



SOCIETY OF ACTUARIES

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Taking Our Own Medicine Through Onsite Health

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For years, Hewitt Associates and other leading health and welfare consulting/outsourcing organizations have led thousands of clients down the path of examining their health care program strategies, designs and funding approaches. We all know the end state need is to control the rising tide of health program costs—often the fastest inflating expense for employers—but to do so in a way that keeps the plan affordable and understandable for employees and their family members.

We also know that we have exhausted the trend reduction possibilities of flexible choice-making and wholesale purchasing through managed care that helped control employer costs through the 1990s and into the early 2000s. “Consumerism” has been the buzzword of late in the industry, and early on it took the form of encouraging more rational use of services through high deductibles and employee health accounts (HRAs and HSAs). The stark realization is that while employers still need to work closely with their administrator/insurer partners and consultants to hold the line on health care unit prices, the more powerful weapon in the “fight against trend” is partnering with plan participants to reduce the growing demand for services.

The Shoemaker's Children

For years, Hewitt has addressed its own health care program much the same way we have consulted with our clients—partner with great vendors to deliver deep discounts and robust service, and offer a range of designs that encourage associates to select “the right plan” for themselves. However, historically we hadn't stepped up our health promotion efforts in a robust, significant way. Sure, we offered Weight Watchers® programs, encouraged walking on our office pathways after lunch and provided a wealth of information on wellness (as well as offering blood pressure screenings and finger-stick cholesterol readings) during our benefits fairs—but most of our programmatic emphasis came back to the usual plan design and associate cost-sharing decisions.

In 2007, new leadership in Hewitt—led by our CEO and senior vice president of human resources (SVPHR), both new to our organization—asked a key question: What are we doing to make seeking health care easier for our associates, especially in our largest locations? Our Lincolnshire, Ill., headquarters became an immediate focus—with over 5,000 associates, we knew we were losing countless hours to people needing to leave during the day to address health issues (or not coming to work at all). We also wanted to do more to promote health as an organization knowing that—as is the case for our clients—many of our primary large claim diagnoses have roots in poor preventive care. Our consultants and delivery associates were doing a great job focusing on their clients, but were not doing as well focusing on their own health and wellness.

What is an Onsite Clinic?

Onsite clinics are small versions of a medical office that sit within or near an employer's physical space. They are able to offer a wide variety of services, based on the program design. Services can run from preventive care and wellness visits to full-fledged physician care (as we have in our Lincolnshire location). Onsite clinic staff can either be hired directly and managed by the employer or, as we recommend, outsourced to a third-party provider. The primary advantages with outsourcing are the greater confidentiality and privacy perception by the associates and the administrative expertise with operating a medical clinic that a vendor can provide. In an outsourced relationship, the employer pays the vendor all pass-through costs for staffing, supplies and equipment along with a negotiated management fee. One of the primary decisions in establishing an onsite clinic is whether to utilize nurse practitioners or physicians or both. This choice will rely on the types of services the clinic will provide and the budget for the project.

The Process of Implementing Onsite Health Care

Conceptually, onsite health care is a fantastic way to promote health messages and encourage frequent health checks. However, the hurdles to implementation are significant:

- The cost/benefit analysis: There is substantial upfront cost in opening an onsite health facility—how can that be funded with existing dollars in the health program, and how will it eventually “pay for itself”?
- Real estate: It’s not as easy as deciding in what room in what building to install the facility—you will get to know your local zoning laws intimately!
- Time investment to select vendor partners: We decided to outsource the operation of our facility to an outside clinic management organization, which hires the medical director and health care delivery staff AND manages the electronic records and scheduling interface for our associates utilizing the facility.

The use of electronic records is key for many reasons: privacy and confidentiality; elimination of paper storage requirements and processes; streamlining data entry and the patient visit; record retention and redundancy; and ease of obtaining and sharing information with other providers and service vendors (such as primary care providers, labs and X-ray facilities).

- Legal considerations: An onsite health facility is an ERISA plan, and as such we needed to comply with certain provisions such as making COBRA available for former associates using the facility—and we had the added wrinkle of determining prevailing costs for services to facilitate compliance for associates enrolled in our High Deductible Health Plan with an HSA.¹
- Security considerations: As a corporation with security guidelines, the facility needed to comply within the broad framework of our security requirements. (As a result, at present only associates have access to the facility, while family members do not.)

Ultimately the cost/benefit analysis supported moving ahead with the center implementation—with the added feature of an onsite pharmacy managed by our prescription benefit manager. We had dollars available in our benefit program to apply towards the cost of implementation, shifting \$300 in annual wellness credits (based on associate pledges to refrain from tobacco use, use seat belts/safety devices and exercise regularly) into the new program by:

- establishing a \$150 incentive for employees to take action by completing an online Health Risk Questionnaire (over 90 percent of our associates completed it!); and
- using the remaining dollars to fund onsite center start-up costs and vendor management fees.

