

A Guide to Employer-Managed Care: On-Site Clinics and Wellness Centers

Health cost increases prove unsustainable

The Affordable Care Act (ACA) has prompted a number of employers to provide health insurance or healthcare services to their employees. To comply with the endless mandates, one thing about long-term savings, it will take a long time to realize. In a few years. Can your organization sustain the current

It's not surprising that governmental employers who provide health benefits packages are wondering how they are going

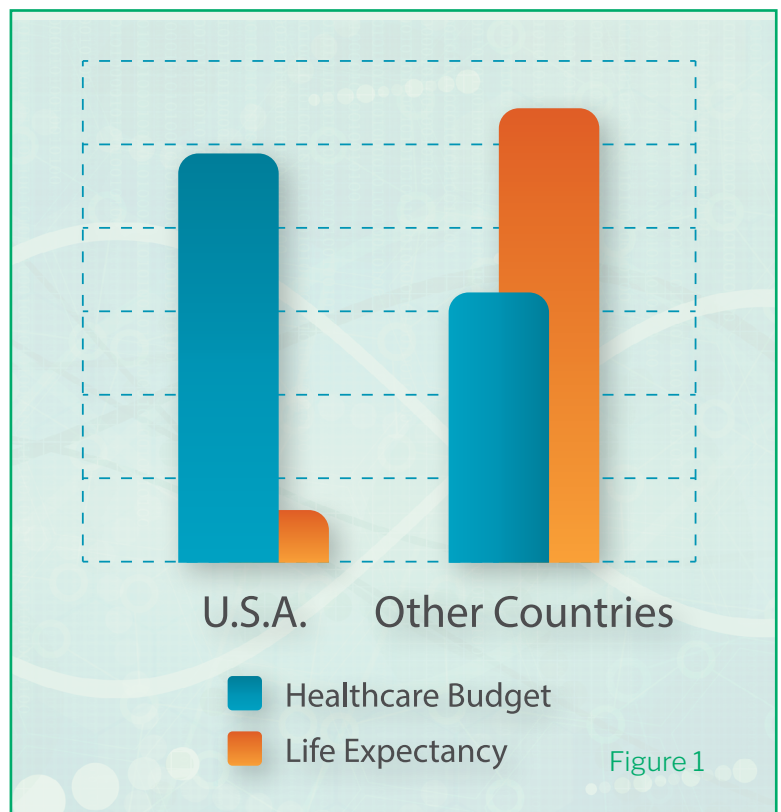
Local governmental employers look for

School districts and other local governmental employers are exploring a wide array of strategies. Most have been forced to contribute more toward their health coverage, or ACA mandates restrict the amount workers can contribute toward higher benefit levels.

The sad fact is that none of these cost-lowering strategies are keeping up with rising healthcare delivery costs and the subsequent impact on healthcare than any other country in the world (according to the Foundation) health system tracker (see figure 1).

Employers, large and small, are moving away from traditional medicine and instead, are taking matters into their own hands. And why wouldn't they? The one thing that smart businesses are good at is running lean systems that produce great products and services.

More than a quarter of larger employers are proving that they can manage health at a lower cost, and with better outcomes than traditional medicine by turning toward employer-managed care options. By implementing clinic centers right on their worksite location and partnering with employees to improve health, employers have demonstrated that cost control and employee health are attainable goals worthy of pursuit.



On-site clinics

An on-site clinic provides care for employees right at their work site location. Smaller employers may join together and establish a near-site clinic. Depending upon the choice of clinic provider, free or reduced cost services may include: acute, occupational, primary care, routine laboratory work, pharmacy, and even dental, chiropractic, or vision services. Study after study shows that providing these services on-site reduces cost for BOTH employers and employees. Employees view the services as a tremendous benefit and this helps recruitment and retention efforts, as well as productivity due to not having to take time off for routine or acute care.

Employers report that implementation of clinics is a relatively straightforward process when partnering with an experienced on-site clinic provider. Build-outs are quick: designs are simple with few requirements, and the clinic is up and running in a few months. **And most importantly, the immediate containment of direct medical costs is typically realized in the first year.**

Because the care provided in these clinics is not burdened with entrenched old technology or cumbersome decision-making processes of traditional healthcare, the streamlined process that emerges allows for more personalized, quality care delivered efficiently and effectively.

Employers who are ready to embrace change must realize, however, that providing **acute care is only the beginning** of what is possible with employer-managed care. In the long run, the goal must be to improve employee health by preventing and managing chronic illness. Only then, will employers begin to realize true Return on Investment (ROI) -- instead of achieving only short-term saving, they begin to see premiums and costs actually decline.

Types of on-site clinics

There are many different types of on-site clinic operations available to employers today. But for the purposes of this paper, we will discuss three distinct types: acute care, occupational care, and primary care.

