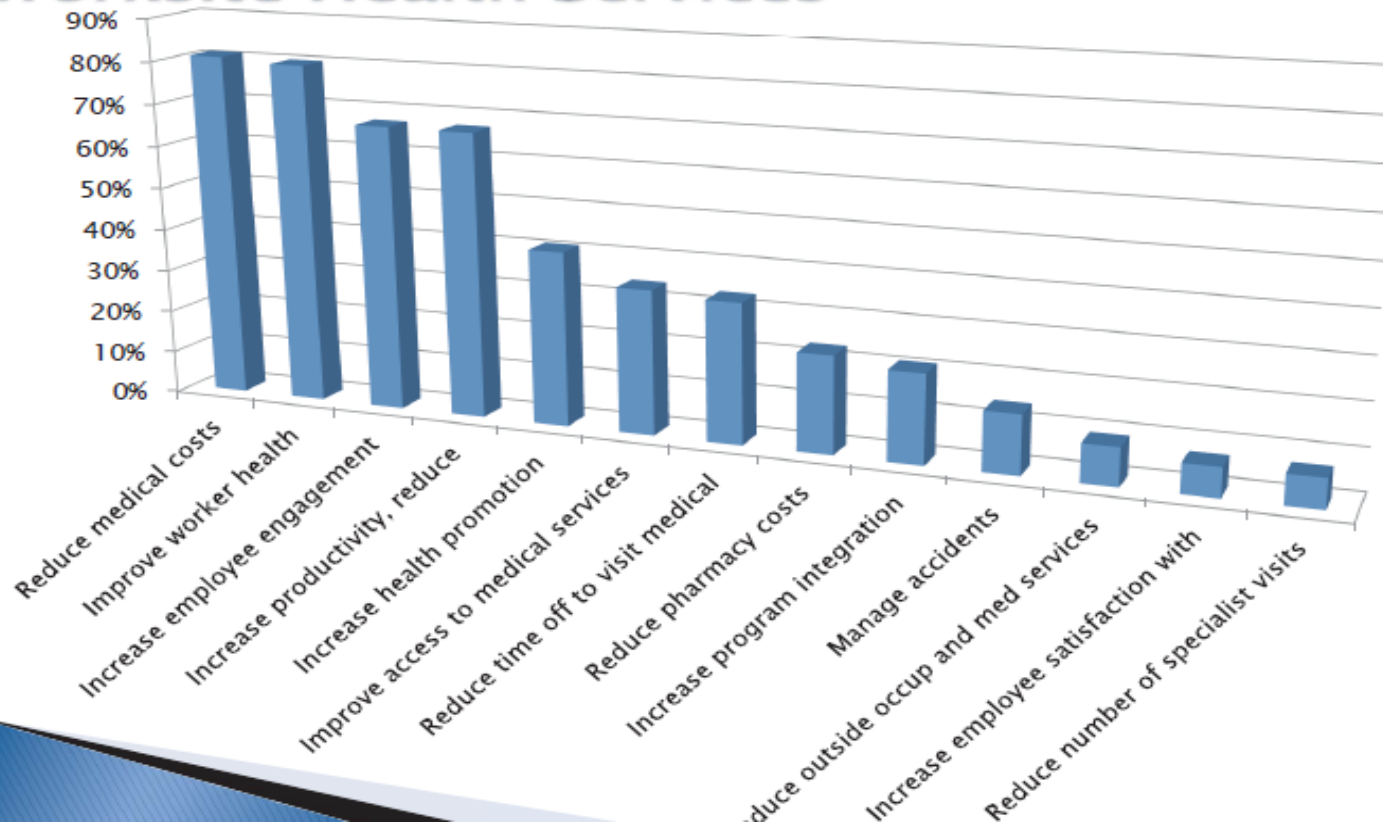
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Are claims submitted to health plan?



