

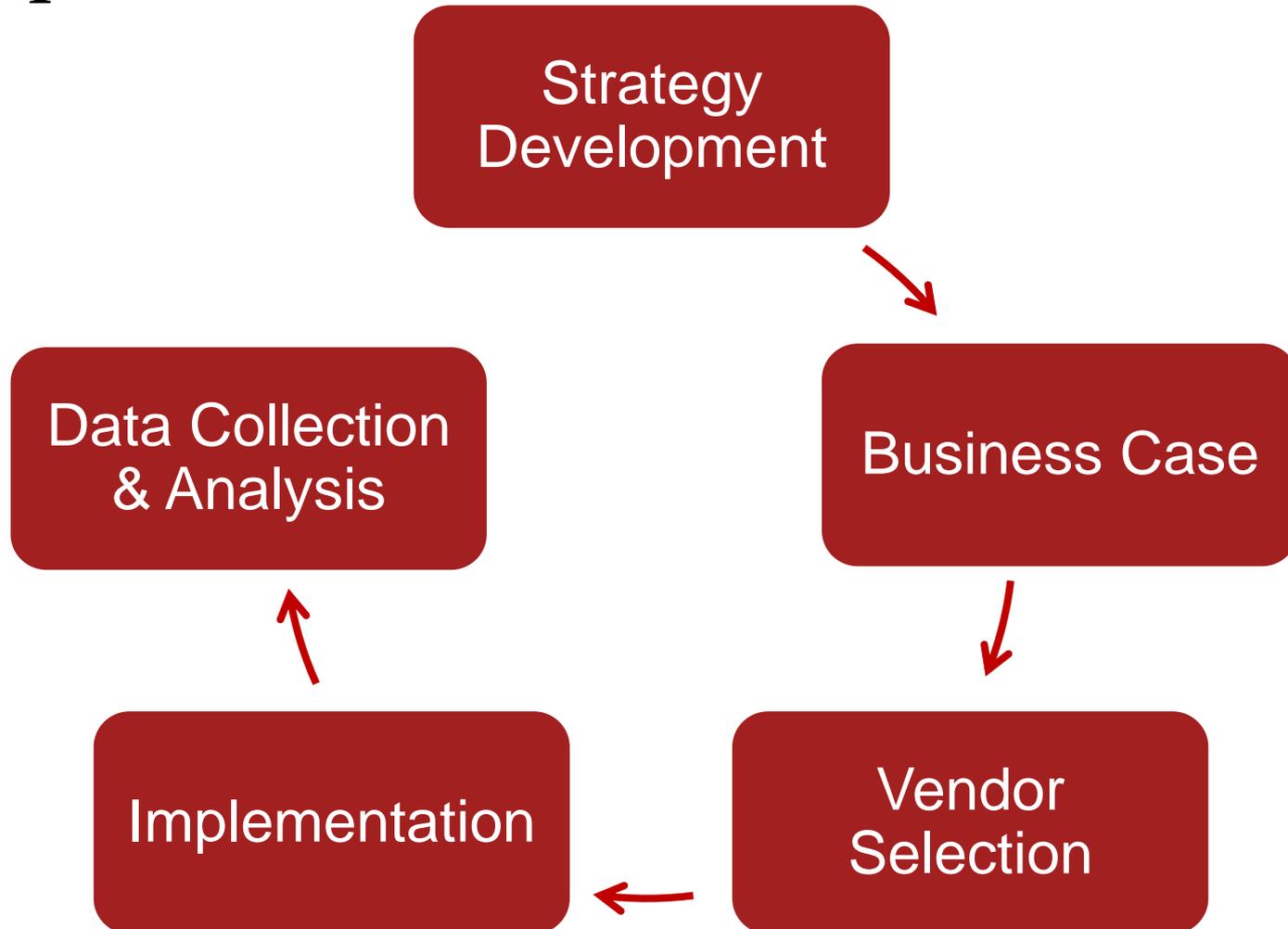
[www.pwc.com](http://www.pwc.com)

