



On-Site Clinics: A Cost-Containment Strategy Often Overlooked

By Evan Gady, Hylant Group, Inc.

On-site clinics have emerged as a vital part of an overall wellness program. Many view them as a company-owned doctor's office complete with medical staff and basic medical equipment. Large companies with thousands of employees have long utilized on-site clinics as a way to treat their employees quickly when injured and get them back on the job. But today, smaller companies, with as few as 80 to 100 employees, are establishing these medical facilities on site because they can be customized to meet the employer's needs. Under tough economic times, on-site clinics take on even greater importance because of the cost-containment surrounding employee benefits. Is an on-site clinic something your company should consider?

What are on-site clinics?

Simply put, the easiest way to understand an on-site clinic is to think of it as a company-owned doctor's office. The on-site clinic can be located on the grounds of the workplace, or be in one location for a company with multiple locations. Today's clinic has a modular design that fits the needs of most employers. Large companies, who operate 24 hours a day, may

require their clinic to be staffed at all times. But since clinics are now easily modified to suit the employer, mid-size companies can utilize a clinic that doesn't have to be staffed continuously. The design of clinics allows employers to start small and expand as needed, or as the frequency of care is needed.

Is a clinic right for you?

When evaluating options for a clinic, employers need to decide whether they want to offer primary care, occupational health or both. Some vendors in the marketplace offer only primary care options in their clinic models. While this may fit your company well, for others it may make sense to also provide access to treat and monitor worker's compensation claims. Handling worker's compensation cases on the property rather than employees visiting a doctor off-site allows employers to better manage health care costs. Clinics offering primary care or urgent care services have the same capabilities as a primary care physician without the hassle of employees leaving the property and taking time off work. Receiving medical attention on-site increases the likelihood the injured employee would return to work faster and become productive again.

Additionally, the employee can be monitored for a return-to-work program and reoccurrence prevention.

"On-site clinics increase productivity through less time off-site and reduce costs through appropriate utilization," said Jill Mercer from Workplace Health Services, a subsidiary of Clarian Hospitals. Increased access to care is one of the most important components of a clinic. When an employee can only see their doctor between 9 a.m. and 5 p.m., they must take off several hours of work, which in turn hurts productivity for the employer. Typically, when a patient sees the doctor off premises, after a long wait in the waiting room, he or she typically spends several minutes with the doctor. The on-site clinic approach allows employees to obtain immediate health access by walking in the door and spending 20 to 30 minutes with the care provider.

Some companies prefer primary care availability on-site, so employees and their dependents can receive general check-ups and physical exams. The facility can also be used as a place to hold and promote health risk and disease management programs. Occupational health services in a clinic typically include substance abuse testing, department of transportation exams, disability management, workstation ergonomics and worker's compensation management.

But are they cost-effective?

Employers looking to determine the feasibility of an on-site clinic typically want to know about the possible return on investment (ROI). Since clinics are customized, the ROI can be different for everyone.

"Engineered properly, positive ROI comes very quickly. In our experience most employers can expect a return of approximately \$3 for every \$1 invested," said Scott Weaver of Workplace Health Services, Indianapolis.

It also permits employers with multiple locations to have a centralized clinic or even potentially have multiple, smaller

clinics. Thomas Kuhn, Director of Bloomington Hospital's Prompt-care and Center for Occupational Health, understands the appeal an on-site clinic has for employers.

"The driving force appears to be the high cost of health care and insurance, longer wait times at a doctor's office and limited time with a medical provider. If an on-site clinic is well thought out, these issues can be mitigated in the right setting and with support from affected employees," said Kuhn. While there are benefits with an on-site clinic, the cost of opening and operating such a facility must be considered.

There also isn't a tremendous up-front cost to start a clinic. Typically this is money already spent on healthcare and is simply a shifting of the cost. As the employer, you would be exchanging current variable costs (fee-for-service) for fixed cost healthcare. Clinic providers would charge them a set fee versus waiting to find out claim-by-claim their medical costs.

For example, if a family of five goes to the doctor with colds they can expect the doctor visit to cost between \$85 and \$165 or more per person, with everyone seen within an hour. In an on-site clinic, a fixed hourly rate is paid; totaling the equivalent of roughly one visit and each patient is seen for around 20 minutes. This is a tremendous employee benefit, because in this case they are receiving health care at a cost-benefit ratio of 5 to 1.

Another benefit to employees is most companies do not charge their employees or dependents co-pays for the visits or certain prescriptions. With co-pays averaging roughly \$10 to \$40, this can be a considerable benefit and a good way to encourage use of the clinic. In a tough economy, a clinic can be a great recruitment and retention strategy.

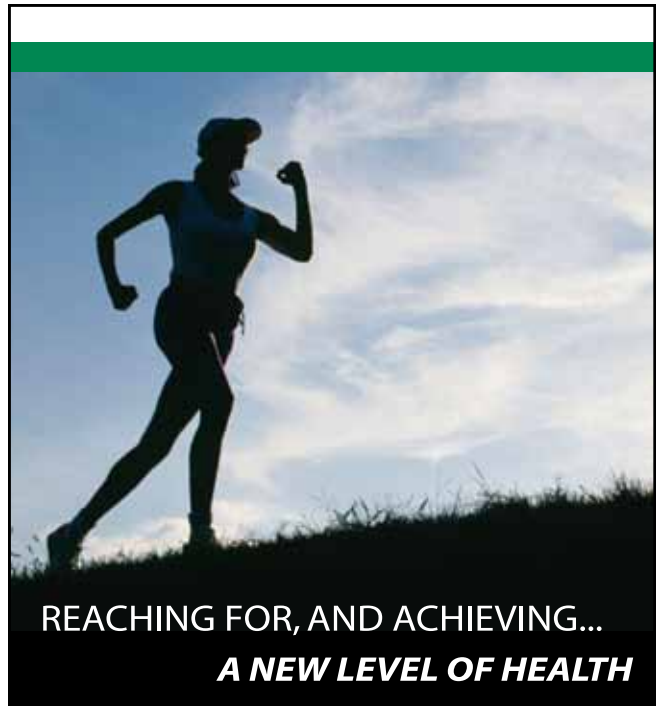
Clinics are not put in place to have doctors and hospitals go out of business. In fact, many clinic providers actually lease the doctors and nurses for the clinic, helping to form a bridge between patient and provider. Additionally, on-site clinics are not full substitutions for a person's primary care physician. Many providers communicate with the local hospitals and other providers in the area before even considering building a clinic. Without the full support of the local healthcare community, your company clinic will not be as effective. A good clinic will maintain clear communication with local medical providers as employees may need to be sent to a specialist for particular care.

"The key is that an employer will have someone in the clinic that will help employees navigate the healthcare system so they are accessing care that is necessary but not excessive," said Weaver.

On-site for Everyone?

An on-site clinic might not be a practical option for every company. For an employer with only a few employees at multiple locations, an on-site clinic may not end up saving them any money and in fact may end up costing the same as traveling to an urgent care clinic. There is still the option of utilizing mobile services of many on-site clinic providers, which are set up to do many of the same things that an actual bricks and mortar clinic can do.

In the consumer-driven society we live in today, a clinic can be a great cost-containment tool for companies looking to manage expenses while attracting and retaining key employees. [IE](#)



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