

# 2012 Onsite Health Center

## Survey Report

Concerned about the continuing escalation of health care costs, employees' access to primary care, and the need to keep workers healthy, productive and on the job, employers are exploring many avenues to achieve organizational health goals. Increasingly, their strategies include the introduction or expansion of onsite health services, ranging from onsite coaching and limited medical services, to full centers with pharmacy capabilities.

Towers Watson's 2012 survey of employers that have established or are planning to establish onsite health centers provides up-to-the-minute insights on how these centers are perceived and used. Overall, both employers and employees throughout the organization continue to view centers positively. Our results reveal that a wide array of models is in place. Surprisingly, few organizations track their centers' return on investment (ROI), due either to the lack of suitable financial programs or their inability to collect data.

### Productivity — A Primary Factor

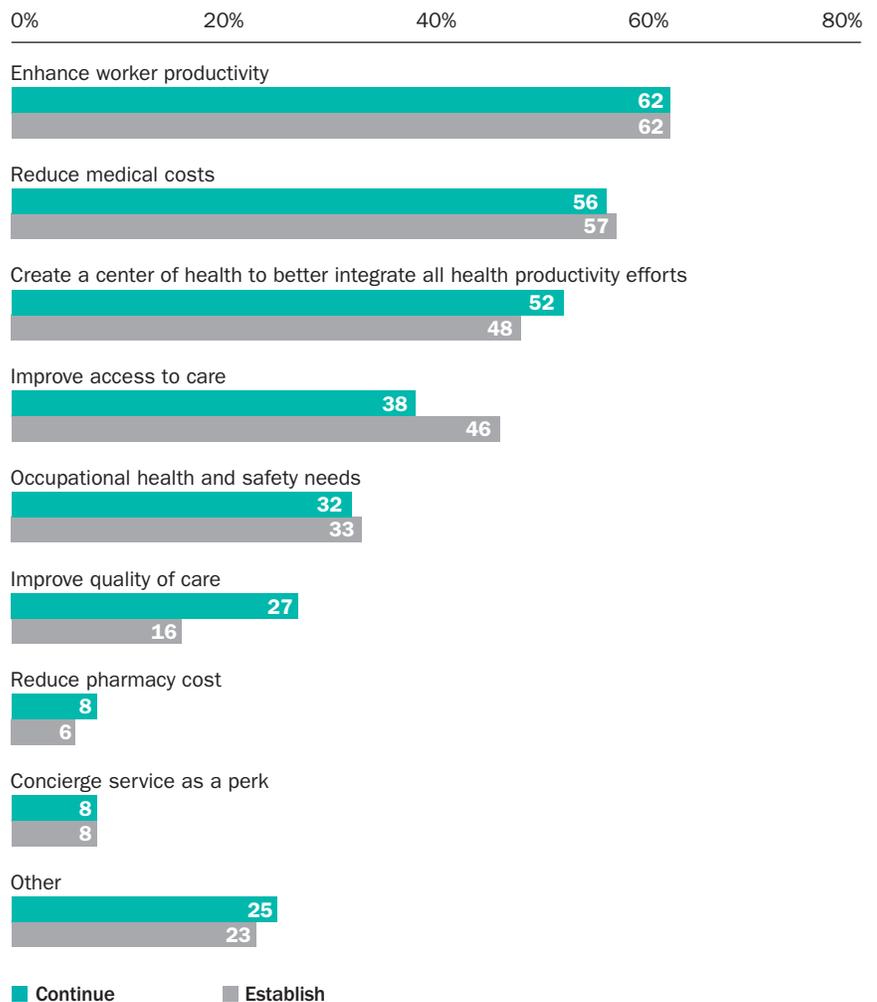
Most companies establish an onsite health center to enhance worker productivity (62%). And despite the high cost of opening a center, requiring a multiyear investment, most employers (62%) say a key reason they keep their centers open is improved employee productivity that comes from eliminating visits to offsite medical providers. They say another important reason for establishing a center is cost reduction, including lower cost per service performed, improved health outcomes, reversal of health risk, and fewer ER visits and hospitalizations.

