# THE PROMISING POTENTIAL OF WORKSITE HEALTH CLINICS

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## A fresh look at a cost-effective model of care

Worksite health clinics are an old concept getting a fresh look because of their promising potential to manage health care costs. A 2011 ICMA study reported that of governments serving populations of more than 10,000, 9 percent already provide worksite clinics, and 12 percent are considering adding clinic services.

There is a long-standing public perception that government employees receive "Cadillac" health benefits. While varied benefits packages are difficult to benchmark, a study prepared for the Center for State and Local Leadership reports that public insurance benefits are richer and employees pay a smaller percentage of the costs than in the private sector.[1] While many private sector employers continue to shift costs to employees, with higher co-pays and deductibles, public managers have been less likely to do so.

Even in the best of economic times, these high-cost, low-contribution plans may be difficult to justify and may be even more questionable in our era of intense public scrutiny. As a result, local government leaders are proactively seeking solutions that will ensure their ability to afford quality health coverage at a time of diminishing revenues.

While a top priority for government-operated worksite clinics should be employer savings, additional indirect savings can occur by improving the health of employees, reducing lost time and absenteeism, and reducing costs to employees. Despite their brief history, there is growing evidence that the control mechanisms worksite clinics offer can maintain or even reduce public expenditures for employee health care.[2]

These results are achieved not by cutting benefits but by moving away from the traditional fee-for-service model of care to embrace the "medical home" or "patient-centered medical home" (PCMH) model. This model places the focus on primary care and a holistic integration of wellness and disease management while developing an on-going relationship with a medical provider. While most governments are intent on slowing the trend line on rising health care costs, clinics provide the potential for long-term savings realized through improved health care due to better access and preventive care within this medical home.

## Types of Services to Be Identified On the RFP

+ Primary care
+ Dispensary
+ Preventive services
+ Acute episodic service
+ Laboratory services
+ X-ray, ultrasound
+ Infusion pharmacy
+ Hospital admissions
+ Disease and case management programs
+ Health education/promotions
+ Health risk assessments
+ Biometrics
+ Health coaching
+ Referrals
+ Smoking cessation
+ Obesity/weight management
+ Type II diabetes management
+ Domestic violence screening
+ Low back pain management
+ Disease prevention
+ Depression
+ Physical therapy
+ Heart disease prevention
+ Drug testing (7-panel)
+ Blood work
+ Health risk assessments

### Factors to Consider

**Operations planning.** For governments considering a worksite health clinic, planning for operations is time well spent. Keeping both short-term and long-term goals in mind, consider the availability of a facility adjacent or near your government center, the appropriate scope of services for your population of employees, and benefit design to encourage employee/dependent use.

**Minimum potential participants.** One of the first questions to consider is: Is your organization large enough to support a clinic? From available data and a review of the size of entities that have established clinics, a minimum employee population of 500 is suggested, although some clinics operate efficiently with as few as 300 employees.

If a government entity is not large enough to support its own clinic, the manager may look to other public agencies to form a consortium for mutual benefit. In some communities, school boards and county and city governments have cooperated to open clinics with expanded hours and services.

**Location.** Many communities have identified excess property or vacant storefronts that can be converted for a reasonable cost for clinic space. Facility design should ensure easy access, adequate space to include a reception/waiting area, pharmacy, exam rooms, lab and other equipment, and adequate parking. In some cases, clinic providers may set up the clinic, which may increase costs overall but reduce initial capital expenses.

**Range of services.** Decisions must be made on the range of services, clinic availability to dependents and retirees, number of hours of operation, and whether a full-time physician is required. Some states may allow a part-time physician to manage a full-time physician's assistant or nurse practitioner. Employee needs should dictate the need for a 24/7 nurse assistance line, wait times, and whether the clinic will accept walk-ins or require appointments.

In addition to offering primary care services, some other popular clinic features include lab and X-ray services, preventive services and wellness classes (e.g., smoking cessation, weight management, diabetes management), flu shots, health education, and pharmacy services. Establishing a dispensary for pharmaceuticals as an integral part of the clinic can offer substantial cost savings to both employer and employees.

An on-site dispensary means that the patient can leave with a filled prescription, which improves medication compliance. Most worksite clinics typically stock only the 100 or so most common generic drugs, which are in most cases available at a low cost to employers and at little or no cost to employees, thereby saving them money as well.

**Issuing a request for proposal.** Once the planning is complete, an RFP should be prepared. Local governments may choose from several national providers of health clinics or may opt to select a local health care provider to offer clinic services. Regardless of the management, a thorough RFP must clearly identify the method of reimbursement (cost-plus or

contract), scope of services, ancillary services, hours of operation, level of staffing, after-hours expectations (if any), liability issues, and reporting metrics expected.

Ensuring that your clinic provider will supply an electronic medical record, predictive analytics, and population health data are critical to ensure a means for performance measurement. Expect a real-time dashboard that will help your organization monitor use of the clinic, identify high cost areas, and ensure vendor accountability.

