

EXECUTIVE SUMMARY

ONSITE CLINICS BRING HEALTH CARE VALUE TO THE WORKPLACE

Companies participating in the first Onsite Clinic User Group meeting sponsored by The Alliance® are strong believers in the value of onsite health care services for employees.

Seven of the 10 Alliance member companies with onsite clinics recently gathered to discuss clinic models, options, results, challenges and future plans. While their approaches vary, they share a firm belief that onsite clinics are producing savings through lower medical costs, better long-term health, reduced absenteeism, improved productivity and high employee satisfaction.

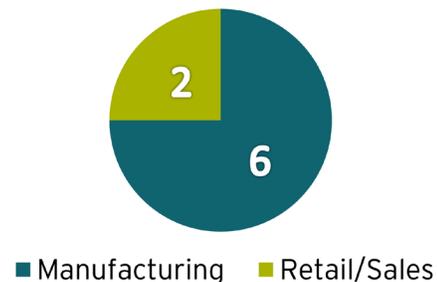
The Onsite Clinic User Group

Members of The Alliance participating in the first Onsite Clinic User Group meeting include:

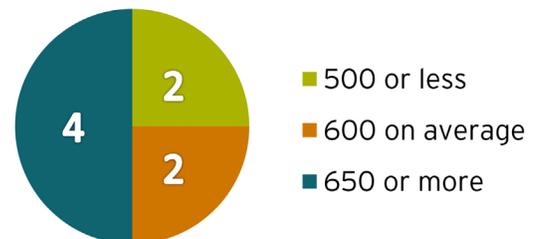
- > Colony Brands Inc.
- > Flambeau Inc.
- > Lands' End
- > Promega
- > Seats Inc.
- > STI Holdings, also known as Stoughton Trailers
- > Trek Bicycle Corporation

This summary also includes information gathered from Miniature Precision Components Inc. in a related telephone survey.

Participant by Industry



Employees at Location of Onsite Clinic



What Is An Onsite Clinic?

Onsite clinics offer health services at the workplace, but each clinic varies based on the nature of the employer and the workforce. Approaches used by Alliance members include:

- > Hours
 - » **Full-Time Hours:** Clinic is open on weekdays on a full-time schedule.
 - » **Part-time Hours:** Clinics is open for part of the day or a selected number of days per week.
- > Staffing
 - » **Physician-led Approach:** A physician is on site five days a week and on call on weeknights and weekends. Support from a nurse or aide is also available.
 - » **Non-Physician Approach:** Clinics may be staffed by a registered nurse, a physician's assistant (PA) or a nurse practitioner (NP), along with support staff.
 - » **Additional Services.** Clinics may arrange to offer onsite access to a chiropractor, physical therapist, occupational therapist, massage therapist, dietitian or other clinical services.

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What Is An Onsite Clinic?, continued:

- › Prescription Medication
 - » **Onsite Medication:** The clinic dispenses antibiotics and commonly-used, non-narcotic medications to employees at cost.
 - » **Onsite Advice or Delivery:** Some onsite clinics do not stock medication. Instead, they encourage employees to use mail delivery services or order from a pharmacy that delivers prescriptions to the worksite.
- › Access
 - » **Employees and Family:** Some companies allow all employees and their dependents to use the onsite clinic. One employer requires employees to complete a health risk assessment (HRA) to gain clinic access.
 - » **Employees Only:** Some companies serve only non-seasonal, full-time and part-time employees who participate in the health plan.
- › Cost
 - » **Free:** Several companies offer free onsite services to employees participating in the health plan.
 - » **Cost-sharing:** Some companies charge a fee to employees and/or employees who do not participate in the health plan, which may be a flat fee such as \$25 or the co-pay amount. Below-market fees may also be charged for chiropractic care, massage therapy or other specialty services.

Getting Started

Employers say barriers to onsite clinics can be overcome with flexibility and persistence.

In some cases, clinics open part-time in lightly modified office space to reduce start-up costs. Some companies launch the clinic with part-time hours while testing the need or building participation, then expand as demand increases. Several companies reported that demand for the clinic quickly outpaced their expectations. All The Alliance members with an onsite clinic have a designated area where they provide medical or health services.

Companies are roughly divided between hiring their own clinicians and contracting with local providers for staffing. The exception is the employer who uses a third-party, outside vendor to provide a clinician to staff its clinic.

