



WORKPLACE HEALTH CLINICS

Manufacturers Take Action To Control Costs

by Melissa DeBilzan

Lynette Kluver, Director of Organizational Development, and Tom Schabel, CEO, of Alexandria Industries.

As a full-service manufacturer of aluminum extruded and precision-machined components, Alexandria Industries never imagined its capital equipment would one day include an exam table and a blood pressure machine. But significant increases in medical premiums and expenses over the last several years prompted the company to take action.

In September 2016, Alexandria Industries became one of a handful of manufacturers in Minnesota to open its own independent health clinic.

Tucked inside a strip mall about a block down the road from the company, the clinic is set up to provide routine care, treatment of minor illnesses and injuries, lab testing, vaccinations, and prescriptions exclusively for the company's 475 employees and their family members who have health insurance through the company. In total, it serves about 1,000 people.

But this is no ordinary clinic.

The waiting room looks more like a living room. Photos of employees and their families line the walls in the hallway.

A nurse practitioner (NP) and licensed nurse practitioner (LPN), who are employed by a third-party organization, spend an average of 30 to 60 minutes with each employee, and know many of them by name. All consultations, testing, and prescriptions are completely free.

The more people who use the clinic under the company's self-insured health plan, the more Alexandria Industries expects to save.

"A healthier workforce and healthier families lead to lower claims," said Lynette Kluver, Director of Organizational Development. "We kept seeing that health care needed to change and, when it didn't, we decided to change how health care is delivered to our employees and their families."

Studies show that the vast majority of health care costs in a population can be attributed to people with chronic conditions, such as cancer, diabetes, and heart disease. By making office visits free and more convenient, the company expects to see fewer claims for hospitalizations due to conditions that could have been managed better or

prevented in the first place. It also avoids running claims for routine or acute care through its insurance company and paying higher costs.

KNOW YOUR NUMBERS

With the help of a third-party workplace health and wellness provider, Alexandria Industries began collecting biometrics on its workforce about seven years ago. These biometrics — or indicators of chronic diseases — showed that some employees were at risk.

"We knew that if we could understand what our risks were, we could do something about it," Kluver said. "Our wellness provider began meeting with individuals to educate them on their risks, and help them better understand and make healthy lifestyle choices to improve their overall health. The impact of understanding our risks and taking appropriate action has been powerful. That translates to fewer hospitalizations and ER visits."

No health information is shared about individual employees with management. Patient biometrics and visits are confidential and comply with HIPPA regulations.



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Lynette Kluver, Director of Organizational Development, Alexandria Industries

Alexandria Industries said it is realizing significant savings for acute care visits, too. That's because it is able to offer some of the same tests and prescriptions as a traditional clinic at a fraction of the price.

An example is the prostate-specific antigen (PSA) test to screen men for prostate cancer. Kluver said that those whose PSA scores are slightly elevated could receive follow-up tests every three months versus waiting a year for medical insurance to cover the costs. This could help identify men who waded into troubled territory address the issue sooner, with the intent to avoid a cancer diagnosis.

"The cost for us to purchase the test is much lower than it would be at a regular health clinic. We learned we could save money while also making access to the test easier for employees and their families," she said.

With the savings realized from no markups on prescriptions, immunizations, and labs, Alexandria Industries predicts it will make up the initial cost of purchasing, designing, and furnishing clinic space within 24 months of operation. Ongoing savings will cover supplies as well as staffing from its third-party partner.

Employees are free to receive primary care from other clinics, but many do not. In the first six months, almost every open appointment was booked. The feedback has been so positive that the clinic may be expanding its hours in the future and adding additional services, such as physical therapy, massage therapy, yoga, or chiropractic care.

"I probably get a thank-you note on a weekly basis from an employee saying how much they love the clinic and how it saved them money," Kluver said.

STOP THE BLEEDING

Health care costs are a significant concern for employers and employees alike. Data from the Kaiser Family Foundation shows that premiums for

standard employee-sponsored health insurance have increased 58 percent over the last decade, forcing companies to shift more of the cost burden to employees. In 2016, the average premium for family coverage was about \$18,000 per year. Additionally, family deductibles were up 12 percent.

A growing number of employers are opening workplace clinics in an effort to control rising costs. About 30 percent of large companies with 5,000 or more employees reported having a workplace clinic in 2015, up from 24 percent in 2013, according to a survey by benefits consultant Mercer.

However, even smaller companies are embracing onsite, near-site or shared-site clinics. In Minnesota, workplace clinics can be found at Turck Industries, Marvin Windows and Doors, Wilson Tool, Le Sueur Incorporated, Alexandria Industries, and Lou-Rich.

In addition to controlling costs, workplace clinics can reduce time away from work and boost employee retention. HealthPartners claims its onsite clinics can result in approximately half the cost of a primary care clinic, an average time-savings of 2.5 hours per visit, and a 2:1

return on investment in the first year.

However, experts note that workplace clinics are not an immediate game-changer. It can take years to bend the overall health care cost curve — just as it takes years to change employee habits and health.

