UTILIZING HEALTH CLINICS TO MANAGE AND REDUCE HEALTHCARE COSTS

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PRESENTATION HIGHLIGHTS

• HEALTHCARE COSTS 101
• OPTIONS TO CONTROL COSTS
• WHY CLINIC MODELS MAY MAKE SENSE
• OBJECTIVES IN ESTABLISHING CLINIC MODELS
• VARIOUS MODELS TO CONSIDER
  – COMPONENTS
  – PROCESS
  – ROI
  – COMMON SHORTFALLS
• QUESTIONS
PREVENTION AND CHRONIC DISEASE

"Chronic diseases are the leading cause of direct healthcare costs. In fact, researchers estimate that 75% of all healthcare costs directly stem from preventable chronic health conditions such as type 2 diabetes, hypertension, and obesity. Seven to eight chronic diseases are also a major cause of lost productivity and disability."

IT’S MORE PROFITABLE FOR THE PROVIDER TO TREAT CANCER THAN PREVENT IT

Our healthcare payment system is hardwired to pay for acute care.

But what we will need in the future is better preventive care, chronic care and convenient primary care.
LACK OF COORDINATION = UNNECESSARY COSTS

Healthcare is a fragmented maze…

How they navigate this maze determines:
- Unnecessary cost
- Delayed diagnosis and treatment
- Frustrated patients and families
- Physicians who lose control of their patient

OPTIONS FOR DECREASING COSTS

- Raising employee contributions (payroll deductions)
- Reducing benefits
- More copays and deductibles
  AND
- Prevention
- Health improvement
- Avoiding unnecessary care
- Better consumerism/education
- Patient advocacy/guidance
- Convenient low cost primary care

Focus of a clinic strategy with actual enhanced benefits
GROWING DEMAND FOR WORKPLACE CLINICS

- Cost containment
- Improve population health
  - Preventing and managing chronic conditions
- Improve access to and quality of care
- Attract and retain a competitive workforce
- Other benefits
  - Reduce absenteeism
  - Boost productivity
  - Prevent disability claims
  - Prevent work-related injuries

EMPLOYERS WITH ONSITE HEALTH CLINICS

Percentage of companies hosting one or more onsite clinics.

- 2012 Projected: 40%
- 2011 Reported: 33%

Source: National Association of Worksite Health Centers (worksitehealth.org), Benfield Research (benfieldresearch.com)
WHY ESTABLISH AN ONSITE HEALTH CENTER?

Employers were asked what their main reasons were for going that route.*

- Enhance worker productivity: 62%
- Reduce medical costs: 57%
- Create a center of health to better integrate all health productivity efforts: 48%
- Improve access to care: 46%
- Meet occupational health and safety needs: 33%
- Improve quality of care: 16%
- Reduce pharmacy costs: 6%

*Respondents could choose three reasons.
Source: Towers Watson & Co. 2012 Health Center Survey (towerswatson.com)

SAMPLE 2012 HIGH RISK VS. ALL HEALICS

This chart illustrates employer fared in comparison to All-Healics averages. Bars that go above the green All-Healics line are opportunities for improvement.

Source: 2012 Healics Executive Summary
EMPLOYER STATS FROM HRA

Total Participants = 266
Maximum Score = 100

<table>
<thead>
<tr>
<th>Percent of participants in health point ranges</th>
<th>86-100</th>
<th>71-85</th>
<th>61-70</th>
<th>51-60</th>
<th>0-50</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>27.4%</td>
<td>22.9%</td>
<td>19.2%</td>
<td>13.2%</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

Source: 2012 Healics Executive Summary

STATISTICS FOR EMPLOYER CHRONIC DISEASE IMPACT

- Coronary Heart Disease
- Obesity
- High Blood Pressure
- Depression
- Asthma
- Diabetes

Chronic Disease Impact Percentage of Total Paid

Members with Chronic Disease = 20%
Other Members = 80%
Norm = 20%

Chronic Disease Impact Percentage of Members

Members with Chronic Disease = 49%
Other Members = 51%
Norm = 41%

Source: 2012 PlanIT

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# Statistics for Employer Cost of Chronic Disease

<table>
<thead>
<tr>
<th></th>
<th>Members</th>
<th>Annual Gross Paid</th>
<th>Average per Member</th>
<th>Norm per Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>All members</td>
<td>733</td>
<td>$2,311,127</td>
<td>$3,153</td>
<td>$3,478</td>
</tr>
<tr>
<td>Members without chronic diseases</td>
<td>585</td>
<td>$1,129,255</td>
<td>$1,930</td>
<td>$2,409</td>
</tr>
<tr>
<td>Members with chronic diseases</td>
<td>148</td>
<td>$1,181,871</td>
<td>$7,986</td>
<td>$7,392</td>
</tr>
</tbody>
</table>

Source: 2012 PlanIT

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# Employer Health Plan Engagement