Acute care clinics

Acute care clinics typically provide active, short-term treatment for minor injuries or illnesses, colds, flu, or sore throat. Because the term acute is the opposite of chronic, these clinics typically focus on the immediate needs of patients for quick relief, while focusing less time on long-term wellness. Acute care clinics can reduce employee dependency on costly emergency room stays and mitigate visits to specialists, but do not address long-term health issues that lead to costly illnesses such as heart disease and diabetes.



Occupational care clinics

Occupational care clinics can save employers money particularly in the short term on specialized, occupation-related health issues for employees at reduced or lower cost. Similar to acute care clinics, they do not proactively seek out patients at risk for chronic diseases, so the savings are limited to short-term gains. Most occupational care clinics offer treatments and therapies to help patients with mental, physical, or developmental conditions to recover or maintain daily living and work skills.

Primary care and wellness clinics

The gold standard in clinics is the primary care and wellness center, closely modeled after the concept of the Patient Centered Medical Home. The medical home is a patient-centric approach focused on reducing costs while improving health. Both Medical Home and clinic concepts are based on overwhelming evidence that improved primary care = healthier population = lower healthcare cost.

Most employees will avoid going to the doctor

until the urgency of the problem outweighs the inconvenience and cost of traditional health services. But when signs and symptoms are ignored, they can become expensive medical problems. Avoiding these catastrophic problems requires ongoing patient contact to turn lifestyle changes into lifelong habits. This is where on-site primary care and wellness clinics come into play.

To combat unhealthy habits and lifestyles, and prevent costly health problems, the primary care physician proactively forms a partnership with both the employer and the employee to shift the work culture from traditional medicine to a prevention and wellness approach.

The first years of clinic operations will involve health assessments and educational programs designed specifically to address the health needs of your particular group and costs may actually increase during this time (see figure 2). High blood pressure, diabetes care, heart disease, smoking, and weight loss issues are identified and programs are put in place to address them. At progressive clinics, the physician reaches

