There are two clinical models utilized by employers:

- **Onsite Clinic**: Building a clinic on an employer’s premises, either staffed by the employer or through a healthcare provider system
- **Direct Contract**: Allowing employees special access to an existing healthcare provider system’s clinic

Regardless of the type of clinic chosen, it is most common for several employers to form a coalition in order to further reduce costs and create economies of scale. Typically, onsite clinics are utilized by employers or groups with more than 800 employees. Prior to starting an onsite clinic, employees and their dependents should receive health risk assessments. This will help employers tailor their clinical programs through analyzing past losses and focusing on prevention of costly health issues.

Employees are encouraged to take an active role in their health by visiting the clinic when care is needed and understanding their health risk assessment. Helping employees and their dependents understand the healthy ranges for their weight, body fat, body mass index, cholesterol, blood pressure and other factors often encourages them to make positive changes to their health.

Onsite clinics offer a wide variety of benefits, including maintaining a healthier employee base and reducing overall insurance costs by minimizing outside medical expenses. In addition, companies see a reduction in absenteeism because employees are more likely to visit the clinic when care is needed, aiding in prevention and early detection of issues. To further control absenteeism the average time an individual spends at an onsite clinic for a regular appointment is 30 to 45 minutes, which is significantly less time than a typical visit to a medical professional.

Both clinical models offer similar types of care, including both non-occupational (health benefits) and occupational (Workers’ Compensation injuries). Typical services include primary care, wellness and prevention, lab work, radiology and occasionally physical therapy. Clinics are often staffed by registered nurses, nurse practitioners, physicians’ assistants and/or medical doctors, who focus on providing strategies to change unhealthy behaviors through diet, exercise and monitoring blood work without worrying about time constraints. Onsite pharmacies are common at larger employers providing full-service care.

**Success Story**

We began our work with the successful use of onsite clinics 10 years ago through a coalition formed among Wisconsin employers, including Steinhafel’s, Inc., QuadGraphics, Inc. and Wheaton Franciscan Healthcare System, Inc. (WFHS).
The average medical and administrative healthcare costs in southeastern Wisconsin for 2008 were published at $10,500 per employee per year. QuadGraphics’ and Steinhafel’s costs, including clinic operational expenses, were $6,600 ($3,100 per life) and $7,700 ($3,640 per life) respectively. Undoubtedly for large groups (defined as more than 250 enrolled employees) and mega groups (more than 5,000 employees), there are no other companies in southeastern Wisconsin with comparable Preferred Provider Organization (PPO) benefits.

The Steinhafel’s program interfaces with QuadMed, the clinical arm of QuadGraphics. There are two large, multi-level clinics within 10 minutes of the Steinhafel’s stores in the Greater Milwaukee area, which is available to all plan participants. The QuadGraphics Plan is driven by salaried primary care physicians (PCPs) and specialists, under the guidance of the Medical Director and the Vice President of Operations, who believe that quality time spent with each patient is most important. Practice guidelines and electronic medical records support this physician-patient relationship. WFHS, with a large outpatient center and a hospital near the West Allis clinic, provides secondary and tertiary care as needed.

Through effectively managing clinic utilization and through substantial price discounts and fixed fee reimbursements, Steinhafel’s has stabilized its health plan costs. They have averaged 2% annual increases in health plan costs during the past seven years, while the average employer is seeing 8%, and it is anticipated that the Steinhafel’s Health Plan cost increase will continue at that low annual trend. This exceptional cost has been achieved while providing high levels of benefits, focusing on preventative care with an integrated wellness program.

**Measuring Results**

A company’s return on investment (ROI) to their group health plan is best measured after a three year period. This is because at the end of the third year, the start-up costs and paid claim lag are mitigated by the savings from the clinic. It is important that employers estimate their ROI prior to opening an onsite clinic. Based on our 10-year history with onsite clinics and direct contracts, savings of between $2.80 and $15.60 should be realized per-dollar spent. It is important to consider that savings based on lost time (sick pay, short-term disability, temporary total disability and temporary partial disability) will be realized within year-one through reduced absenteeism and pre-absenteeism.

As employers continue to find ways to improve health care costs, more Administrators, Chief Financial Officers, Human Resource Directors and Benefit Managers will be asked to look into onsite clinics. The information provided here should present a solid blueprint for proceeding.

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