Company representatives and clinical staff noted that even medium-sized employers may be able to offer onsite services in certain situations. For example, two employers within The Alliance that share a parent company also share onsite clinic staff and resources. User group participants suggested that companies with similar workforces or nearby locations could work together to develop services.

Several participants reported there is an ample supply of doctors and other clinicians who want to work at onsite clinics. These doctors are tired of the pressure that sometimes exists in community clinic settings to see more patients and order more tests. Instead, they yearn for the deeper relationships offered by onsite clinics' ongoing patient care.

Paying Off

Onsite clinics pay off in a variety of ways. User group participants cited benefits that include:

- › Better management of chronic conditions.
- › Earlier treatment of illnesses or injuries.
- › Fewer emergency room visits.
- › Improved productivity due to a healthier workforce.
- › Reduced absenteeism as employees become healthier and need less time off for health-related appointments.
- › Reinforcement of a "wellness culture" that can be tied to other wellness initiatives.
- › Improved retention of employees who appreciate the clinic's convenience and their employer's willingness to invest in their health.
- › Improved ability to recruit new employees.

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Paying Off, continued:

All the user group participants have self-funded employee health plans. Several participants said their onsite clinics have lowered their health costs, with one company claiming savings of 30 percent in the first year. Another company said it expected first-year health plan costs to increase as more employees accessed preventive care but hoped to recoup that investment with reduced costs for chronic conditions or severe medical events in future years due to early intervention.

All the employers offering onsite clinics offer some wellness services, although the level varies. Companies with the greatest experience in onsite clinics stressed the value of wellness programs as part of a strategy for improving employee health.

Primary Care

Companies also differ on whether they seek to serve as employees' or dependents' primary care physician. Some companies emphasize acute care while encouraging employees and dependents to maintain a primary care relationship with a community-based physician. Other companies offer services to all family members and encourage them to rely on the onsite clinic for primary care, with the clinic's medical staff making referrals to specialty services as needed.

Several companies that excluded dependents from the onsite clinic said they were doubtful that employees who commute would encourage family members to drive to the worksite for care. They also cited the value of a "medical home" for young children. But companies with clinics that offer free care to dependents said families are willing to take the time to drive to the workplace if they know they will get free, quality care.

Onsite clinics have been able to work with local providers or vendors such as Quest Diagnostics to test blood samples for diagnostic purposes at a reasonable cost. But companies said it takes communication and persistence to get local health systems' physicians to accept the validity of the tests, rather than repeating the tests in-house.

Dispensing Medications

Some onsite clinics stock and dispense common, non-narcotic medications. Patients typically pay the cost of these medications, which is usually far less than they would pay at a pharmacy. One clinic recently replaced a non-generic medication that would cost \$270 at a pharmacy with a generic medication that cost \$3.20.

It can be difficult to dispense medications when the clinic is staffed by a nurse practitioner or a physician's assistant, rather than a physician. Onsite clinic representatives added that liability is a concern when dispensing medications, since a medication error could lead to a lawsuit.

Some onsite clinics arrange for workplace delivery of medications from local pharmacies. Onsite clinics also encourage greater use of generic medications, mail-in medication services from a pharmacy benefit manager (PBM) program and other tactics that reduce costs. One onsite clinic offers a voucher program with a local health system's pharmacy that allows employees to get the first 30-day supply free.

Several onsite clinics suggested it might be useful for The Alliance to help them work as a group to access fairly-priced pharmacy services.

Calling On The Alliance

User group meetings and interviews revealed these potential roles for The Alliance:

- › Negotiating contracts with health care clinicians and/or local health care systems to provide staff for onsite clinics.
- › Developing other solutions to meet the needs of onsite clinics, such as negotiating contracts with a pharmacy or pharmacist to provide medications at the workplace.
- › Holding ongoing meetings to help companies with onsite clinics share information and ideas.
- › Bringing together small companies that might be willing to work together to share the costs and services of an onsite clinic.
- › Offering information about vendors, consulting services and seminars.
- › Creating ROI measures and record-keeping systems for onsite clinic use.

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Handling Data

Onsite clinics must:

1. Capture patient information in electronic medical records (EMR) or another format that can be shared with other health providers.
2. Gather data about utilization and savings to verify return on investment (ROI).