As employers take a more active role in the well-being of their employees, they have found there is an acute need to optimize the value of their health improvement programs and efforts to channel needy employees to appropriate resources. This is leading them to expand their centers beyond their original intent of providing basic preventive services and urgent care. Nearly 48%

of survey participants in 2012 cite the need to improve integration of health and productivity efforts as a top reason to establish an onsite health center, up from just 40% in 2008 (Figure 1). Clearly, more and more employers think onsite centers add value and help with the focus, integration and coordination of their overall health resources.

**Figure 1. Top reasons for establishing and continuing onsite health centers**

Based on those with a center in place, top three reasons



“Some organizations have hesitated to open an onsite health center for fear their employees might perceive it as employer intrusion into the sensitive arena of personal health information.”

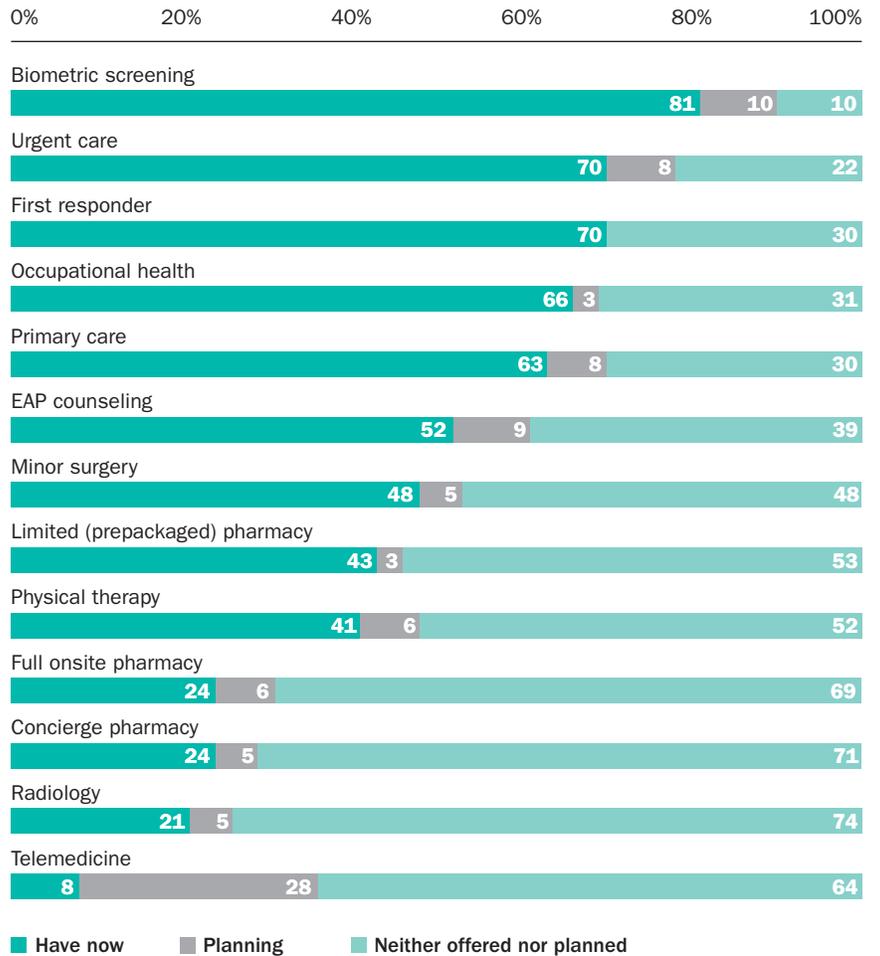
Services offered by onsite health centers range from flu shots, screenings, and preventive and urgent care, to primary care and more specialized areas such as onsite employee assistance programs (EAPs), wellness counseling and chronic condition management.

Some organizations have hesitated to open an onsite health center for fear their employees might perceive it as employer intrusion into the sensitive arena of personal health information. However, that concern seems to be in retreat, with 91% of respondents saying they offer or plan to offer biometric screening onsite and 61% saying they provide or plan to provide EAP counseling onsite. These significant numbers seem to indicate that organizations believe their employees are becoming comfortable with health care delivered at the worksite or think the benefits outweigh any perceived risk.