<table>
<thead>
<tr>
<th></th>
<th>Most Recent 12 Months</th>
<th>Quantum Health Norms*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of Total</td>
<td>Average Contacts per Person with a Contact</td>
</tr>
<tr>
<td><strong>OVERALL CARE COORDINATOR</strong> CONTACT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household with a Contact</td>
<td>67.0%</td>
<td>6.3</td>
</tr>
<tr>
<td>Members with a contact</td>
<td>41.2%</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>LARGE CASES AND ADMISSIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members with a &gt; $10,000 with a Contact</td>
<td>94.4%</td>
<td>7.4</td>
</tr>
<tr>
<td>Targeted Conditions*** with a Pre-Admission Contact</td>
<td>40.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>Post-Discharge Contact</td>
<td>32.0%</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>CHRONIC CONDITIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members with a Chronic Condition</td>
<td>13.4%</td>
<td>N/A</td>
</tr>
<tr>
<td>Chronic Condition Members with a Nurse Contact</td>
<td>15.2%</td>
<td>2.9</td>
</tr>
<tr>
<td>Engaged High Risk Members</td>
<td>50.0%</td>
<td>2.6</td>
</tr>
</tbody>
</table>
CLINIC OBJECTIVES / OPTIONS

Acute care / treatment-based  Wellness focus  Preventive care

Lifestyle coaching  Disease management coordination  “Reasonable Alternative Standard” delivery

Wellness champion / employee education

KEY ADVANTAGES OF A CLINIC STRATEGY

I. Short-Term
   - Fixed cost fee schedule vs. fee for service
   - 20%+ savings on otherwise utilized services
   - HRA expense of $50-$70 vs. average routine physical expense of $277
   - Create relationship that helps navigate the healthcare delivery system
   - Gateway influencing other program participation

II. Long-Term
   - Coaching reverses/avoids high risk situations
   - Focused counseling to lower costs associated with disease states
   - Overall health improvement decreases future medical services
   - Educated members become better healthcare consumers
   - Increased productivity and decreased absenteeism
KEY COMPONENTS OF A CLINIC STRATEGY

I. Organizational Commitment to Wellness and Disease Management
   
   A. Establish wellness culture with internal key leadership support
   B. High quality disease management program

KEY COMPONENTS OF A CLINIC STRATEGY (CONT.)

II. Choose a Partner
   
   A. Local healthcare provider
   B. Outside third party
   C. Some combination of the above
   D. MD, NP, RN model variations
CLINIC MANAGEMENT MODELS

Companies were asked how they staff their onsite clinics.

- Contract through a third party onsite health clinic provider: 67%
- Employ clinic staff directly: 19%
- Contract through a local health system, hospital or physician group: 5%
- Other: 9%

Source: Towers Watson & Co. 2012 Health Center Survey (towerswatson.com)

KEY COMPONENTS OF A CLINIC STRATEGY (CONT.)

III. Determine Physical Space / Structure

A. Onsite
B. Off-site / near-site
C. Single-employer model
D. Co-op model
### KEY COMPONENTS OF A CLINIC STRATEGY (CONT.)

#### IV. Determine Population Who Has Access

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>A.</td>
<td>Employee only</td>
</tr>
<tr>
<td>B.</td>
<td>Spouse / dependents</td>
</tr>
<tr>
<td>C.</td>
<td>Covered by health plan</td>
</tr>
<tr>
<td>D.</td>
<td>Retirees</td>
</tr>
<tr>
<td>E.</td>
<td>COBRA</td>
</tr>
<tr>
<td>F.</td>
<td>Student</td>
</tr>
</tbody>
</table>

(School Nurse Services)?

### KEY COMPONENTS OF A CLINIC STRATEGY (CONT.)

#### V. Negotiate Financial Elements

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Specific provider fee schedule</td>
</tr>
<tr>
<td>B.</td>
<td>Additional medical services: lab, health screenings, supplies, equipment, etc.</td>
</tr>
<tr>
<td>C.</td>
<td>Wellness/health coaching/disease management services</td>
</tr>
<tr>
<td>D.</td>
<td>Combine school nursing services with clinic personnel?</td>
</tr>
</tbody>
</table>
KEY COMPONENTS OF A CLINIC STRATEGY (CONT.)

VI. Align Education Mechanisms
   A. Roll-out to population
   B. Ongoing plan
   C. Support tools

KEY COMPONENTS OF A CLINIC STRATEGY (CONT.)

VII. Design Employee Incentives / Steerage:
   A. Clinic use vs. doctor office
   B. Wellness and disease management participation
   C. Health coaching
KEY COMPONENTS OF A CLINIC STRATEGY (CONT.)

VIII. Satisfactory Access

IX. Education

   A. PPO network and plan benefits
   B. Prescription drug formulary and care management programs
   C. EAP
   D. Wellness and disease management programs

KEY COMPONENTS OF A CLINIC STRATEGY (CONT.)