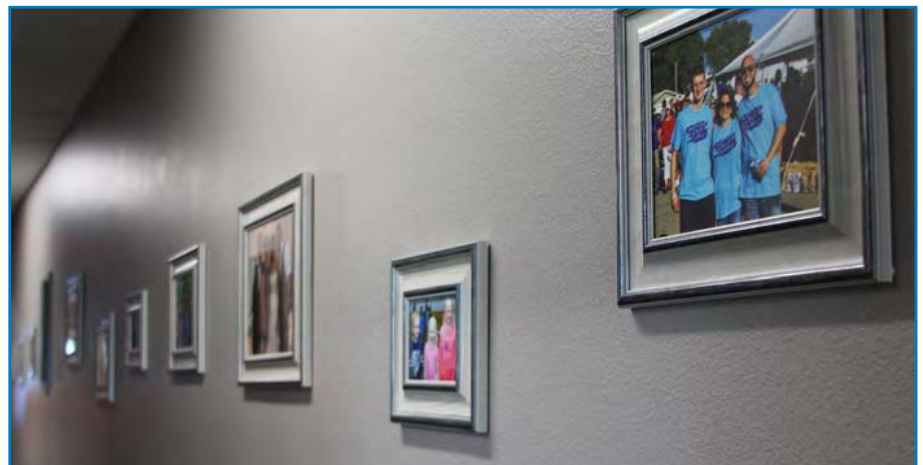
CLINICAL TRIALS

After Wilson Tool experienced several years of double-digit increases in health care costs, it decided to transform some unused space on its second level into an onsite clinic in 2008. An outside consultant helped the company determine its biometrics and forecast short- and long-term expenses and savings.

Other than being housed onsite, the model is similar to Alexandria Industries' clinic. About 450 employees and their families receive primary care services and most prescriptions at no cost. The company contracts with a third-party organization to staff the clinic and pharmacy five days a week, and owns all of the equipment and supplies.

As a result, health care costs have remained virtually flat over the last nine years.

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Photos of employees and their families line the walls in the hallway at Alexandria Industries' clinic.



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Amanda Kehoe, Director of Human Resources, Wilson Tool

“Had we not done anything, we have no reason to believe that our costs would not have continued to increase by at least 12 percent each year,” said Amanda Kehoe, director of human resources. “Additionally, over the last eight years, we’ve saved \$2.5 million in fixed costs, and that’s not even counting claims costs.”

In 2016, employees and family members scheduled 2,904 visits with the onsite clinic at an average cost of \$117, including consulting, labs, and prescriptions. HealthPartners verified the average cost for the same set of services at one of its clinics would be \$285 after insurance. That metric alone created a savings of \$488,000 last year.

About 60 percent of clinic visits at Wilson Tool are for chronic care management, such as high blood pressure, high cholesterol, asthma, or diabetes — the main drivers of health care costs. Only 40 percent are for acute care, such as cuts, bronchitis, and fever. The savings are realized through prevention and better management of conditions.

Biometrics testing is offered to employees annually so they understand their BMI, blood pressure, glucose, and cholesterol levels. If their numbers fall outside the normal range, they are encouraged to set up an individualized plan with a health coach and can receive a discount on their premiums for doing so.

“We’ve noticed our utilization costs are lower, too,” Kehoe said. “ER use is 66 percent lower than the benchmark for similar groups. Hospitalizations are 20 percent lower than the benchmark. We’re seeing how people are using the health plans differently.”

Lou-Rich, a contract manufacturing and engineering company in Albert Lea, teamed up with four other employers in the area to open a shared-site clinic a few miles away. Its proximity to the world-renowned Mayo Clinic means its medical costs are about 40 percent higher than those in the Twin Cities.

By routing its 274 employees and their family members to a shared primary care clinic, the company expects to pay fewer

claims for office visits and prescriptions.

The five companies split the \$100,000 investment to renovate existing space and equip the clinic. They also split the monthly costs to keep it up and running, with Lou-Rich paying about \$11,000 per month.


“It’s too early to tell, but we expect to see medical ER visits and general clinic visits decrease over time,” said Roxanne Ponce, HR manager at Innovance, the holding company for Lou-Rich and other manufacturers. “We hope to see pharmacy costs decrease as well.”

ANTICIPATORY GUIDANCE

The future of the Affordable Care Act — and a possible replacement — is still uncertain. But one thing is clear from manufacturers who have implemented workplace clinics: the best way to control cost is to control risk.

“I think a lot of people say, ‘Well, there’s nothing we can do.’ That’s not true. Get a good consultant — someone who can help you look at and analyze data. You need to understand where your costs are coming from in order to know how to address them and how to generate savings,” Kehoe said.

After seeing high costs for back pain, for example, Wilson Tool added physical therapy to the list of services available at its clinic. But savings can be realized for services performed outside the clinic as well. “For common services, such as colonoscopies or prenatal care, negotiate an arrangement or reduced rate with a certain provider,” Kehoe said. “At the end of the day, get a good consultant and look at your data.”

And remember, check-ups can be beneficial for employees and employers alike. 



Nurse practitioners Lori Aasen (left) and Sheila Calderon (right) work at a shared-site clinic for four employers in Albert Lea, including contractor manufacturing and engineering company, Lou-Rich.

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