Cost/Benefit Considerations

Like any other cost-saving endeavor, aside from it just being the right thing to do, establishing an onsite clinic in a workplace does require a rigorous cost/benefit analysis. Considerations for the capital costs, operating costs, management fees and the like need to be measured against the anticipated return on the investment (ROI). The ROI should include both cost avoidance and productivity savings. The cost avoidance calculation includes both the costs that were directly avoided (by not being paid to an external provider) as well as potential future costs avoided

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Hewitt’s onsite pharmacy in their Lincolnshire, Ill. center is filling about 225 prescriptions per week.



The Wellness Center clinic, adjacent to the pharmacy, averages 60 associate visits per week.

by eliminating health risks and/or minimizing costs for associates with chronic disease. While evaluating potential productivity gains can be tricky, we know intuitively that staying at the worksite for care results in much less work time missed during the day than seeking care elsewhere. Take the example of a biweekly allergy shot: an associate in this situation is required to take time off from work an average of four hours every other week. By moving these allergy shots to an onsite clinic, the associate can return to work within 30 minutes of the appointment. That's a 3.5 hour ROI! At an hourly rate of \$20, that is a savings to the company of \$70 in productivity alone.

The Results So Far

Our Lincolnshire onsite health facility and pharmacy opened just before the holidays in December 2008, and through just five weeks our activity was tremendous:

- To build visibility, we partnered with our clinic and pharmacy managers to raffle prizes during our grand opening week in January—and over 1,000 associates (or about 20 percent of our Lincolnshire workforce) visited the center as a result.
- In the first five weeks of operation, the medical center has seen over 200 patients, for over 300 visits in total.

- At the time of this writing, barely a month after the opening of the clinic, there have been over 700 “charges” generated for services, totaling about \$65,000—this is pure cost avoidance from external care expenses.

It is interesting to note that this \$65,000 represents the cost of the care based on the clinic's established fee schedule. This fee schedule was developed to be competitive with other physician services in the community. It therefore is representative of the gross cost that was prevented from hitting the benefit budget.

The 700 charges that have been processed comprise a wide variety of services, including but not limited to: laboratory blood draws, physician/nurse practitioner office visits, wellness visits, emergency services, immunizations, vaccinations and allergy shots.

- The pharmacy is filling about 225 prescriptions a week since its January 2009 opening, with 20 percent of those filled coming as transfers from other pharmacies.
- Already, 20 associates who previously did not have a prior relationship with a primary care physician have now established one with our center's physician.
- Four emergency cases have already been triaged at the facility, allowing care to start before an ambulance arrived.

Most importantly, the clinic has helped individuals identify existing or potential adverse health conditions and start on the pathway of addressing these conditions. Three new cases of diabetes have been identified as a result of visits to the center, and nearly 70 percent of the patients that have been seen to date have elevated cholesterol levels—for which we have been able to intervene at an early stage. We have had overwhelming positive feedback from our associates—including those who say, “Wow, I now see that my employer DOES care about my health!”

We will continue to monitor activity and measure the financial return from implementation of our

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center and pharmacy. But we will also measure the impact on each individual that visits our center and benefits from our coaching resources and frequent biometric assessments, and ultimately improves his or her health because of the interaction with our clinic and pharmacy staff. Metrics will include: improvement of body mass index and blood pressure (for those working on this at the clinic); cost per visit; prescription compliance; and productivity improvement compared to those not having care in the clinic. Other measures are also under consideration.

We are also moving ahead with plans to implement similar facilities in other major Hewitt locations, targeting those with 1,000 associates or more. Why 1,000? Because our calculations show that it's quite challenging to secure a return on the total implementation cost with less than this number. In order to serve locations that have fewer than 1,000 associates, we will be looking for discount relationships with neighborhood pharmacies and stand-alone clinics, both to control costs and to provide better access for these associates.

There are reasons beyond the financial benefits of improved purchasing techniques for employers with large populations concentrated in one site to consider onsite health services. Productivity improves when employees lose less work time seeking health services, and early identification and protocol adherence will lead to better health outcomes—and reduced demand for services—in the future. ■

¹ In order to allow those in the HDHP with an HSA access to care in the clinic, a fee schedule and process for collecting payment up to the deductible had to be established. In order to make the clinic pricing attractive to associates in this plan, the fee schedule was competitively priced using area comparison data as well as pricing averages from our health care provider. Rules and regulations dictate that fees charged cannot differ from those that would otherwise be charged to any other provider or payor.

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