An Early Analysis of the Growing Phenomenon of Local Government-Operated Worksite Health Clinics

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Peachtree Street by Kay Crain

2 Peachtree Street

- Home to Georgia's Department of Community Health and Department of Human Services
  - 5000 workers
  - No cafeteria
  - No fitness facilities
  - No onsite clinic

Other governments are wising up

- In Georgia, when survey was conducted in 2012, there were 8 local government worksite clinics
- Just a year later, there are at least 15 and others are planned

Government sector benefits more generous than private sector

- Average annual premiums for insurance more than doubled from 2001 to 2011* at the same time revenues have been slashed
- Public benefit plans are often richer than in the private sector**
  - Family coverage up to 20% higher; individual up to 8% more with lower premiums and co-payments***
- Governments are less likely to pass along increases to their employees****

* Kaiser, 2011, 30 ; ** Cox, 2011, p. 2; Falk, 2012, p. 8; Kaiser Family Foundation, 2012; Barro, 2011, pp. 2-5; Kavanaugh, 2011, p. 2; Claxton, Rae, Panchal, Damico, Lundy, Bostick, Kenward, & Whitmore, 2012

Governments are looking for cuts

- 71% of local governments are seeking to turn trend line on health costs* (ICMA, 2011)
- ICMA reports that of governments with >10,000 population, 9 percent offer clinics
  - Lack of a clear definition of a “worksite health center” may have inflated these numbers

Painting by Elaine Duras

Challenges to gov't clinics

- In some communities, public labor unions may balk at changes in health plan
- Approval for capital outlay for start-up, marketing, personnel
- Push-back from local providers who resent gov't "competition"
- In small communities, potential for clinic to "skim the cream," leaving providers with only public payers

Government WC clinic challenges; many the same as private sector

- Arms-length transaction with medical records
- Care not to violate AMA rules on corporate practice of medicine
- Same regulations as everybody else: HIPAA, patient referral, OSHA, public building mandates, employee benefits laws (especially for grandfathered plans), lab regulations, health inspections

Literature review: potential for savings

- by moving away from the standard fee-for-service model of private care
  - 40% “bureaucracy tax” in regular office (Chase, 2011)
- by making less-costly primary care services accessible and affordable
  - Same day service; short waits; longer visits; fewer ER visits; prompt attention to risks; no or low co-pays; free generics boost compliance
- through direct contracting for labs and generic drugs;
  - Cost less than at doctor’s offices; often less than health plan charges for drugs; reduce redundancies
- Through prompt ID of worksite specific issues for “real time epidemiology” (Nash, 2005, p. 24)
- by establishing patient-centered medical homes that foster disease management and promote wellness activities
  - Medical home may reduce unnecessary services; provider-patient relationship; improved compliance; focus on high-cost patients; fewer specialty visits and better outcomes; opportunities to tweak health plan to address problems; predictive analytics

But do WHCs really save money?

- [T]here is remarkably little evidence . . . that provides quantitative support for the value of nonoccupational worksite clinic services. Methodologic approaches to measurement of return on investment (ROI) vary widely. . . . As a consequence, employers are faced with a confusing dilemma regarding measurement of worksite clinic value, notably from vendors who may provide higher estimates to encourage business development”

Sherman and Fabius, 2012, p. 394

Towers and Watson survey

- Over half organizations do not track savings
  - 39% don't know if clinics have return on investment
  - Another 14% don't track ROI
- Why is ROI not easily measured?
  - Because it's complicated
  - Even when clinic is started, don't have past claims costs/utilization/productivity for comparison
  - Hard to measure costs avoided
  - Catastrophic events can skew overall savings – Klepper describes these as "shock costs" (Klepper, 2013)
  - Higher initial costs due to surge in use of the clinic because it's free or lower cost than other options (Klepper, 2013)

