

## Interest in On-Site Health Centers is Gaining Momentum: Is it Time to Jump on the Bandwagon?

In the not so distant past, the “company doctor” was fairly common at many large organizations (*i.e.*, those with 1,000 or more employees). Recently, a growing number of employers have introduced or expressed renewed interest in on-site health centers. (The [box on page 2](#) highlights the types of on-site centers that employers are considering.) This *Spotlight* focuses on the reasons why these employers are taking a fresh look at on-site health centers. It also addresses considerations for employers exploring on-site health centers.

### WHAT ARE THE IMPLICATIONS?

The following goals are contributing to renewed interest in on-site health support:

- **Manage High Medical Costs** Recent increases in the cost of providing health care are forcing employers to look at any strategy at their disposal. To the extent that many employers feel that they have shifted about as much of the cost as they can to employees, strategies that are more “win-win” in nature are gaining favor. On-site health centers provide that opportunity. For large employers with a concentration of employees at a site (or sites), the on-site health center provides a way to deliver care at a lower unit cost. Frequently, care provided at the site is free to employees or carries a lower copayment than the health plan. Likewise, on-site pharmacies allow the employer to take advantage of deeper discounts and likewise lower the unit cost of the benefit. And, the benefit can be extended to dependents and even retirees and their dependents.
- **Improve Productivity** Optimizing workforce productivity is as important as managing medical costs. One way to do accomplish that goal is to improve workforce health and reduce the time spent on obtaining necessary care. The on-site health center provides a convenient way for employees to get basic urgent care (*e.g.*, for a sinus infection) without having to leave the worksite for half a day. The convenience of the center also encourages employees to seek care sooner and avoid unscheduled absences.
- **Encourage Behavior Change** There is increased interest in strategies that change employees’ (and their families’) behavior with respect to managing their health. These strategies recognize that behavior is the only way to change cost and productivity in a sustainable way. Most large employers have implemented a variety of programs designed to promote health and to help plan participants manage their chronic conditions. Many of these programs rely on two things: (1) self-reported data and (2) phone-based health coaching. On-site health centers improve these strategies by allowing the following: (1) in-person physical and biometric (*i.e.*, automated) testing and assessments and (2) face-to-face coaching, both of which enable better measurement and return on investment (ROI) in wellness programs.
- **Generate Employee Goodwill** The fact that employees appreciate on-site health centers is another important factor behind the growing interest in the option.
- **Take Advantage of Proven Expertise** There is a well-developed industry for setting up and running on-site health centers. The ability to outsource the initiative to an experienced organization is also appealing to many employers.

**WHAT SHOULD EMPLOYERS CONSIDER BEFORE INTRODUCING AN ON-SITE HEALTH CENTER?**

On-site health centers are effective for many organizations. Before pursuing this strategy, employers should consider the following:

- **Volume is a critical determinant of ROI.** Because of the nature of on-site health centers, meaningful ROI requires a concentration of employees at a particular site (or sites). Typically, a minimum of 1,000 employees at a site is needed, but there is not a firm rule because ROI depends upon the number of potential participants *and* their service utilization. Organizations with fewer employees can partner with other employers at the same location to share the cost.
- **Many of the on-site health center vendors do feasibility assessments.** Some vendors charge for the service, but others offer it for free. Because they are selling a product, employers should also do an independent assessment using their own data.
- **Set objectives early on in the process.** Once a center is implemented, utilization patterns will change. Understanding those changes requires a baseline. For example, visits will go up when the center is implemented. Using volume in the center after implementation will distort ROI measurements.
- **Privacy concerns should be considered up-front.** HIPAA's privacy rules have an impact on how an on-site clinic is designed, how it can share health information and what type of compliance plan must be in place. Early review of both ERISA and HIPAA issues should be done to prevent information-sharing problems in the future.
- **Consider the impact on the community.** On-site health centers may have an effect on the way care has been delivered historically in the community. This can be a major public relations issue for employers in rural areas. To avoid that scenario, some employers have partnered with local resources (e.g., provider groups or pharmacies) when implementing their on-site strategy.



*To discuss the advantages of on-site health centers and the feasibility of that strategy for your organization, contact your Sibson consultant or the nearest Sibson Consulting office.*

**ON-SITE HEALTH CENTERS DEFINED**

There are three basic types of on-site health centers that employers are implementing:

- **Full-Service Primary Care** This type of center is staffed with doctors and nurses. It typically has the capability of providing all of the basic primary care services to employees and dependents, in addition to routine physicals, health assessments and wellness support. Typically, some basic medications are stocked. It is the most expensive model and, therefore, is the most risky in terms of ROI and community disruption.
- **Urgent Care and Support** This type of center is typically staffed with nurse practitioners or physician assistants and provides basic urgent care (e.g., sore throats and sinus infections). The center typically supports the employers' wellness and condition management programs. The nurses also have the capability to do some basic prescribing of medications, such as antibiotics. This type of center must be run under a physician's supervision.
- **Full-Service Pharmacy** On-site pharmacies are frequently offered in conjunction with one of the above medical centers. Some versions of this model also carry over-the-counter medications and beauty products.

Most vendors offer some combination of these different models although more are beginning to specialize.

(To return to the discussion of the implications and action items, click [here](#).)

 **SIBSON CONSULTING**  
A DIVISION OF SEGAL

Atlanta	678.306.3100
Boston	617.424.7300
Calgary	403.692.2264
Chicago	312.984.8500
Cleveland	216.687.4400
Denver	303.714.9900
Hartford	860.678.3000
Houston	713.664.4654
Los Angeles	818.956.6700
Minneapolis	952.857.2480
New Orleans	504.483.0744
New York	212.251.5000
Phoenix	602.381.4000
Princeton	609.520.2700
Raleigh	919.233.1220
San Francisco	415.263.8200
Toronto	416.969.3960
Washington	202.833.6400

www.sibson.com