X. Reporting

   A. Virtual clinic usage
   B. Savings in primary care services
   C. Year over year healthcare utilization and costs
   D. Gauge success with annual HRA scores
START-UP CHALLENGES

• Start-up costs
  – Wide range of costs depending on scope ($5,000 - $500,000+)
  – Preparing a site to see patients
  – Lease agreements
  – Contract development

• Security and safety of the clinic
  – Protected health information (high importance!)

• Determining the proper scale and scope
  – Location
  – Hours of operation

• Getting patients through the door
  – Communication
  – Incentives (lower cost for services)
  – Trust in providers

PROVIDER MODELS

<table>
<thead>
<tr>
<th>Service</th>
<th>RN</th>
<th>NP</th>
<th>MD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute Care / Urgent Care</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Preventive Care</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Immunizations</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Suture / Suture Removal</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Lab Services (Limited)</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Write Prescriptions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dispense Prescriptions</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Lifestyle Coaching</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Disease Management Support and Referral</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Provide / Interface with HRA Vendor</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Wellness Champion</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Referral to a Specialist</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Medical System Navigation Assistance</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
**TOP 10 SERVICES PROVIDED AT ONSITE CLINICS**

Percentage of respondents who provide a service

- **Immunizations**: 89%
- **Health education**: 82%
- **Screenings**: 79%
- **Workplace injuries**: 68%
- **Preventive care**: 66%
- **Fitness for duty exams**: 63%
- **Nutrition and weight management counseling**: 53%
- **Travel medications**: 53%
- **Acute and chronic primary care**: 47%
- **Smoking cessation**: 45%

Source: National Association of Worksite Health Centers (worksitehealth.org), Benfield Research (benfieldresearch.com)

**PHYSICAL THERAPY & CHIROPRACTIC SERVICES**

- Treatment of Musculoskeletal Injuries & Illnesses
- Post-Injury Rehab
- Post-Operative Rehab
- Injury Prevention Programs
- Stretching / Strengthening Programs
- Fitness Programs
- Workstation Analysis & Intervention
- Ergonomics Programs
- Lifting / Office Programs
ONGOING CONSIDERATIONS

• Management of the clinic
• Monitoring clinic performance
  – Sustained employer engagement in clinic operations and outcomes is critical to success
  – Regular meetings with vendor partner(s)
• Maintaining patient engagement
• Compatibility with Health Savings Accounts

WHY DO EMPLOYER CLINICS FAIL?

✓ Narrow vision
✓ Focusing only on cheap primary care
✓ Flawed access and staffing
✓ Lack of agreement for benchmarking, calculating ROI and gauging success
✓ Short- vs. long-term thinking
✓ Creating too much overhead and expense
✓ The wrong partners
✓ Total cost vs. component cost focus
CASE STUDY: SHEBOYGAN AREA SCHOOL DISTRICT

Prior to 2009
- Offered Health Risk Assessments (HRA)
  - No Incentive
  - Marginal Participation ~ 30%
  - Wellness Coordinator Hired September 2008

2009 - 2010
- Wellness Program Development
  - Biggest Loser, Commit to Be Fit, Stress to Strength, etc.
  - Continued to Offer HRAs
- Implemented Incentive for Employee to Participate in the HRA
  - 3% Premium Differential

2011
- Strategic Planning with Leadership Team Placing a Priority on Wellness
- Joined Near-Site Clinic Started by Sheboygan County
- Health Plan Design Changes to Incent Employees and Their Families to Use the Clinic Services
- HRAs Conducted by Interra Health (Clinic Manager)
  - 3% Premium Differential
  - 72% Employee Participation

2012
- Development of a Committee to Design SASD’s Wellness Program
- Employee & Spouse Required to Participate in HRA to Receive Premium Differential
  - 3% Premium Differential
  - 71% Employee & Spouse Participation
  - 2% Improvement in Overall HRA Score
- January & February - Wellness Program Rollout with Reasonable Alternative Standards
  - Informational Meetings at Each School
  - Recorded Presentation and Program Brochure
- New Premium Differentials/Incentives Effective January 1st
  - 30% Cost Share for Non-Participation
  - 16% Cost Share for Completing the HRA and Obtaining 0-1,250 Points
  - 12% Cost Share for Completing the HRA and Obtaining 1,250+ Points
CASE STUDY: SHEBOYGAN AREA SCHOOL DISTRICT

MEASUREABLE OUTCOMES

- Mid to low single digit increases in medical claims cost since 2012.
- For every point of improvement in the HRA, there is an estimated 1.8% in claims savings.
- Evidence of improved chronic condition compliance while reducing barriers to obtain quality healthcare.
  - Employee savings = 29%
- Clinic savings:
  - Office visits and office procedures – 28% savings
  - Immunizations – 34% savings
  - Chiropractic – 15% savings

THE THEMES OF A CLINIC STRATEGY

“Integrate major aspects of personal health.”

“Real short-term savings affords commitment to long-term approaches/opportunity.”
QUESTIONS?

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