

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

By Steve Ott

## Health cost increases prove unsustainable

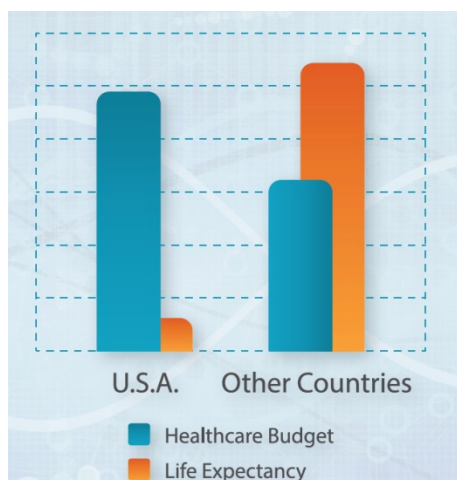
The Affordable Care Act (ACA) has prompted a major change in the way employers will provide Health Insurance or healthcare services to their employees. While many employers worry about how they will afford to comply with the endless mandates, one thing about healthcare reform is clear: If ACA results in any potential long-term savings, it will take a long time to realize. Most experts are predicting even higher costs in the next few years. Can your organization sustain the current cost trend?

It's not surprising that governmental employers who offer Health Insurance coverage as part of their employee benefits packages are wondering how they are going to pay more amidst an already tight and shrinking budget.

## Local governmental employers look for solutions

School districts and other local governmental employers in search of solutions have been attempting a wide array of strategies. Most have been forced to pass some of the costs on to employees, asking workers to contribute more toward their health coverage or accept health plans with higher deductibles. But looming ACA mandates restrict the amount workers can contribute and may require providing coverage with even higher benefit levels.

The sad fact is that none of these cost-lowering strategies have yet to address the very real problem of rising healthcare delivery costs and the subsequent insurance benefits price tag. The U.S. spends more per capita on healthcare than any other country in the world, but we still rank last among 16 high-income peer countries for life expectancy, according to the National Research Council and Institute of Medicine (see figure 1).



Employers, large and small, are moving away from the failed business model for the delivery of healthcare, 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. 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 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.

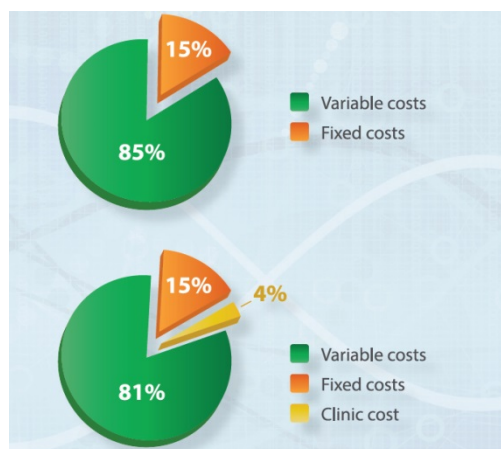
The first years of clinic operations will involve health assessments and educational programs designed specifically to address the health needs of your particular group. High blood pressure, diabetes care, heart disease, smoking and weight loss issues are identified and programs are put in place to address them. The physician may reach 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 2). 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.



### 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.

Steve Ott, Regional Vice President of National Insurance Services, is a licensed insurance agent and registered representative with Series 6 and 63 securities licenses. Steve specializes in Life Insurance, Disability Insurance, Special Pay, HRAs and 403(b)s for school districts, cities and counties in Nebraska, Iowa, Kansas and Missouri.

For more information, contact: Steve Ott 800.627.3660 [sott@NISBenefits.com](mailto:sott@NISBenefits.com)