In addition to onsite centers, organizations are looking to telemedicine as another way to reduce time spent in doctors' offices and delays in securing appointments. The decrease in travel and wait times associated with visits to primary care physicians can have a direct impact on employee productivity. It reduces time away from the worksite as well as time lost at the worksite due to worries about a health condition or making appointments. Telemedicine is being used both on a stand-alone basis and as a complement to onsite services. It can provide employees a direct and cost-effective 24/7 link to medical doctors by telephone or videoconference, potentially leading to early diagnosis of health conditions. While only 8% of employers currently offer telemedicine as part of their onsite health center, an additional 28% plan to add it (Figure 2).

**Figure 2. Medical services currently offered or to be offered within 12 months**

Based on those with a center in place



## Going Beyond Traditional Medical Services

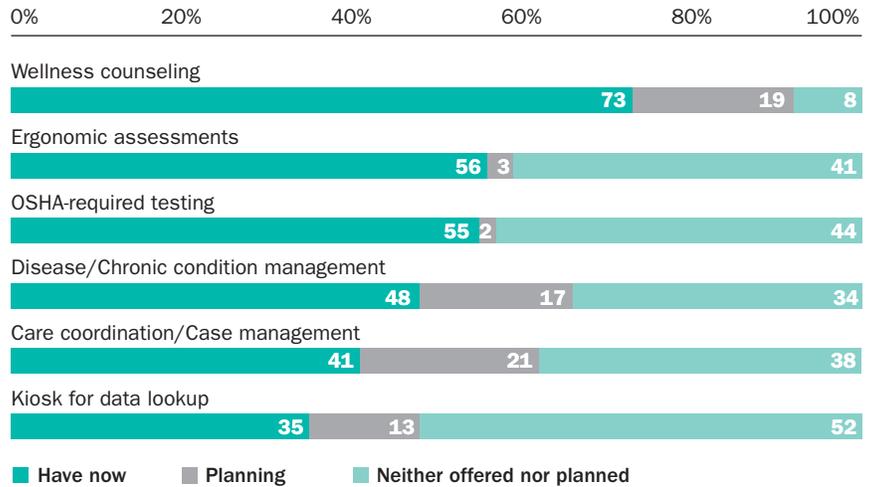
Some centers are going beyond direct medical services and are taking a more active role in the management and coordination of employee wellness. More than 90% of employers are reaching out to improve the lives of their employees through wellness counseling; nearly two-thirds are offering disease or chronic condition management, and 62% have care coordination or case management onsite (*Figure 3*). These services can be essential in helping employees understand their individual health risks and develop action plans to improve their health.

While employers offer benefits at their onsite health centers beyond the normal scope of what is considered exempt from ERISA requirements, only 53% identify their onsite health center as an ERISA plan. This is an area covered by specific legal guidance. For example, IRC Section 223 outlines the conditions under which employees eligible for health savings account (HSA) participation are permitted to utilize onsite centers. Due to the very prescriptive requirements for HSA participation and qualified high-deductible plan design, organizations that currently have or are considering an account-based health plan (ABHP) would be wise to think carefully about how much an HSA-eligible participant pays for services received at an onsite health center. Our survey results suggest that this might currently be an area to which organizations should devote more attention, since nearly 80% of companies offering ABHPs allow these participants to utilize the center.

Although physician groups and other local health systems have attempted to enter the onsite health center services arena, their impact has been negligible. Nearly 70% of employers currently contract their centers through a commercial third-party vendor, while less than 5% contract through a local health system (*Figure 4*).

Another clear trend is the availability of onsite health center services to nonemployees. More than 50% of respondents currently allow or are planning to allow spouses of employees to use their centers, and 46% currently allow or are planning to allow their children to use them (*Figure 5*). This expansion beyond the traditional employee-only population could be an indication that both employers and employees believe the clinics offer significant value. For employers, treating covered dependents can provide as much value to an organization as treating the employee and thereby increase the center's ROI.