Organization	Private Sector Success Stories	Report of Findings
Pitney Bowes	For each dollar spent on clinics, the company has "achieved savings of $1 in care costs" and "another $1 in increased productivity"	Chordas, 2009, p. 75
Syngenta Crop Protection	Clinic "provides employee health care services two to three times more cost-effectively than do off-site health care clinics."	Chenoweth & Garret, 2006, p. 84
CareHere Clinic (Clinic Vendor)	Helped their clients decrease the health care costs growth trend by half	Mooradian, 2008
CHC Meridian (Clinic Vendor)	50 percent decrease in hospital admission rate; 42 percent reduction in hospital outpatient services; and 32 percent reduction in overall claims	Levy, 2007, p. 52
Take Care Health (Clinic Vendor)	Reports "a $2-to$4 return on investment for every dollar spent" by clients	Chordas, 2009, p. 75
Briggs and Stratton	Cut emergency and urgent care visits by half; stabilized health care costs	Moore, 2011, p. 17

Local Government WC Survey

- Attempt was made to find all local government WC clinics
- 100 were identified through newspaper stories, vendor information, and Internet searches for worksite or onsite clinics
- 40 local governments responded, but fewer provided ROI data; only 40% had before/after data on costs
- 23 cities were selected from the same sample that had budget information available online were selected in the effort to validate survey results

Demographic highlights

- Mean age of government-operated clinics – 3.2 years
- 90% of respondents had more than 450 employees; mean # of employees 1109
- 80% use a vendor; 13% an independent medical provider
- Compensation:
  - Actual cost of services + a fixed management fee – 45%
    - Clinic fees ranged from $5 to $33/employee/month
  - Fixed rate per annual contract – 20%
  - Per full-time employee – 12.5%
- Hours in operation
  - 21% operate between 20 and 30 hours a week
  - 33% operate between 30 and 40 hours per week
  - 36% more than 40 hours

Demographic highlights

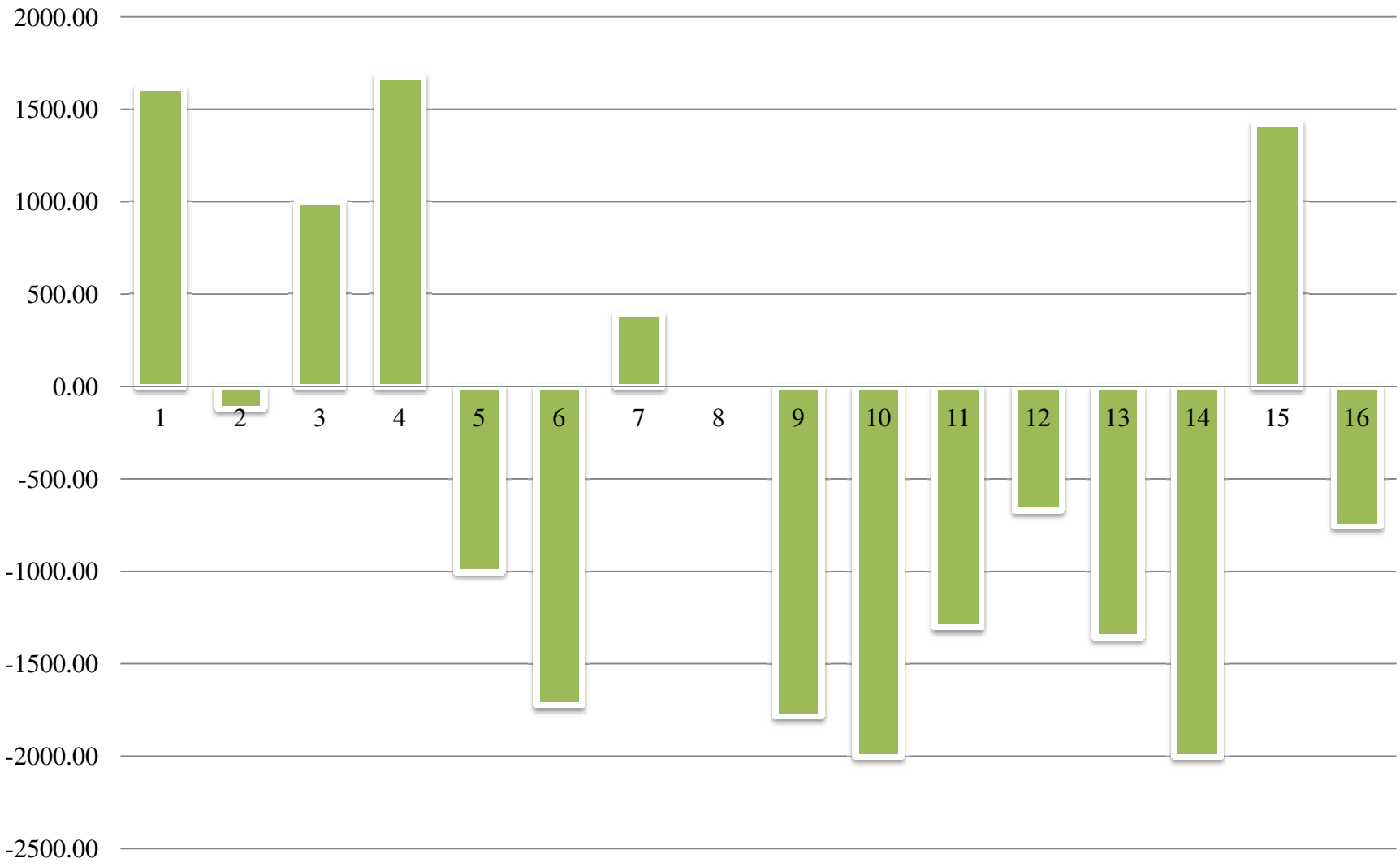
- 65% staff with physician as lead
- Average office visit – 20.35 minutes, only slightly longer than private sector average of 19 minutes
- 47% offer same day visit
- 51.5% have dispensary and most have generics only
- Reporting:
  - 84% - employee/family usage rates
  - 78% - quality metrics
  - 69% - financials
  - 25% - injury reports
- Mean co-pay = $.31
- Mean utilization = 40%