Some health systems allow onsite clinics to access their EMR systems; others do not. Even if EMR access is offered, onsite clinics often make a printed copy of pertinent records for employees to hand-carry to appointments with specialists so information is shared and tests are not repeated.

Some employers developed “cost avoidance” reports to estimate savings by comparing the cost of onsite clinic visits to the cost of an appointment at a nearby health facility. But companies with onsite clinics note that there are additional savings that are more difficult to track. For example, companies can never know exactly how much they save when onsite clinic patients see doctors earlier, take medications as ordered, care properly for chronic conditions, avoid costly workplace injuries and improve productivity.

The Alliance has helped companies gather data about onsite clinic savings. For example, one employer asked The Alliance to process “dummy claims” for onsite clinic visits to create a clear comparison of costs with local health facilities.

Building Trust

User group participants emphasized the importance of gaining employees’ trust. Employees who do not trust the clinic will not use it or may combine clinic visits with usage of other doctors, urgent care clinics or the emergency room.

Employees need reassurance that:

- › Medical information will remain confidential.
- › Medical care and other health-related services will be delivered by trained, certified professionals.
- › Clinicians will do what is right for the employee and the dependent, regardless of cost.

When satisfied employees tell their co-workers about good experiences, usage will quickly grow. That will help companies that offer onsite clinics gain the rewards of greater employee satisfaction, a wellness culture and measureable ROI.

Companies without Onsite Clinics Weigh In

The Alliance survey on onsite clinics revealed that companies who do not offer onsite services often have similar concerns.

- › Companies see three barriers to opening onsite clinics:
 - › Lack of space
 - › Lack of utilization by employees
 - › Inability to serve all employees equally when a company has multiple locations but would only offer clinic services at a single site.
- › Companies lack an awareness of onsite clinic benefits, including the potential to reduce total health costs for self-funded health plans.
- › Companies often over-estimate the workforce size, space, start-up costs and start-up time required to launch a clinic.
- › Companies are unaware that small organizations are finding ways to overcome onsite clinic barriers, including sharing onsite services with nearby employers and operating on a part-time schedule.

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| Employer | Opening Date of the Clinic | Staffing | Onsite clinical services available to family members? | Onsite clinical services available to employees not on plan? | Onsite Pharmacy |
|--|---|---|---|--|--|
|  LANDS' END | 2003 (Main Building), Started their pilot in double wide mobile home | Partnership with St. Mary's Dean Ventures. Nurse (Case Manager) | Spouses, dependents - must be covered under plan | Yes - Separate fee schedule | Practitioners can write scripts, onsite pickup, limited onsite pharmacy |
|  Miniature Precision Components, Inc. | 8/1/2010 | Partnership with Interra Health. Access to nurse practitioner, medical assistant and a medical doctor. | Spouses, children - must be covered under plan | Yes - Cost Share | Practitioners can write scripts |
|  seats | Nurse onsite 2003, Oct 2006 added occupational therapy and physical therapy, 2007 added Dr. | Direct hire two nurse practitioners (part-time), direct hire two doctors (part-time) | Spouses & Children | Yes | Limited onsite pharmacy |
|  STI Holdings | Occupational Health early 90's, Primary Care added 2011 | Direct hire nurse practitioner; have a medical doctor consultant | Spouses, children over 18 - must be covered under plan | Yes - Cost Share | None |
|  TREK | 10/1/2011 | Nurse practitioner or physician assistant supplied by UW | (Information not provided) | Yes | Practitioners can write scripts |
|  Flambeau | 1/1/2013 | Nurse practitioner (part-time) and a doctor (part-time) onsite Mon & Thu, on call available | Spouses, children and retirees - must be covered under plan | Yes | Practitioners can write scripts, onsite pickup, limited onsite pharmacy |
|  Colony Brands Inc. | 6/1/2012 | Partnership with Monroe Hospital & Clinics - physician assistant (full time), medical assistant (full time), three rotating specialists (part-time) | Spouses, Children (2+) - Must be covered under plan | Yes - Cost Share | Practitioners can write scripts, limited onsite pharmacy, voucher program with Monroe Clinics first 30 days free if filled with Monroe Clinics |
|  Promega | Between March & May 2010 | Direct hire nurse practitioner (full time) | Spouses - Must be covered under plan | Yes | Practitioners can write scripts, limited onsite pharmacy |

Clinics are open M-F; hours and services vary by day.