



HOW
UNIONS OF
ANY SIZE CAN

**REDUCE COSTS &
IMPROVE HEALTH**



ACTIVATE[™]
HEALTHCARE



Executive Summary

Famed investor Warren Buffett crystallized the dilemma of most employers providing health care for their members and dependents when he said,

“The ballooning costs of health care act as a hungry tapeworm on the American economy.”

He said this as he and two other business titans launched an expensive undertaking to form a new company, now called Haven, to figure out how to reduce those costs.

But solutions already exist that help solve these two vexing and seemingly intractable problems simultaneously: employer-sponsored, on-site and near-site health clinics. These clinics have already proven they can have a positive impact on the health issues that contribute most to high health costs: unmanaged chronic conditions.

The business model is proven to limit the upward trajectory of health care costs and improve employee and dependent health outcomes. Years of data legitimize its approach. Yet many small employers believe such clinics are impossible or at least impractical for their work force.

One third of U.S. companies with at least 5,000 members now offer on-site or near-site clinics, but as this white paper demonstrates, much smaller organizations regularly achieve similar returns.

Read this whitepaper to understand:

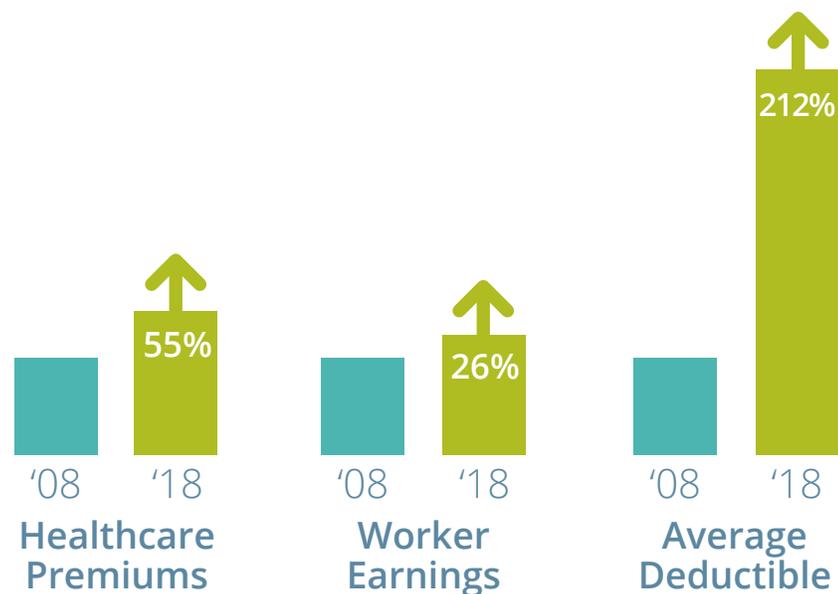
- Why the current healthcare system delivers poor outcomes and perpetuates higher costs.
- How on-site and near-site clinics can reduce health costs by 10%-25% and improve outcomes simultaneously.
- How organizations of almost any size can remove barriers to health improvement.
- Three examples of Taft-Hartley organizations that have succeeded with this model, with strong ROI.
- How near-site and on-site clinics *activate* the patient and achieve extraordinarily high patient satisfaction.

Workplace Health Clinics Reduce Costs, Improve Employee-Dependent Health

The truth is unpleasant. The current healthcare system contributes to poor health for members and rising costs for employers. And both are feeling the financial pinch as healthcare prices have grown [significantly faster](#)¹ than prices in the general economy.

From 2007-2017, annual private health insurance expenditures grew from \$776 billion to almost \$1.2 trillion. Members are also bearing big cost increases. A [Kaiser Family Foundation/Los Angeles Times survey](#) found that between 2008 and 2018, premiums for employer-sponsored health care rose 55%, twice as fast as worker earnings (26%). Over the same period, the medical cost impact for a union are the future of the Health and Welfare fund and more out of pocket contributions from the members.

Those statistics are a recipe for frustration. In recent years, many employers have implemented cost-sharing programs in an attempt to control expenditures. Indeed, increased cost sharing has led to 65% growth in the [average worker contribution](#)² to the health care premium since 2008. But cost sharing without focusing on quality and coordination of care is a long-term losing proposition, not least because the practice can pit employers and members against each other without improving employee health.