# *NAWHC Annual Meeting*

## Key elements in planning for on-site health services

September 10, 2014

# *Implementing on-site health services is a five stage process*

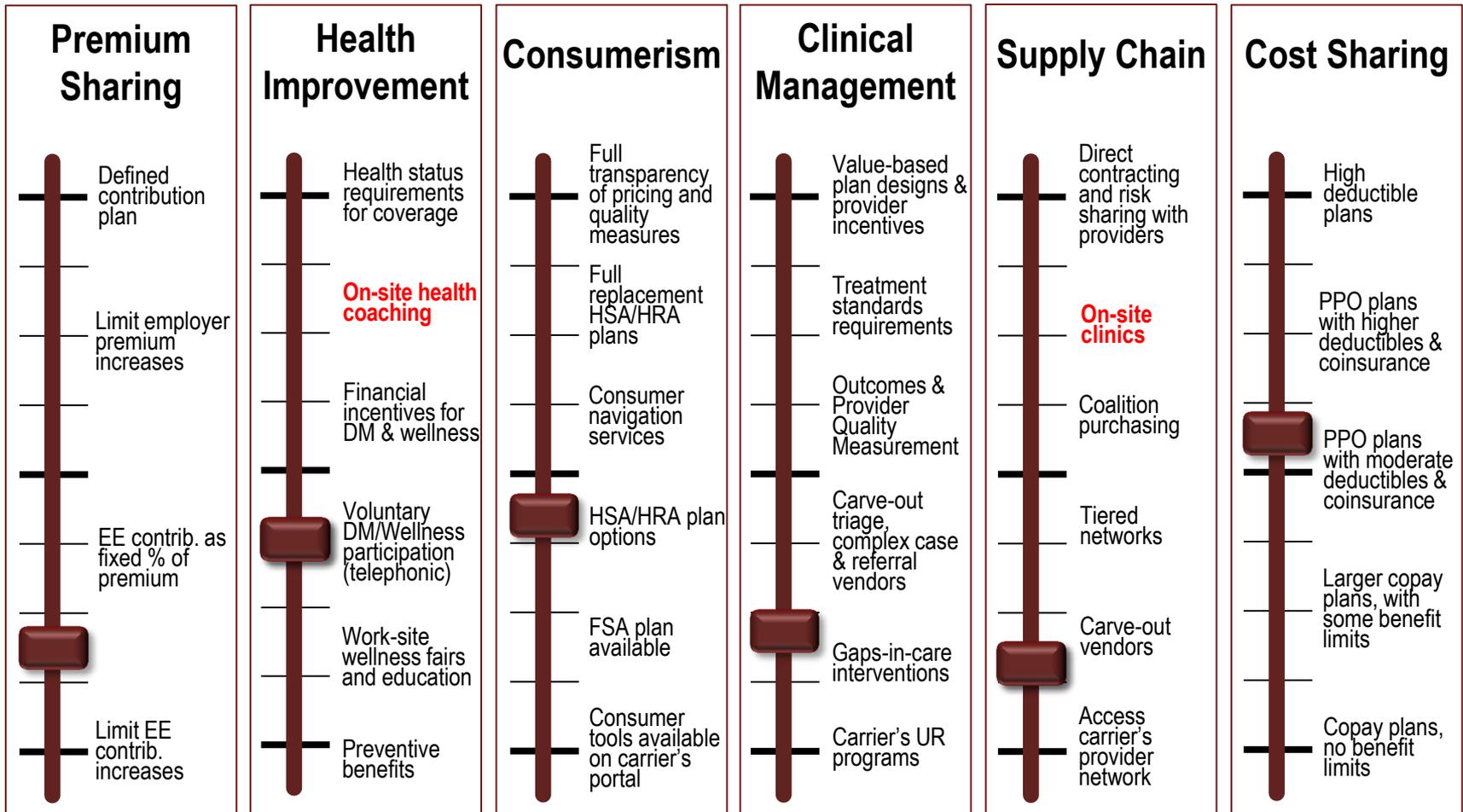


# *On-site services need to fit with the company's overall healthcare strategy*

## **Strategy elements:**

- Set corporate goals and objectives
- Analyze past experience
  - What is driving healthcare costs and trends?
  - What medical conditions or diseases are prevalent?
  - What are the evolving gaps?
- Benchmark against leading industry peers
- Assess current programs and cost management elements
- Develop a long-term plan – at least 5 years

# To effectively manage health benefit costs, employers need to deploy multiple strategies across six levers



To “push the envelope”, crank up the volume!