Survey: top 3 gov’t reasons for opening WC

- To reduce medical costs for the employer
  - But little data to support performance
- To reduce medical costs for employees
  - 91% of respondents have $0 co-pays
- To enhance employee productivity
  - Not everybody collecting indirect data

Survey: 2/3 of clinics reporting financial performance demonstrated before/after savings

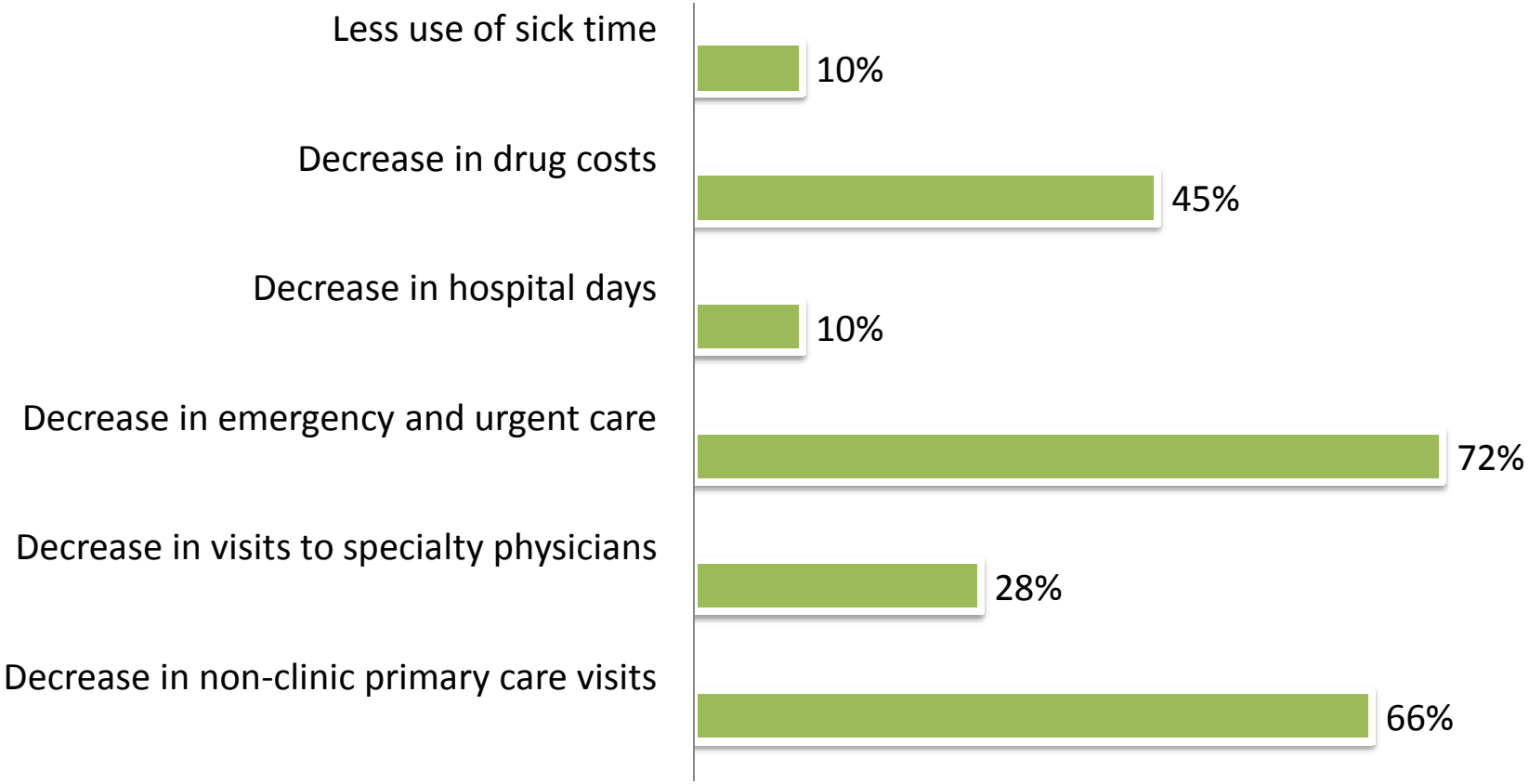
mean = $1269/employee



Indirect savings may be more significant than direct savings

- Medical home advantages; ready access – no excuses
- Huge potential to direct employees to more cost-effective alternatives
- Convenience reduces away time from work
- Fewer redundant and unnecessary tests
- Fewer ER visits and hospitalizations
- Early identification and potential to manage chronic disease that will lower costs
- May help with employee retention

Government respondents reporting indirect cost savings after clinic implementation



Survey: indirect savings significant!

- Improved employee morale important, since turnover = $
- Of responding governments, mean time for ROI investment was 1.3 years
- 88% of respondents somewhat or completely satisfied with clinics
- 94% of respondent employees somewhat or completely satisfied with clinic

From research perspective

- Disappointing results in that data did not reveal any obvious best practices
  - No statistical relationship between after-hours access or total clinic hours per week and the percentage of employees accessing clinic
  - No statistical relationship between age of clinic, number of covered lives and employee access
  - No statistical relationship between clinic leadership or type of provider and satisfaction

Open-ended respondent comments

- Early detection of chronic diseases/cancer saved lives and money
- Many employees/dependents not seeing doctor before clinic
- Building trust of employees is essential for clinic success
- High utilization = reduced claims
- Focus on wellness for savings
- Good quality care
- Engaging employees in there is tied to health positive outcome