The Health Paradox

The most confounding issue for employers is that increasingly expensive health care that delivers poor outcomes perpetuates higher prices.

Here's why: When members are asked to pay a higher share of costs out of pocket, they tend to forego or delay needed care. A [recent study](#)³ linked the rise of high deductible health plans with delayed breast cancer care, and chronic condition management is often delayed or avoided altogether.

High out-of-pocket costs, coupled with the inconvenience of taking time out of the workday to visit a health professional, create a disincentive for seeking care. Because members and their families see the physician infrequently, and only as a last resort, their care is often fragmented or nonexistent. Many individuals do not know they have a chronic condition until they have a serious, potentially life-threatening health care event. This leads to worsening of conditions that, if diagnosed earlier, could have been managed with relatively inexpensive interventions.

When members or their family members have unmanaged conditions such as diabetes, hypertension or obesity, or a combination, they are more likely not to come to work (absenteeism) or perform at less than full capacity while at work (presenteeism). The Centers for Disease Control and Prevention [estimate](#)⁴ absenteeism and presenteeism cost businesses more than \$225 billion annually.

Yet employers continue to utilize strategies that do not get results, such as high deductible plans and corporate wellness programs, which are offered to more than 50 million workers yet have a low participation rate. For example, the well-known [Illinois Workplace Study](#)⁵ found essentially no significant effect on outcomes after one year of participation in its workplace wellness program.



Perverse Incentives Drive Poor Chronic Care

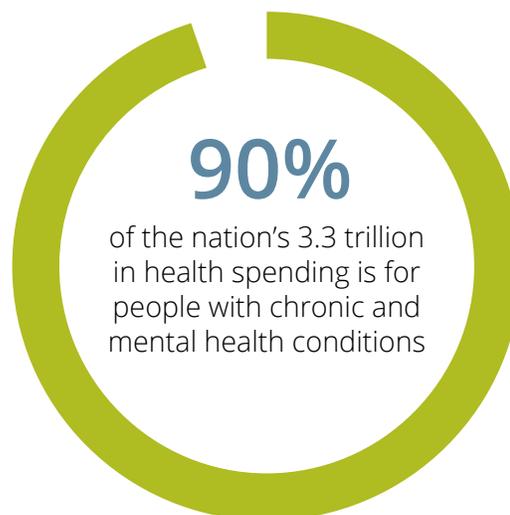
According to the CDC, 90% of the nation's nearly \$3.3 trillion in health spending is for people with chronic and mental health conditions. Managing and preventing chronic conditions is best achieved when primary care providers can take the time to understand patient's health and challenges and can solve underlying root cause issues. The typical health care environment a member must navigate is not geared toward managing chronic conditions.

Here's why: health systems typically lose money on most primary care practices. As a result, they encourage providers to generate as much revenue as they can to limit losses (by seeing lots of patients for short appointments).

In addition, health systems encourage and often provide incentives to primary providers to make referrals to more expensive specialists that are profitable for the health system. Specialists often treat the symptoms of a chronic condition, but don't manage the condition or, more critically, don't address the root causes of the patient's problem, which often arise due to poor lifestyle choices.

This embedded misalignment of incentives means providers don't have the time to understand the patient's underlying condition in order to find the best solutions.

It is not surprising then that health costs are rising while health is heading in the wrong direction.



Removing Barriers to Improvement

Organizations need a solution that engages members and their families in their health care by removing the cost and convenience barriers for preventive and primary care.

On-site and near-site workplace health clinics are that solution. These clinics improve health not only through close supervision and care coordination, but by simply eliminating the barriers that keep patients disengaged from their health.

On-site or near-site health clinics solve both access and cost problems by offering a convenient at-work or close-to-work location for workers to access same-day care from a staff of physicians and other medical professionals. Organizations typically pay a fixed amount per worker or family member to fund the clinic, which does not file or process insurance claims. Most important to the member: his or her family members typically have unlimited access to the clinic, its professionals and its services at no cost.