Avoid any "et ceteras" in the contract by being specific about expectations. It is not uncommon for clinic vendors to expect a three- to five-year contract, and local government managers will want to avoid any misunderstanding about the services expected.

Be clear that worksite clinics represent a major change in service delivery. On the positive side, the local government can improve care through the establishment of a medical home. On the downside, local providers or institutions may view the clinic as competition and push back on implementation by an outside provider. Employees may also perceive this change as a cut in benefits.

**WORKSITE CLINICS CAN DRAMATICALLY IMPROVE ACCESS TO PRIMARY CARE WITHIN THE MEDICAL HOME, WHICH HAS BEEN DEMONSTRATED TO IMPROVE QUALITY OF CARE AND REDUCE COSTS FOR EMPLOYEES.**

**Employee engagement.** By involving employees up-front in the design of the clinic through surveys, focus groups, and employee meetings, the government will more likely avoid the angst such change creates. Once a decision is made to establish a clinic, there cannot be too much education on its use and benefits to employees.

Worksite clinics can dramatically improve access to primary care within the medical home, which has been demonstrated to improve quality of care and reduce costs for employees.

**Return on investment metrics.** Once established, someone in your organization

should be assigned to review the reporting data on a regular basis. Information that will be helpful to you includes:

- **Population health data.** While the organization must not violate HIPAA laws, a health analyst or benefits consultant can collect population health data for trending. This may alert the organization to areas where additional employee education is needed, changes are necessary in the health plan to foster healthy behaviors, or added services like weight management or diabetes counseling could improve health outcomes.
- **Specialty utilization.** Health plans can require a referral to a specialist, which can help control costs. Specialists often charge three or more times what a primary care doctor charges. Referrals also help the primary care provider stay engaged with care and can help reduce redundant tests and ensure follow-up.
- **Workers' compensation injuries.** Clinics may be able to provide early identification of similar injuries that could reflect the need to change processes or equipment.
- **Sick days.** Quick access to an on-site provider may reduce absenteeism, including absences for time-consuming doctor visits. Most clinics offer same-day appointments. Tracking and trending sick days provide indication of return on investment.
- **Hospital days, emergency room visits, home health days.** These are high-cost services that might reflect the need for counseling, case management, or a health problem that needs attention.
- **Comparison of community costs and clinic costs.** The best way to calculate return on investment is to compare costs of community services and the same services at the clinic. By building in cost-collection measures as part of planning, managers will be able to pinpoint savings that will be important for decision making and reporting.
- **Employee satisfaction.** Listen to your employees in order to make necessary clinic changes to ensure use. The larger the percentage of employees using the clinic, the lower the costs of processing outside claims.

**IF A GOVERNMENT ENTITY IS NOT LARGE ENOUGH TO SUPPORT ITS OWN CLINIC, THE MANAGER MAY LOOK TO OTHER PUBLIC AGENCIES TO FORM A CONSORTIUM FOR MUTUAL BENEFIT.**

## What Services Should Be Provided?

+ Primary (basic medical) care
+ Disease management
+ Health promotion and wellness
+ Pharmacy or mini-dispensary
+ Lab services
+ X-ray
+ Annual flu vaccinations
+ Workers' compensation care

### Information Sources

Unfortunately, for local governments interested in clinic operations, there is neither a national database of municipal health clinics nor a one-size-fits-all solution. Managers may want to speak with their current health care providers who generally are a wealth of knowledge and might provide specific insights and knowledge on worksite clinics.

You will want to tread carefully when seeking opinions from potential vendors who may exaggerate the positive aspects of their clinic models when attempting to "make the sale." In making an evaluation on return on investment, be aware that there is no standardized model in use across the states. Your colleagues with the experience of setting up a clinic remain a good resource for advice.

Most will likely agree: Worksite clinics can create an environment in which there is patient-provider trust and accountability, while achieving employer and employee cost-savings and the long-term benefits of improved employee health.

Finally, there is a national association dedicated to worksite health centers and clinics at worksitehealth.org. This resource is a good place to start for information, education, and networking if your organization is thinking about integrating an on-site clinic with your current health care strategy. PM

**ENDNOTES**

1 See Josh Barro (2012). "Cadillac coverage: the high cost of public employee health benefits." Civic Report No. 65, Center for State and Local Leadership. Manhattan Institute. Retrieved from manhattan-institue.org/csll.

2 See David H. Chenoweth and Judy Garrett (2006). "Cost-effectiveness analysis of a worksite clinic." AAOHN Journal 54(2): 84-89; David Levine (2012). "On-Site Health Centers Save Local Governments Money." Governing: June; Betty Liddick (2005). "Sick over health care costs, companies get some relief with on-site medical centers." Workforce Management 84(5): 82; Don Mooradian (2008). "Jobsite health clinics open doors to savings." HealthLeaders InterStudy – Tennessee Health Plan Analysis 20(4): 1-4; Anne V. Moore (2011). "The doctor is in – at the workplace." Benefits Magazine (December): 14-19; and Lori T. Oliphant and Cheryl C. Murray (2012). "Fit for an on-site clinic." HR Magazine 57:1, 61, 63, 65.

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