**Figure 3. Other services currently offered or to be offered within 12 months**

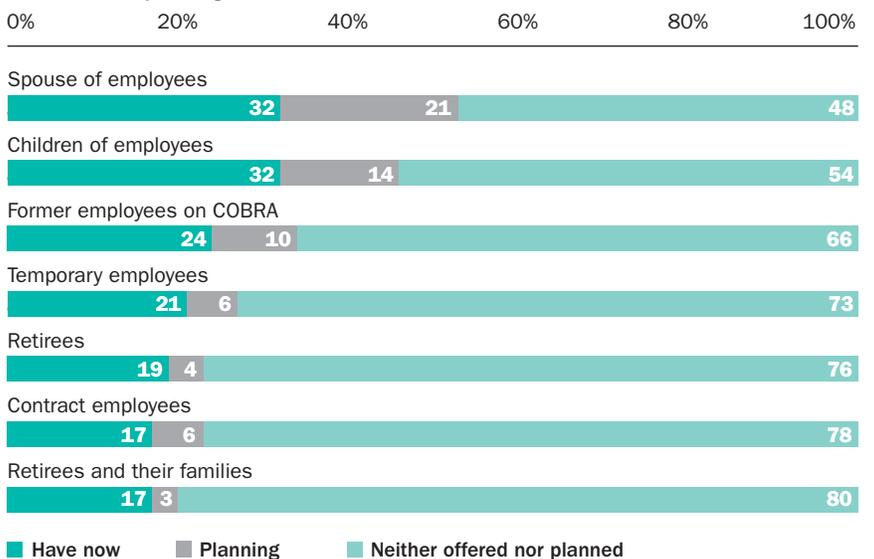


**Figure 4. How do you staff your onsite health center?**

	Center in place	Planning a center
Contracted through a third-party onsite health services vendor	67.2%	70.4%
Directly employed by your organization	18.8%	16.9%
Contracted through a local health system, hospital or physician group	4.7%	4.2%
Other	9.4%	8.5%

**Figure 5. Do you currently or plan to allow any of the following to use the services of the health center within 12 months?**

Includes those planning a center



## Measuring Results

Employers sponsoring onsite health centers continue to struggle with quantifying ROI or are not even trying to track return. More than half either don't know (39%) or don't track (14%) ROI — an encouraging improvement from 2008, when 60% did not know or track ROI.

Even with little or no ROI data, senior management continues to support onsite health services. The survey found that employers believe that nearly three-quarters of senior management have very high support of the centers. Likewise, they believe that a majority of employees are very satisfied with both the level (53%) and quality (58%) of services offered by the centers. This high endorsement indicates these executives believe their centers have achieved considerable reductions in overall health care spending, as well as indirect savings attributable to reduced absenteeism and enhanced productivity.

## Conclusion

With employee health and productivity a primary concern for employers looking to control costs, we believe the growth of onsite health centers will continue. Health care reform will only add to this trend as employers aim to manage health care costs in line with the goals of the federal law. Onsite health centers can help them combine the law's increased focus on quality with information technology to drive patient satisfaction and positive health outcomes. The centers' popularity throughout most organizations that have them will be a great asset in this effort. Employees like them because they ease, simplify and accelerate access to medical care. And employers — even an overwhelming majority of senior management — appreciate the role they play not only in

keeping employees healthy and at work, but also in enhancing employee health education, use of preventive care, and health risk awareness and avoidance.

Their future value looks even more promising. As the use of telemedicine grows as a complementary service, the convenience of onsite clinics will grow. Their service quality will improve as health information exchange capabilities grow, making the patient's entire medical history available to health care professionals onsite and online. And the employer's ability to manage the general health of its covered population will also improve as employees' spouses and families are allowed to use the centers. To gain all these benefits, however, employers cannot forget to heed appropriate regulations and laws, and bolster support for the centers by actively tracking and measuring their ROI. By taking a holistic view and using the centers as another element to better integrate and coordinate their health programs, employers can unlock the full potential of onsite health centers in the years to come.

## About This Survey

The 2012 Onsite Health Center Survey was conducted before the Supreme Court announced that the PPACA was constitutional on June 28, 2012. This online survey took place from May 3 to May 25. It asked targeted companies to answer 21 questions around the use of onsite health centers as a key component of an employer's health care strategy to control health care costs, promote a culture of health and improve the quality of care. Participants included organizations that currently operate an onsite health center, from our 17th annual Towers Watson/National Business Group on Health Employer Survey on the Value of Purchasing Health Care and our 2011 Staying@Work Survey. The 74 respondents represent 1.7 million employees and operate in a variety of industry sectors.

## About Towers Watson

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