By changing the reimbursement system so the provider is being paid directly by the sponsor (avoiding insurance-based fees for service care) a new and better kind of care is possible. The top goals of the on-site and near-site clinic are to help members genuinely improve their health and to reduce costs by avoiding the need for hospitals and expensive medications. Providers can take the time they need with each patient to make a difference, while the typical primary care doctor can't.

Services typically include office visits, disease management, health coaching, referral management, some prescription drugs and lab services. The on-site or near-site clinic provides medication management and referral management as well. The beauty of the model is its focus on coordinating care and managing chronic conditions. The model is designed to meet most worker health needs that don't require specialist intervention or surgical or hospital care.

Partners, Not Adversaries

The concept is gaining momentum according to a new worksite health clinics survey conducted by Mercer LLC. [One-third⁶](#) of U.S. employers with 5,000 or more workers now offer on-site and near-site health clinics to their members and dependents, up from 24% in 2012 and 17% in 2007. Such clinics also are showing [strong growth⁷](#) among employers with 500 to 4,999 members, with 16% currently providing a medical clinic for members and another 8% considering adding one in 2019. Even small employers with less than 500 members can now access clinics by joining with other employers to achieve a critical mass.

The modern on-site or near-site clinic has transformed from focusing primarily on work-related illnesses and injuries to providing a variety of primary care services to members and their families. The model works because it transforms health care from a cost center to a strategic advantage for employers.

The survey shows workplace clinics produce positive returns, with more than half of employers that measured ROI showing a return of \$1.50 for every dollar they invested in their clinic. Some clinics have reported as much as \$1.60 in ROI.



How Clinics Bend the Cost Curve

On-site or near-site health clinics ultimately save money because they are a more effective and efficient way to manage health than the current episodic and uncoordinated health care system. Providers are empowered with the time and tools to practice medicine in a more personal way.

Savings can be expected because:

- Members and their dependents are healthier and chronic diseases are prevented and more effectively managed.
- By identifying health risks sooner, and effectively managing patients with chronic conditions, the group experiences fewer serious health care events that require hospitalizations and expensive medications.
- When patients do need more specialized or hospital care, they are guided to the best and most cost-effective care in the community.
- The best clinic providers purchase drugs and labs at wholesale prices and pass low prices to members, resulting in savings of 60-90% in drugs and labs provided at the clinic.

Organizations that engage with a strong workplace clinic partner can expect to reduce health care expenditures by 10%-25%, with reduced costs in each of the following spending categories:

- Emergency room and urgent care use
- Primary care
- Inpatient care
- Outpatient care
- Prescription Drugs
- Laboratory Testing

Also, high-risk patients—the group that represents more than 70% of health care costs—tend to be among the most active clinic users. That “activation” can lead to significant improvement in chronic, costly conditions such as high blood pressure, tobacco use, unhealthy body mass index and high cholesterol levels.

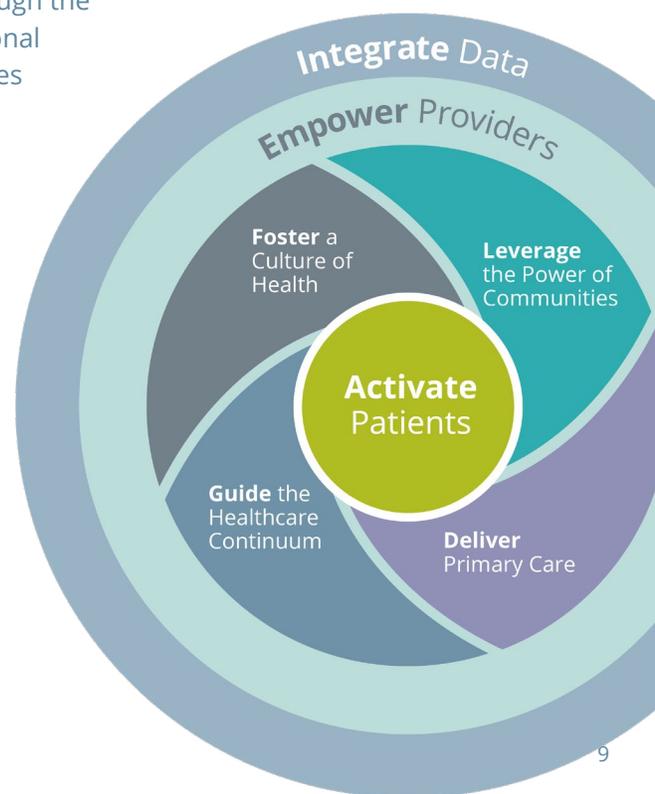
Members, in turn, save an average of more than \$350 per year in co-pays and other costs while improving their health.