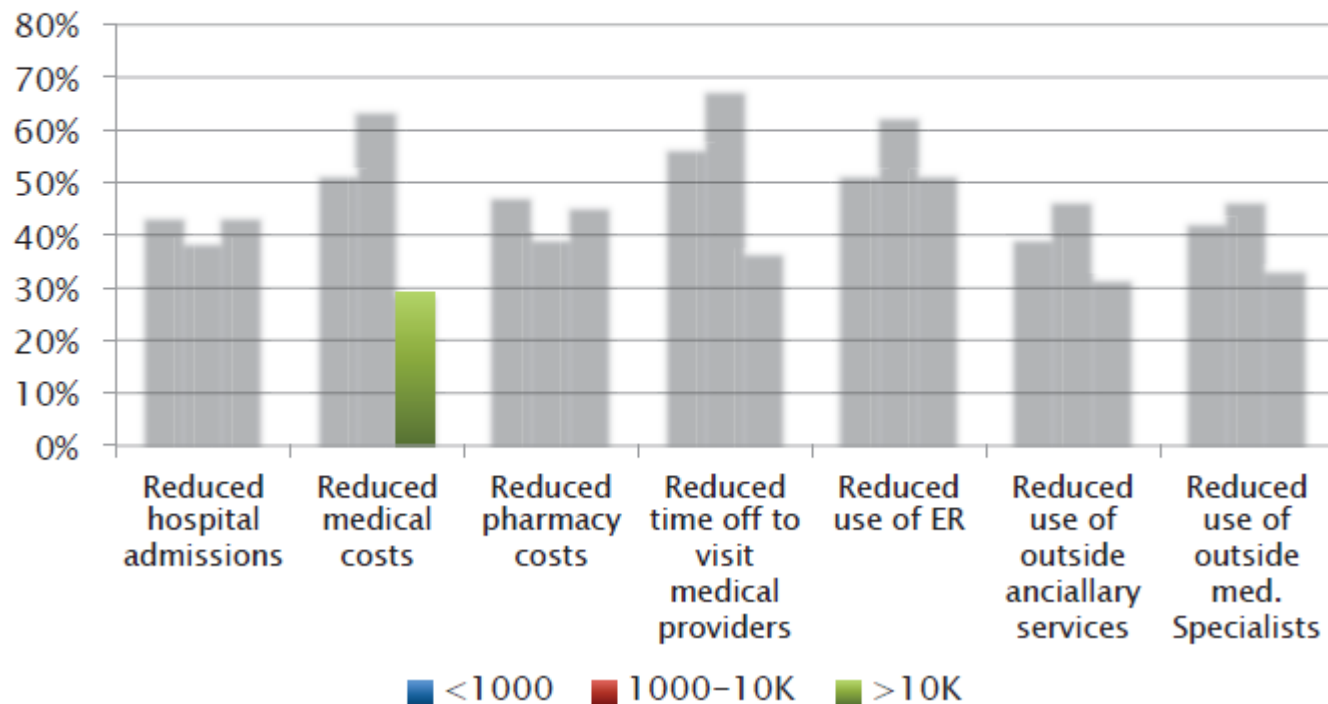
Benchmarking

Top Objectives for Offering Worksite Health Services



Benchmarking

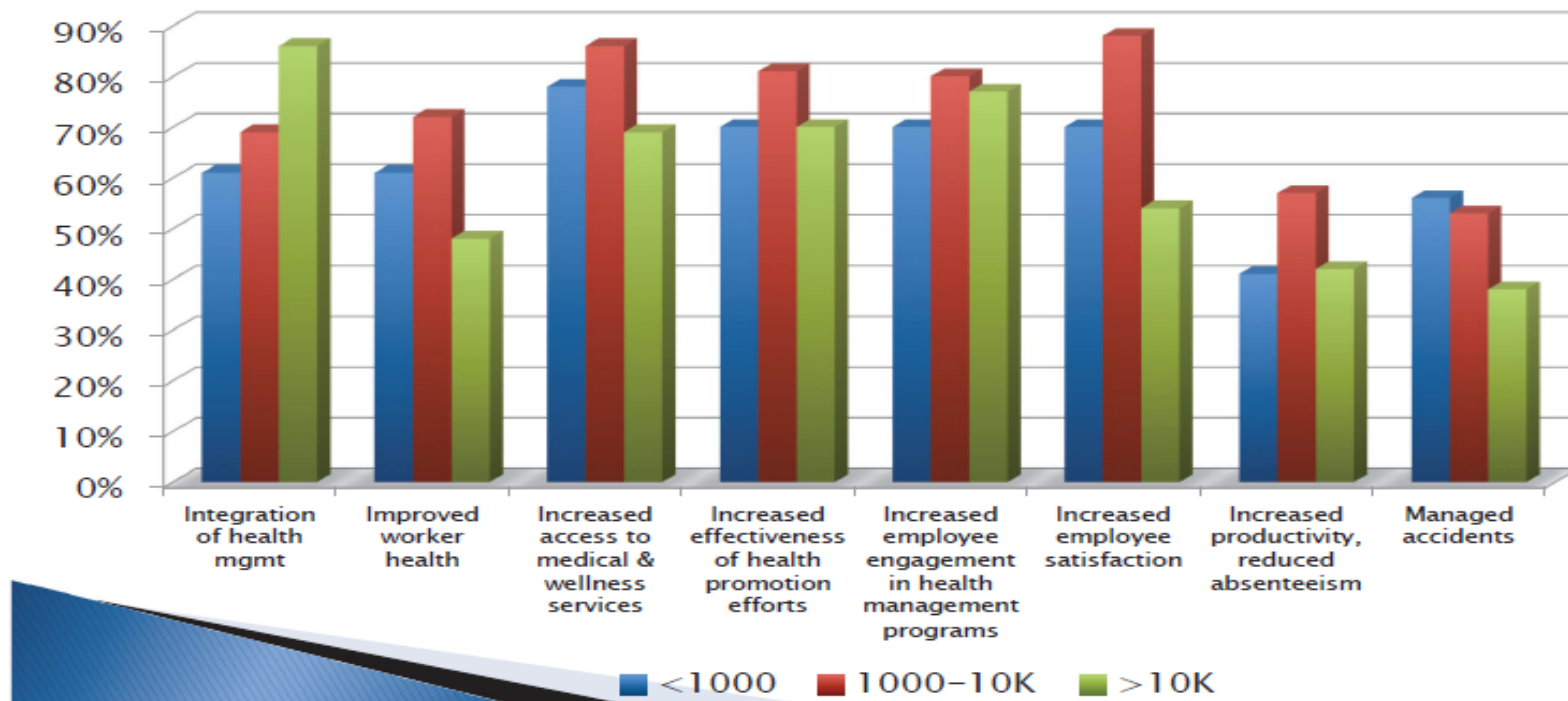
Financial Objectives Met



Benchmarking

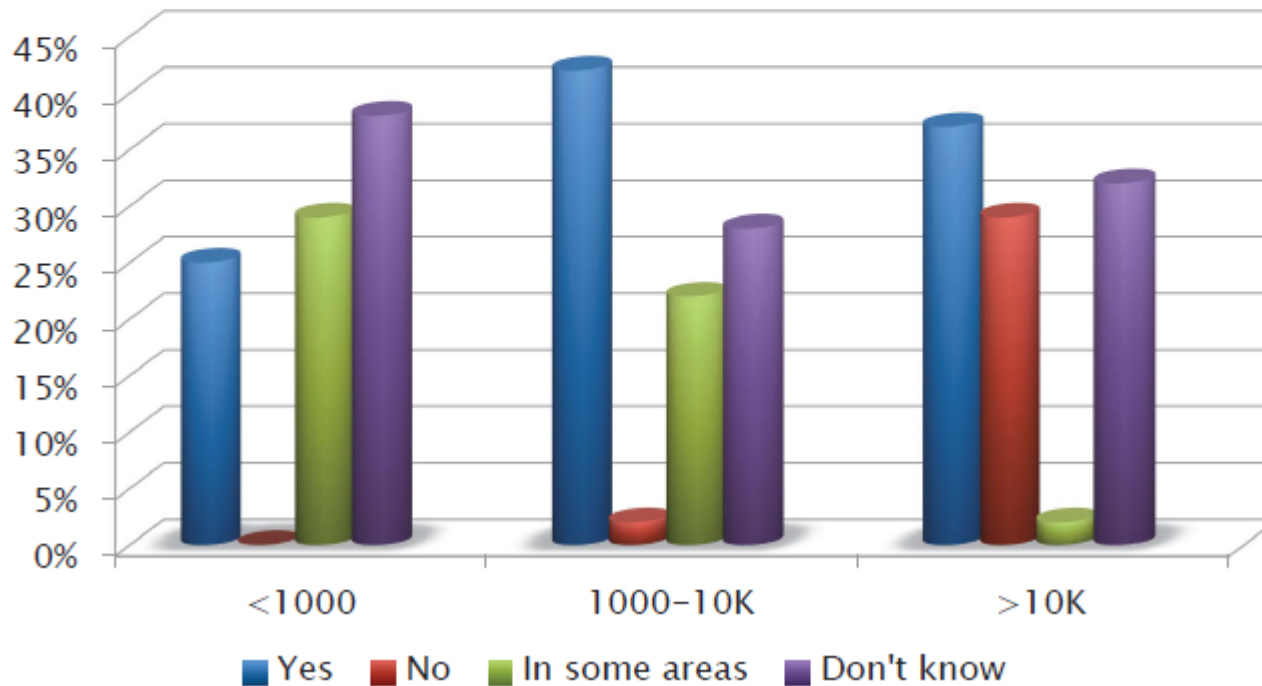
Health and Wellness Objectives

nawhc
NATIONAL ASSOCIATION OF WORKSITE HEALTH CO



Benchmarking

ROI Exists for Clinic



Benchmarking

Comments on clinic model



- 50% of clinic is considered benefits, the other is viewed as occupational
- Our clinic is purely occupational health center
- Claims do not pass through the benefit plan
- We want to exclude clinic if regulations permit
- We use nurse practitioner and pay her out of local budgets
- We don't know how this will be handled
- It's paid for by employer as a separate fee, not included as claims, and fixed cost such as reinsurance and administrative services
- Medical services are at no charge for all employees

Questions & Answers