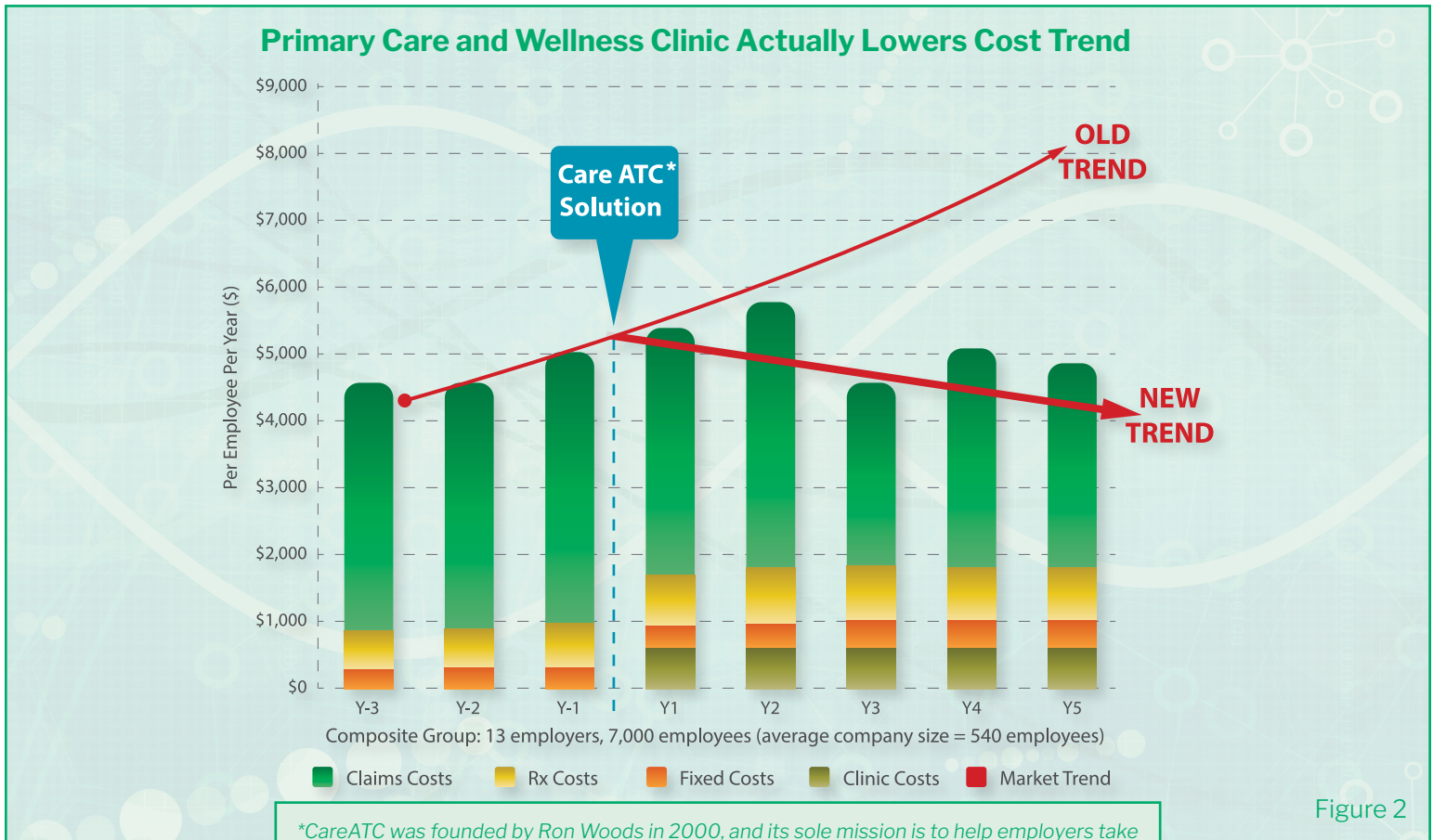


Figure 2

out specifically to those who have signs of current or preventable illness and works with them to take steps toward a healthier life.

This game-changing, yet pragmatic solution:

- Clears away mountains of waste
- Controls costs by making referrals based on fees and patient outcomes
- Focuses on patient-centered care and medical homes
- Actively promotes a culture of wellness and prevention

How to find funding

Surprisingly, the initial price of establishing a medical clinic for employees and their families is not an additional cost to self-insured employers. Rather, it is a **transfer of expenses from one area to another**. In a self-funded environment, there is a pool of funds used for preventative and acute care. In the first year of your clinic, those funds are no longer needed because employees will receive care at the clinic at a fraction of the cost (see figure 3). Those first year savings are used to establish the clinic. Over time, the cost of health coverage reduces for the employer, while wellness increases across the organization.

Case studies

The local government in Clearwater, Florida, recently opened an on-site wellness clinic for public employees to proactively combat the rising cost of health coverage through more efficient preventive wellness strategies. Prior to launching the on-site clinic, the average number of office visits to primary care and specialist practices each month for public employees was 983. After the clinic's doors were opened for 36 months, the monthly office visits count dropped 27% to 718 – creating significant savings for the employer in reduced claims (see figure 4).

In addition, the public employer reported a 17% decrease in prescription costs as the on-site wellness clinic offered pharmacy services as well. The return on investment for the establishment of the clinic was 1:84 to 1, and employees agreed, reporting nearly 100% satisfaction in services provided. The switch resulted in total savings of \$308,000.

Likewise, the City of Tampa, Florida, also deployed a similar on-site wellness clinic after reporting an 11.5% annual increase in health-related expenses.