Activating the Patient

While offering a workplace health clinic is the first step to achieving better outcomes and lower costs, organizations must also ensure patients use the clinic the way it's intended. Workers and dependents must be activated, or engaged, in the effort toward improving their health. A seminal study in the journal [Health Affairs](#)⁸ proved that policies and interventions aimed at strengthening patients' role in managing their health care—that is, their level of “activation”—should be used as an intermediate measure that is linked directly to improved outcomes.

Getting buy-in and cooperation from patients is a key aspect of the success or failure of on-site or near-site clinics. Improving patient engagement is possible because:

- Patients have immediate access to clinics, with most providing same day access.
- Clinics are available to members and their families—usually at no cost.
- Providers can spend as much time with patients as they need, with most regular visits lasting 20-30 minutes (all with the provider) and annual physicals usually scheduled for an hour (or more, if needed).
- Providers are trained and have access to multiple support tools to help patients through the “stages of change” using “motivational interviewing”—proven best practices that help patients improve their health-related behaviors.
- Patients have access to the latest technology including smart phone apps that track behaviors and manage incentives. These tools enable patients to text providers with questions or arrange a telemedicine visit, for example.



Sometimes interventions can be mind-bogglingly simple as members often are unaware how harmful some seemingly innocuous behaviors can be. One diabetic patient returned to normal blood sugar levels after modifying his nearly everyday lunch habit—white rice—with more balanced fare.

Critically, patients must be motivated to change, but they also need help and encouragement. Many patients have trouble making changes because they don't feel empowered to manage their care. Clinics help by offering a variety of services that educate patients on their health and help them improve. Health coaching, preventive screenings, lifestyle management, phone apps and group counseling—services offered at most on-site or near-site clinics—can engage patients as well. The better clinics also often offer dietician support and behavioral health services to give patients the tools they need to improve the odds of success.

Many such services are not available to people without on-site or near-site clinic access because there is no incentive to offer them at a traditional medical clinic. On-site or near-site clinics differ in that they take a long-term perspective on managing health, with the first clinic visit beginning a longitudinal journey in which it makes both common and economic sense to provide an array of services that help activate the patient. Together, clinic provider and employee co-develop treatment and activity plans, track progress and partner to reach goals.



Long-Lasting Benefits

These results demonstrate how the on-site and near-site clinic model is superior to the uncoordinated care most patients experience. By putting health at the center, everyone benefits.

Engaging patients with their health is simpler and more effective. The team-based care approach practiced at on-site and near-site clinics is a significant factor in “activating” members and their families to care about managing their health. A recent Health Affairs [study](#)⁹ found that such patients have substantially lower costs and better outcomes than non-activated patients.

Some benefits to on-site and near-site clinics are harder to quantify, yet they offer compelling additional support to the model’s superiority. A 2017 National Business Group on Health [survey](#)¹⁰ found that reduced absenteeism and presenteeism were among the motivators for the more than two-thirds of employers who said they were considering adding an on-site or near-site health clinic by 2020. It’s easy to understand. Healthier workers have better attendance and more focus at work.

Clients of on-site and near-site clinic provider Activate Healthcare testified to this benefit when they were interviewed by KLAS Research, a health care-focused insights company providing impartial research. Activate Healthcare was top-rated over its peers in the KLAS worksite health services category in 2019. One organization with an on-site clinic said:

“We have a huge number of success stories catching serious conditions early on. One patient went in for one particular thing, and Activate Healthcare found something completely different. The patient had absolutely no symptoms... I can’t count the number of times I have heard similar stories... I have lost track of the number of prediabetic cases they have caught.”