Behind the decision to open WC

Financial issues drove decisions to open clinics

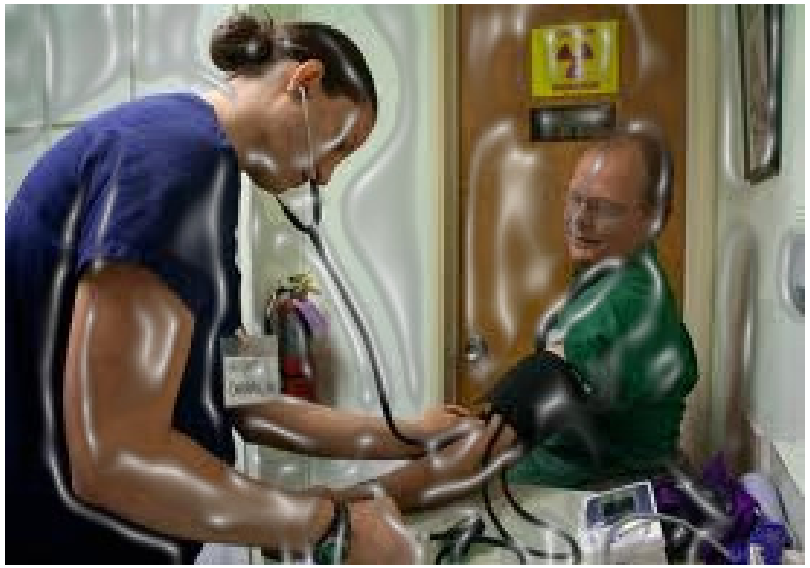
- Reduce employer costs
- Reduce employee costs
- Improve productivity

. . . But biggest successes may be indirect cost savings

- Reduce employee costs
- Improved quality of care
- Promoted employee wellness

Potential savings

- Likely relate more to the new model of health than to the actual delivery of health care
  - Medical home model
  - Improved access and lower cost
  - Fewer wasted services
  - Smart decisions when hospitalization is necessary



  - Patient education opportunities
  - Chronic disease management

Savings?

- Limited savings if turnover high
- More savings with higher penetration
- Helpful to have some industry standard for quantifying savings, but there isn’t one

Toward the future

- Dependence on vendors provides few opportunities for benchmarking
  - Incumbent on business/government to set performance standards
    - Analysis of current practices essential for baseline data
    - Partner with other clinics to compare costs and outcomes
  - Can't depend entirely on vendors for ROI
  - Need to use employee satisfaction as key measure – predicts use

ROI, really?

- Problems with current methods
  - Comparing clinic user costs with non-clinic costs
    - Sample sizes might not be sufficient for comparison
    - Non-clinic users may be more expensive b/c of specialist care or disease management at clinic may attract people with chronic diseases
    - Clinic users may be more health-conscious, buy in to health clinic and wellness, so cost could be lower
  - Hard to tie savings directly to clinic
    - Plan design changes could drive behaviors
    - Some improvements may be related to other things like morale or more stable workforce or better training

ROI matters, but how to calculate?

- Difficult to compare individual claims with outside providers, since clinic operates differently
- Before clinic/after clinic medical claims per employee can be a starting point for benchmarking with other organizations
- Tu, Boukus, and Cohen suggest looking at cost trends with the clinic and without the clinic

Toward the future

- Collect data for ROI
  - Set up tracking/trending for ER visits, hospitalizations, days in hospital, specialist visits, sick days, etc. to compare clinic and non-clinic
  - Track workers comp from clinic and non-clinic

Toward the future

- Need to expect more than usage reporting in order to tailor health plan for employee needs
  - Need to track population health changes
    - Improved biometrics may reflect potential savings
    - Self-reporting about stress, exercise, health status might provide indications of effectiveness
  - If using vendor, look for real-time dashboards or at least regular reporting on health status, occupational injuries

Toward the future

- Budget sufficient amount for marketing and health promotion
- Don’t expect all employees to use the clinic overnight
- Make clinic seem like a doctor’s office, a place employees would feel comfortable
- Smaller governments may benefit from a shared clinic
- Gov’ts have obligation of transparency

Toward the future

- Tremendous opportunities for use of telemedicine in worksite clinics
  - Employees already have doctor-patient relationship, so quality not as likely to be compromised as in some proposals
  - Potential for further savings for employers
- Clinics can be link between wellness and medicine to improve health status of employees and the larger community

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