

Employer-Sponsored Medical Clinics: Much More Than Convenience Care

Chronic diseases and their complications are typically the main health care cost drivers of large businesses. In the past, employer-sponsored medical clinics (on-site or near-site) have been viewed as offering employers productivity gains and some medical cost containment while offering employees convenience in caring for acute and minor health problems and the early identification of more serious and costly medical conditions. As employer-sponsored clinics evolve, some are taking on a larger role of not only screening for chronic diseases but also actively managing those conditions in order to help employers better control their health care costs. In this article, a physician and an actuary explore what goes into making an employer-sponsored medical clinic an integral part of a large organization's health care cost-control strategy and how the clinic can fit into the organization's overall employee benefit plans.

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On-site medical clinics date back at least 70 years, but their true utility and value has only been fully recognized in the last 15-20 years as progressive employers integrated them into their health and wellness strategic plans. The evolution of employer-sponsored medical clinics picked up significant speed in recent years as employers recognized their potential for health care cost containment. During the first 50 years, employers viewed clinics as employee conveniences. They generally were staffed by nurses

who provided care for minor illnesses and injuries and referred work-related conditions to community physicians and hospitals. On-site clinics fell out of favor and their numbers dropped during the 1980s through the mid-1990s as competition among employers increased, and the need to reduce overall business operational costs became more critical. However, as health care costs continued to escalate, some employers looked to on-site clinics as possible health care cost-containment and employee productivity centers.

A Towers Watson 2012 survey¹ of employers that have or plan to establish an on-site medical center showed that reducing medical costs was the number two reason for doing so (Figure 1).

What Employers Want

What do most employers want and expect from health care providers? In general, our experience is that the majority of employers are looking for better value for their health care dollars and to slow down cost increases for both direct and indirect health care. While they may not recognize it, employers want employees to receive the right care at the right time and in the right place. In oth-

er words, they want a better health care delivery system—one that will result in a healthier workforce. Unfortunately, our current system is burdened with overworked providers, a fragmented and highly variable delivery system that is inefficient and wasteful, a misaligned reimbursement system and a provider system that relies on specialty care. All of these factors contribute to preventing medicine from fulfilling employers' and employees' expectations. Some employers are filling the gap between their wants and expectations and the reality of our current health care delivery system with an unlikely benefit—the employer-sponsored medical clinic.

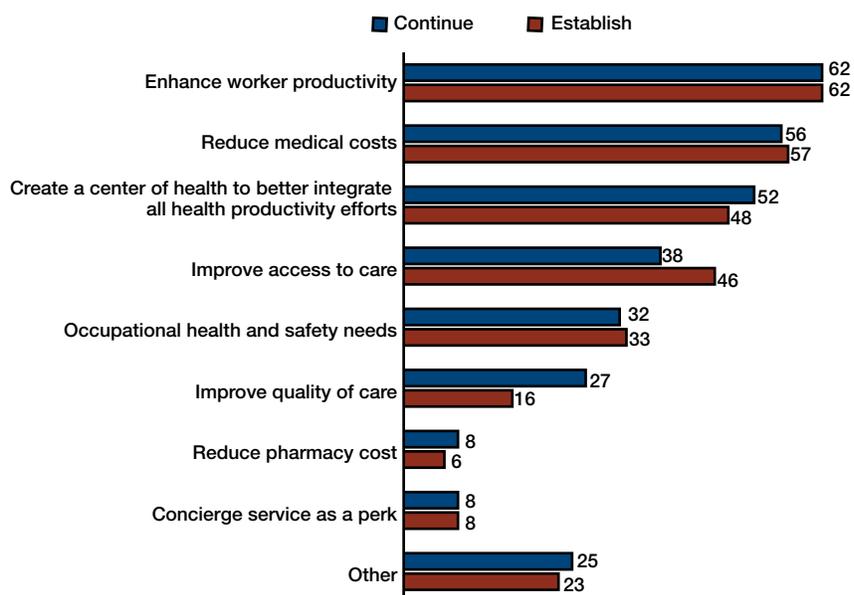
Successful Clinics' Characteristics

Clinics that meet cost-containment and employee productivity goals tend to have common characteristics:

- The clinic is part of an integrated, data-driven health and wellness strategic plan that has specific goals and objectives. The most effective strategies are premised on the idea that to have the biggest impact on cost and productivity, the plan identifies programs (both internal and external) and benefits that can work together to address the diseases and conditions that are the primary cost drivers through analysis of the organization's available health care data.
- The clinic's management understands the organization's health and wellness strategic plan, knows what the organization's primary health care cost drivers are and appreciates the clinic's role in meeting the plan's goals and objectives.
- The clinic's staff has the trust of the employees and can motivate them to follow recommendations and make needed lifestyle changes—possibly the most critical success component.
- The clinic's management and staff have intimate knowledge of the organization's other health and wellness benefits and programs and work to promote them to the clinic's patients.
- The clinic is held accountable for its role in meeting goals and

FIGURE 1

Top Reasons for Establishing and Continuing On-Site Health Centers



Source: Towers Watson 2012 survey.

objectives in the health and wellness benefit strategic plan.