# *A business case is critical to set expectations and plan for all necessary changes*

## **An on-site services business case should include the following seven key elements:**

1. Basic structure and vendor partnering
2. Healthcare services to be included

- Primary care
- Physical exams
- Disease management coaching
- Wellness education and coaching
- Pharmacy
- Immunizations
- Well-woman exams
- Travel shots

Where will the clinic be located?

How should other locations be accommodated?

Who is eligible to use it?

When will it be open?

Who will manage the set up and operations?

How will it be staffed?

# *A business case is critical to set expectations and plan for all necessary changes*

## **An on-site services business case should include the following seven key elements:**

1. Basic structure and vendor partnering
2. Healthcare services to be included
3. Financial pro forma and prospective ROI

# *A comprehensive financial pro forma will help justify the necessary investment*

## **Example of an on-site clinic financial pro forma:**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>3 Year Total</u>
Salaries, supplies, and vendor management fee	\$1,262,000	\$1,322,000	\$1,377,000	\$3,961,000
Implementation & physical build-out	502,000	0	0	502,000
Reduction in PCP office visits (redirected to clinic)	(274,000)	(296,000)	(320,000)	(890,000)
Reduction in specialist office visits	(131,000)	(142,000)	(153,000)	(426,000)
Reduction in ER visits	(47,000)	(51,000)	(55,000)	(153,000)
Reduction in other outpatient and pharmacy costs	(200,000)	(216,000)	(232,000)	(648,000)
Clinic copays to be collected	0	0	0	0
Reduction in carrier DM fees	(292,000)	(300,000)	(309,000)	(901,000)
Impact of enhanced preventive, DM, wellness	(91,000)	(452,000)	(959,000)	(1,502,000)
Estimated impact of increased productivity	<u>(251,000)</u>	<u>(251,000)</u>	<u>(251,000)</u>	<u>(753,000)</u>
<b>Total costs/(savings) from on-site clinic and on-site coaching</b>	<b>\$478,000</b>	<b>(\$386,000)</b>	<b>(\$902,000)</b>	<b>(\$810,000)</b>

# ***A business case is critical to set expectations and plan for all necessary changes***

## **An on-site services business case should include the following seven key elements:**

1. Basic structure and vendor partnering
2. Healthcare services to be included
3. Financial pro forma and prospective ROI
4. Plan design elements
5. Regulatory compliance and risk analysis
6. Implementation and communications plan
7. Data elements and measurement goals

# *Data elements to be collected and measurement goals should be decided prior to implementation*

## **Consider all potential data sources:**

- Healthcare data
  - Medical/drug claims
  - Biometrics
  - Risk scores
  - Lab results
  - Clinic-specific data
- Eligibility/demographic data
  - Age/gender/location/relationship
  - Health coverage/plan indicator
  - DM/coaching participation
  - Staff level/salary
- Absence data
  - Sick leave
  - STD/LTD
  - Workers Comp
- Other business data
  - Sales/defects/profit
  - Safety measures
  - Performance measures

# ***Data elements to be collected and measurement goals should be decided prior to implementation***

## Definitions:

- On-site clinic user
- On-site clinic medical-home user
- Non-clinic user (comparison group)
- Population health categories

## Examples of measurement goals:

- On-site clinic outreach
- On-site clinic referral patterns
- Change in risk profile over time for on-site clinic medical-home users
- Market value of services delivered in the clinic
- Impact of on-site clinic on specialists visits, ER visits, diagnostic tests, etc.
- Demographic and risk profile of on-site clinic users vs. non-users

# Health outcome studies should consider a balanced scorecard approach

- Comparison of utilization and costs between a test group and a control group
- Correctly adjusting for and developing the control group is the key to a successful measurement

## Test and Control Group Models

- Analyze trends in various health stats across the entire population
- Sample stats may include:

- Average risk scores
- Hospital admissions
- New occurrences of certain diseases, such as diabetes
- Health events such as heart attacks and strokes
- Certain surgeries, such as knee replacements

## Population - wide Analyses

- Analyzing events and utilization over time for a cohort of program participants
- Example: for a diabetes program one could look at:
  - Change in HbA1c levels
  - Number of eye and foot exams
  - Number of diabetes-related complications (e.g. amputations)

## Longitudinal Studies of Participants

- Review and provide a qualitative assessment of:
  - Program features
  - Activities
  - Accomplishments
  - Employee feedback surveys
  - Self-reported results

## Qualitative Assessments

---

# *Questions...*

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2014 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.