

On-Site Health Clinics



William Gallagher Associates
Phone: 888.261.8884
www.WGAins.com

On-site health clinics are typically provided by larger employers, those with 800 employees or more. Employers of all sizes are beginning to consider the benefits of an on-site health clinic for employees and in some cases retirees and dependents¹.

The primary drivers for offering an on-site health clinic include:

- Cost containment
- Higher employee productivity and reduced absenteeism)
- High value benefit for employees
- Long-term solution for improving health and productivity of employees.

The cost-savings will come from employees using health care when they need it instead of waiting too long and needing to take time off to recover or returning to work too quickly. Lower copayments and other incentives can help to increase the utilization of the clinic².

Implemented On-Site Health Clinics

- Walt Disney World, Toyota, Wheeled Coach Industries, Sprint Nextel, Harrah's, Florida Power & Light, Cerner, Pepsi Bottling Co., Darden Restaurants, Quad/Graphics, Perdue, Pitney Bowes, Freddie Mac, Lockheed Martin, and Lowe's.

Details

- Clinics are generally located on employer's main campus or where the majority of employees reside to provide best access to employees and their dependents.
- Management can be done in one of three ways:
 - Self-management (issues include medical liability and privacy of health records)
 - Outside Health Providers (less of an issue with medical liability and privacy of health records)
 - Third-Party Vendor (most common method; a TPA alleviates medical liability and also ensures regulatory compliance)³.
- Staffing is based upon volume of people expected to use the clinic and can range from nurse practitioners and physician assistants to a full blown health care staff.

¹ "Employers Implement On-Site Health Clinics to Manage Costs," *Hewitt Associates LLC*, August 2008

² "Toyota Truck Plant and Health Care Center Ready to Roll," *Workforce Management*, November 15, 2006

³ "Employers Implement On-Site Health Clinics to Manage Costs," *Hewitt Associates LLC*, August 2008

William Gallagher Associates, a leading provider of insurance brokerage, risk management and employee benefits services to firms with complex risks and dynamic needs, within industries that include high technology, life sciences, financial risks, healthcare services, energy, and environmental services. WGA has offices in Boston, MA; Hartford, CT; New York, NY; Princeton, NJ; Columbia, MD; Atlanta, GA; and Paris France.

- Services also range depending upon the number of people expected to use the clinic and can range from just immunizations and limited acute care to physicals, lab work, and behavioral health services. Some clinics also provide pharmacy services.

Health and Productivity Benefits

- Convenience; employees do not need to schedule an appointment weeks in advance; they can simply visit the clinic that same day. Because they are treated faster, they can recover more rapidly making for less employee absenteeism.
- If there is an on-site pharmacy, medications are less expensive.
- Workers' Compensation claims are reduced because injuries can be treated immediately following the accident.
- Disease management (diabetes, etc.)

Potential Downside

- Potential breach of privacy (management discovers unhealthy lifestyle of employee)⁴. This can be alleviated by using an outside vendor to manage the clinic.
- Lack of utilization will make for a waste of money; communication is critical. Also, incentives like lower copayments will encourage the use of the clinic.

Cost

- A cost-effective on-site clinic generally requires 800-1,000 employees (3,000-4,000 for on-site pharmacy)⁵.
- Up front costs can range from tens of thousands of dollars to several million dollars – depending on size and scale of clinic⁶.
- \$2 in savings for every \$1 invested⁷.

⁴ "More Companies Offering On-Site Health Care Services for Workers," *Medical News Today*, September 4, 2008

⁵ "Employers Implement On-Site Health Clinics to Manage Costs," *Hewitt Associates LLC*, August 2008

⁶ "Employers Implement On-Site Health Clinics to Manage Costs," *Hewitt Associates LLC*, August 2008

⁷ "Employers Implement On-Site Health Clinics to Manage Costs," *Hewitt Associates LLC*, August 2008

Examples

Company/Clinic Location	Employer Size	Staff/Services	Costs	Savings
Cerner ⁸ Kansas	4,000 employees	2 full time physicians; one part-time nurse practitioner; lab staff treatment of minor ailments, urgent care, physicals, EKG tests, stress tests, immunizations & on-site pharmacy	\$540,000 to operate in first 10 months	\$500,000 savings in first 10 months in medical cost savings and productivity cost savings
Sprint Nextel ⁹ Kansas	13,000 employees	1 physician and 3 nurse practitioners treatment of minor ailments, physicals, skin cancer screenings, lab work, x-rays, immunizations, on-site pharmacy	\$500,000 start up cost	\$500,000-\$750,000 per year savings in medical cost savings and productivity cost savings
Freddie Mac ¹⁰ Virginia	4,300 employees	1 nurse practitioner urgent care, minor illnesses, physicals, lab work	\$586,000 operating costs for first year	\$900,000 per year savings in medical cost savings and productivity cost savings
Toyota ¹¹ Texas	4,100 employees	Family practitioners; internists; pediatricians; dentists; optometrists	Not disclosed	Not disclosed
Wheeled Coach ¹² Florida	400 employees	1 doctor; 1 nurse services expected at a primary care physician's office	\$100,000 to build; \$400,000 per year to operate	Not disclosed

⁸ “Employers Implement On-Site Health Clinics to Manage Costs,” *Hewitt Associates LLC*, August 2008

⁹ “Employers Implement On-Site Health Clinics to Manage Costs,” *Hewitt Associates LLC*, August 2008

¹⁰ “Employers Implement On-Site Health Clinics to Manage Costs,” *Hewitt Associates LLC*, August 2008

¹¹ “Toyota Truck Plant and Health Care Center Ready to Roll,” *Workforce Management*, November 15, 2006

¹² “On-site health clinics: An antidote for employers’ rising costs?,” *Orlando Sentinel*, February 2, 2009