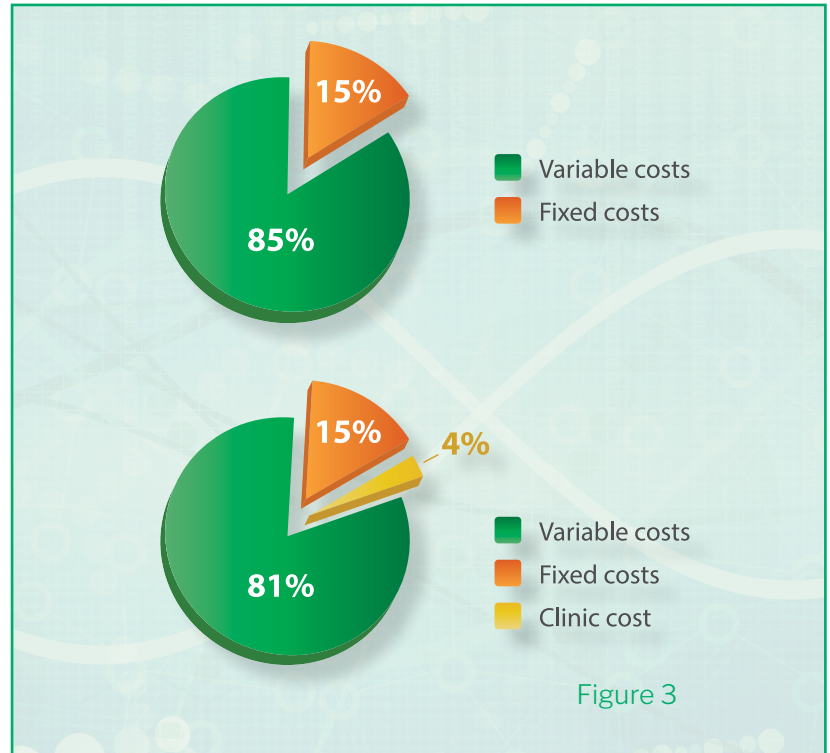


Figure 3

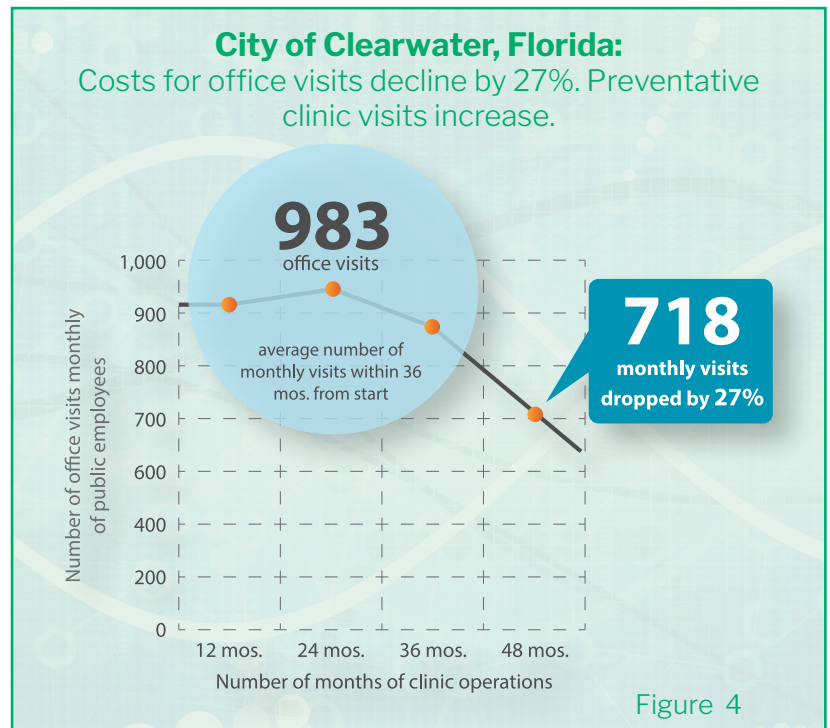
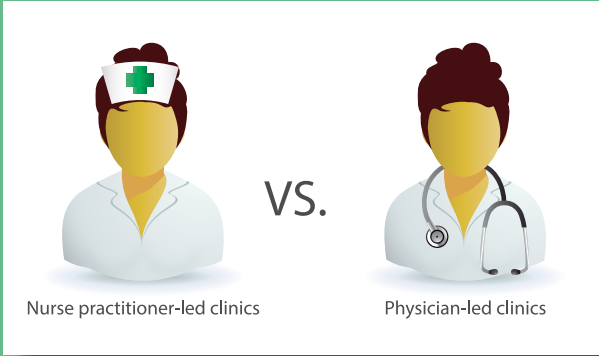


Figure 4



A nurse practitioner, while not a licensed medical doctor, is a highly trained healthcare provider who has been studying nursing throughout undergraduate and graduate programs and is a certified health care provider. Nurse practitioners go to school for fewer years than physicians, but are able to treat the majority of primary care conditions. Due to a nationwide shortage of physicians able to treat a growing population of patients, many nurse practitioners have taken on more responsibility in the delivery of primary care services in clinics.

Many reputable clinics including Care ATC Clinics are run and managed by physicians, working collaboratively with clinicians and nurse practitioners, provide the best model for primary care and wellness clinics. This collaboration is more likely to send the cost trend downward. A recent report from the American Academy of Family Physicians (AAFP) described services provided by nurse practitioner-run clinics as a lower level of care, since the decisions will be made by less experienced or qualified medical professionals. Instead, the AAFP recommends employers deploy physician-run on-site wellness clinics to ensure a certain quality of care that cannot be guaranteed by alternative models.

Clinics run and managed by physicians... are more likely to send the cost trend downward.

After the first five months of being open, the on-site wellness clinic generated 1.9% net savings, a return on investment of 1:4 to 1 and a 98% overall satisfaction rating. Employees reported about \$220,000 in total savings for the time period, as the local government enjoyed paying 13.4% less on health-related expenses than the national trend.

Takeaways

For employers looking to reduce the rising cost of health coverage, while ensuring a high level of care to employees, the addition of an on-site wellness clinic is the optimal choice. The delivery model of the primary care and wellness clinic not only focuses on cost savings for employers and employees alike, but also provides access to valuable health-related services to promote continued wellness and prevention of serious, expensive illnesses.

Some short-term solutions to the rising cost of healthcare may provide short-term cash savings, but only primary care and wellness clinics actually reverse the trend of increased costs.



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- [Guide to Understanding Self-Funded vs Fully Insured Health Plans](#)
- [Health Insurance Rx: 5 Remedies to Slow Escalating Costs Now](#)



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