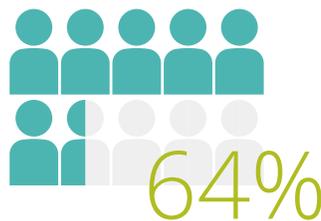
Workplace Clinics in Action: *Union Local Clinic 1*

A labor union local in Indianapolis initiated its on-site and near-site clinic in 2014 because many members were not seeking regular primary or preventive care before minor health issues developed into larger or more expensive problems. Local leadership also realized many of its members who are not native English speakers had trouble finding providers who could communicate with them, prompting them to seek primary care at emergency rooms, where translation services are more readily available.

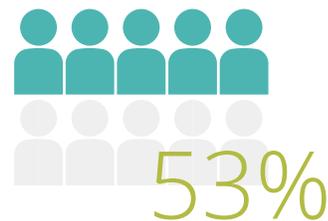
In the five years since the clinic opened, the union has saved approximately \$21.7 million and has realized ROI of 204.7%, including savings on co-pays and office visits for members and their families, and the costs of developing and staffing the clinic.

A snapshot of health improvement:

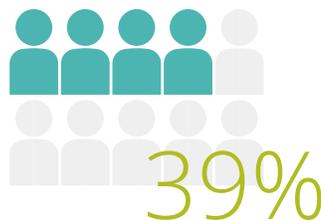
- Of the members with high blood pressure, 64% lowered their blood pressure to normal levels or by a notable amount.*
- Of the members initially diagnosed with high cholesterol, 53% achieved normal levels or reduced cholesterol by a notable amount.**
- Of the patients with obese body mass index levels, 39% lowered their BMI by more than 1%.



Lowered their blood pressure to normal levels or by a notable amount*



Lowered cholesterol to normal levels or by a notable amount**



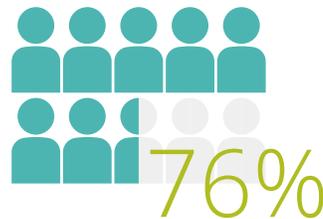
Reduced BMI by more than 1%

Workplace Clinics in Action: *Union Local Clinic 2*

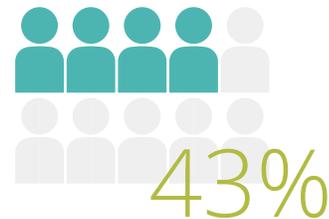
A labor union local in Fort Wayne, Indiana, recorded 71% unique participation among members in year four of its clinic, resulting in a cumulative ROI of \$3.9 million, or 122.5%, since the clinic's inception. Members rate the clinic a 4.96 on a scale of 1-5 in patient satisfaction, and members and dependents have saved a total of nearly \$375,000 in out-of-pocket costs.

A snapshot of improvement:

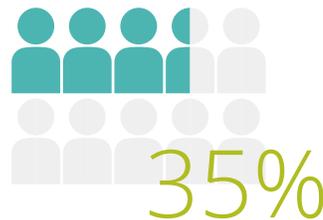
- Of the members with high blood pressure, 76% lowered their blood pressure to normal levels or by a notable amount.*
- Of the members with high cholesterol, 43% achieved normal levels or reduced cholesterol by a notable amount.**
- Of the individuals with obese body mass index levels, 35% lowered their BMI by at least 1%.



Lowered their blood pressure to normal levels or by a notable amount*



Lowered cholesterol to normal levels or by a notable amount**



Reduced BMI by more than 1%

* Improved blood pressure defined as a reduction of 12mm/hg for systolic and 5 mm/hg for diastolic between first and last measurement in time period.

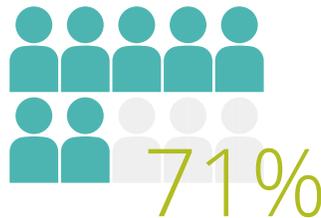
** Improved cholesterol defined as a reduction of at least 20% between first and last measurement in time period.