- The organization has a mechanism for monitoring the clinic's clinical and nonclinical results and uses these metrics to identify and implement needed improvements.

The Importance of Being Part of the Organization's Comprehensive Data-Driven Health and Wellness Strategy

Properly structured and integrated employer-sponsored medical clinics can have a significant impact on organizations' direct and indirect health care costs. It is critical for employers that want to maximize the clinic's value to plan its role in the organization's data-driven, integrated health and wellness benefit programs' strategy and share that strategy with the clinic's management. In some organizations, clinics have become the center for developing, coordinating and promoting internal health and wellness programs that are based on the organization's health care cost drivers. This integrated approach has resulted in one organization managing its five-year average health care cost growth to less than 4.1% per year.

A large majority (86%) of employers with on-site clinics use them for purposes well beyond standard medical care, according to a study by Truven Health Analytics, as shown in Figure 2.

Clinic Types

The evolution of employer-sponsored medical clinics has led to five potential clinical care models. Briefly, the models include:

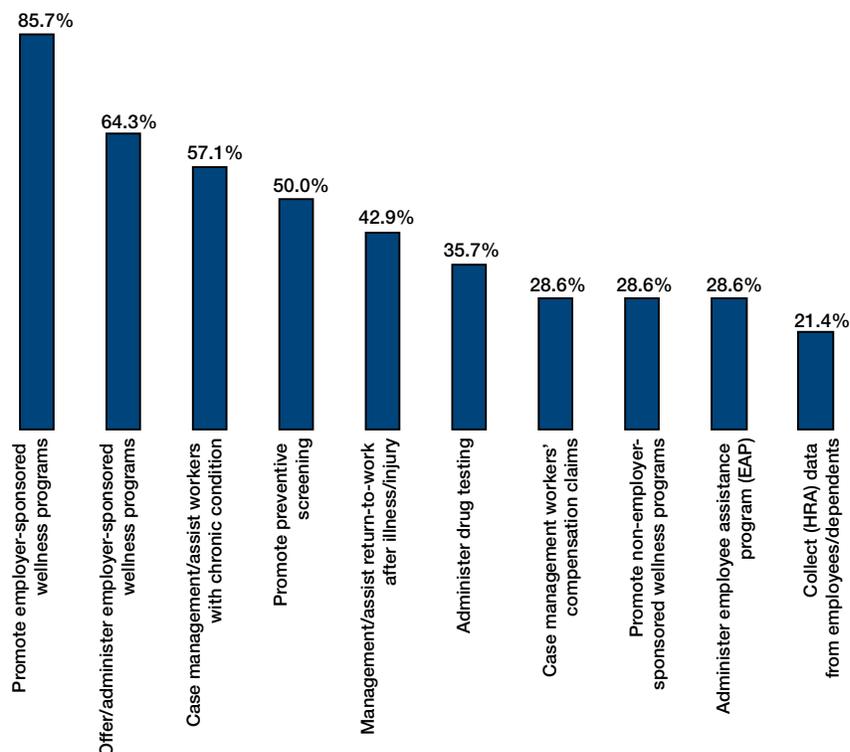
1. The *minute clinic* model provides employee convenience and limited care for minor illnesses and injuries. A nurse practitioner (NP) and nurses generally provide the care. They ask basic, general health screening questions and provide preventive care recommendations but do not provide chronic care or the screenings themselves. This staffing model may require a relationship with a physician or physician group because of individual state medical oversight laws and regulations. Advantages are

that it requires less physical space and costs less to administer. The disadvantages are that it provides minimal health screenings and does not generally establish a long-term relationship with employees. Generally employees consider this model as a convenience and not a source for medical advice or ongoing care.

2. The *urgent care (UC)* model provides greater medical services and is capable of caring for and evaluating more complex injuries and medical complaints. In this model, an NP or a physician provides employee health screenings, screening test interpretation and followup recommendations. However, the UC clinic does not provide ongoing care, annual physical examinations or chronic disease management. A UC model generally requires greater space, and its supply and staffing costs are greater than the minute clinic, making it more costly to administer.
3. The *modified primary care (MPC)* model provides convenient care for minor illnesses and injuries along with most primary care services, including detailed medical history taking, annual physical examinations, medical screenings, test interpretations, ongoing recommendations and chronic disease management. But it does not provide night and weekend on-call physician coverage or hospital admission management. Employees identify more closely with this model and look at the caregivers as trusted providers whose advice and recommendations are generally well-received and more likely to be acted on. The MPC model generally requires more space, and its administrative costs are greater.
4. The *full primary care* model provides all the services of the MPC model and provides after-hours provider call and care as well as in-hospital patient management.
5. The *employer-sponsored ideal micropractice* model limits its care to high-risk and complex medical case care. This model can be thought of as a physician-managed on-site disease management program that provides intense care to two groups of employees: those with typical chronic medical conditions that

FIGURE 2

Employer's Use of On-Site Clinic to Support Other Initiatives



Source: Truven Health Analytics 2012 Onsite Clinic Survey.

will likely lead to associated complications and high-cost claims and employees with already established chronic disease-associated complications. Care is provided by a physician, NP or both and is resource-intensive. This model does not provide general employee screening or care.