Workplace Clinics in Action: *Union Local Clinic 3*

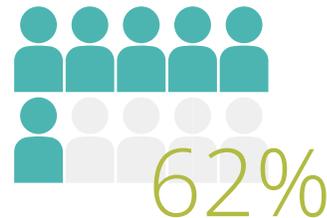
A labor union local in Cincinnati achieved 78% unique participation among members in year two of its clinic and cumulative ROI of \$4 million, or 260%, since the clinic's inception. Claims for inpatient hospital services, outside primary care visits, labs and emergency room visits decreased markedly. Patient satisfaction scores averaged 4.7 of a possible 5 over seven general measures of patient experience, and members have saved a total of \$294,000 in out-of-pocket costs.

A snapshot of improvement:

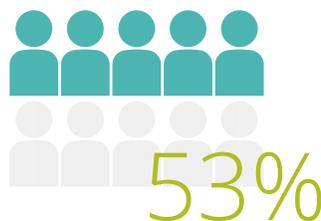
- Of the members with high blood pressure, 71% lowered their blood pressure to normal levels or by a notable amount.*
- Of the members with high cholesterol, 62% achieved normal levels or reduced cholesterol by a notable amount.**
- Of the members with obese body mass index levels, 53% lowered their BMI by at least 1%.
- Of the patients with an A1C measure of 7 or greater, 36% lowered their A1C measure to normal levels or by at least 1%.



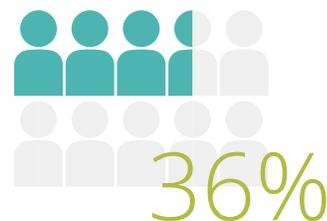
Lowered their blood pressure to normal levels or by a notable amount*



Lowered cholesterol to normal levels or by a notable amount**



Reduced BMI by more than 1%



Lowered their A1C to normal levels or by at least 1%

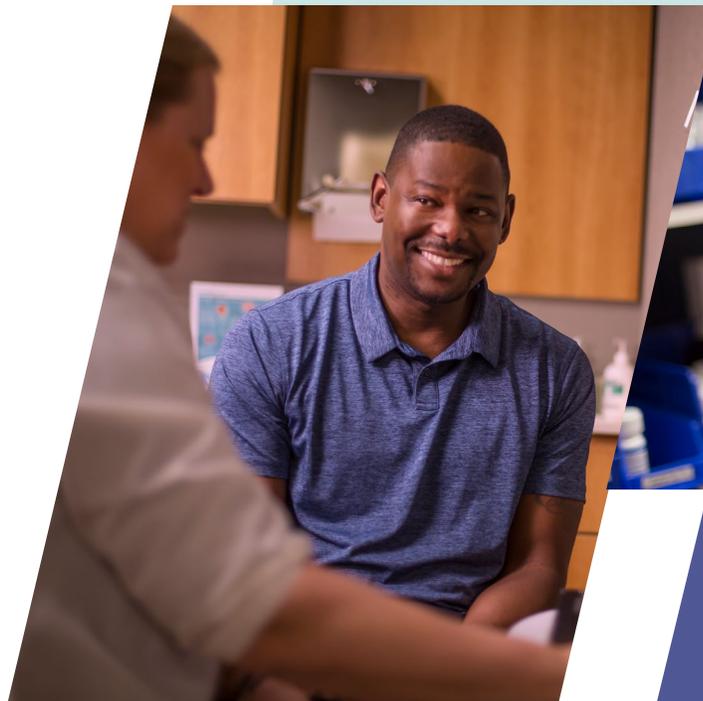
* Improved blood pressure defined as a reduction of 12mm/hg for systolic and 5 mm/hg for diastolic between first and last measurement in time period.

** Improved cholesterol defined as a reduction of at least 20% between first and last measurement in time period.

Conclusion

Rising costs and poor health outcomes are elevating member and dependent health care to a top strategic issue for businesses. Rightly, many are realizing they need to take charge by offering on-site or near-site health clinics to build a healthy and engaged work force.

The best on-site and near-site clinics provide a solution that reduces total healthcare costs by 10-25%, with a strong ROI. They are an exceptional benefit for members and their dependents and help enhance retention***. They are a creative solution that not only solves the health care coordination and affordability problem for many health care services, but will, over time, improve member health and reduce the need for expensive hospital-based care.



Sources

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