Which clinic model works best for a given employer depends on several factors: the organization's above-mentioned data-driven goals for the clinic, the employee culture, the employees'

geographical distribution and the organization's size. It is not uncommon for employers to blend aspects of models to meet their individual needs or to start with one type of clinic only to have it morph into another model over time.

Data and Risk Assessment Needs

To fully take advantage of the on-site clinic's potential, it is critical to quickly and efficiently identify individuals with two characteristics. The clinic should identify those who are likely to incur large health care ex-

penses in the near future and, of those, which have conditions that are amenable to more effective case management than they currently receive.

To reach this goal, the clinic staff should obtain detailed medical histories, recorded in electronic format, from each clinic patient. Important clinical data includes current and past diagnoses, duration and severity of current conditions, past evaluations and treatments, and past and current biometric data. The best source available to most large employers for diagnoses and past treatments data would be historical claims under the health care program.²

Once the clinic establishes the patient's medical database, there are a number of risk assessment programs available to identify likely high-cost individuals. There is, however, a lack of generally available programs to winnow from this group those patients that would most benefit from intense case management. The most successful clinics have developed techniques that combine clinical and financial expertise to accomplish that goal.

Before fully committing to an on-site clinic solution, employers should perform a detailed analysis of their claim data to determine the level of need within the organization and which clinic model best serves those needs.

The Affordable Care Act

The Patient Protection and Affordable Care Act (ACA) has been a catalyst for many employers to reconsider on-site clinics or reassess their poten-

tial if they currently have one. There are diverse reasons for this renewed interest, including:

- Many employers are concerned that health care reform will significantly increase the cost of maintaining a health care benefit program for employees. This is especially likely for those with high levels of health care burden within the employee population. These employers will be faced with the high-plan-cost excise tax (the so-called Cadillac tax) scheduled to take effect in 2018. An on-site clinic specifically geared to address this population's needs may be their last best hope for keeping the cost of health care manageable and avoiding, or at least lessening, the Cadillac tax.
- One undisputed aspect of ACA is that many more individuals will have access to health care providers—whether due to Medicaid expansion, low-income subsidies or the individual mandate. Some employers fear that the influx of new patients will stress the health care delivery system, particularly primary care, to the extent that employees will have difficulty getting appointments and experience extended wait times. On-site clinics would ease this problem, be seen as a significant employee benefit and minimize workers' time away from the workplace.
- ACA encourages the implementation of wellness and disease management programs, including expansion of the ability to encourage, through rewards and penalties, healthy behaviors. As cited elsewhere in this article, on-site clinics are one of the most effective devices to ensure that these programs achieve their full potential, in terms of clinical outcomes and financial results.

Characteristics of Employers That May Benefit From an Employer-Sponsored Clinic

Most importantly, employers should have at least 500 employees concentrated in an area with easy access to the clinic. Beyond that, analysis of readily available data will help employers determine if an on-site clinic is likely to help meet their productivity and cost-containment goals.

Data analysis results that point toward a successful clinic include:

- A higher-than-usual percentage of older employees
- A low employee turnover rate
- Employer health care cost out of proportion to local norms
- High emergency department usage
- Lower-than-normal health maintenance screening
- Higher-than-anticipated medically related absences
- A primary care physician shortage in the area
- 500-2,000 square feet available for construction of the clinic
- Current disease burden that includes significant incidences of medical conditions that are likely to be ameliorated by care or disease management.

Few employers will satisfy all of the above criteria, and some may be more important than others, depending on the employer's goals for the clinic. If more than a few are met, however, it is possible that an on-site clinic will be beneficial.

Alternatives to an On-Site Clinic

Employers that meet a large number of the above criteria, and thus have the most to gain, will likely be best served by a traditional on-site clinic developed to meet their unique needs. However, there are options for those that are either too small, too geographically diverse, without adequate or appropriate space or simply without enough disease burden to justify the expense.

These employers may explore other options, such as a collaborative clinic with other similar organizations, near-site clinics that can be housed in a more appropriate setting and staffing provided by an outside vendor. Alternative funding models also may be employed. Alternatives to full employer funding include shared funding with employees (limited employee copay) or even full employee funding. Indeed, full employee funding may be necessary if consumer-driven health plans that include health savings accounts are part of the employer's benefit program.

Conclusion

On-site medical clinics continue to evolve as employ-

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ers look to provide employees with broader services and high-quality medical care in an effort to improve employee productivity and control health care costs. Employers that have the greatest success in accomplishing this goal integrate the clinic into other programs and benefits that target their health care cost drivers. The authors anticipate that this trend will only increase with the implementation of health care reform. 

Endnotes

1. Towers Watson 2012 Onsite Health Center Survey Report. Available at www.towerswatson.com/en/Insights/IC-Types/Survey-Research-Results/2012/07/Onsite-Health-Center-Survey-2012.
2. Care should be taken that the Health Insurance Portability and Accountability Act of 1996 and all other privacy requirements are adhered to in this regard.

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