Employers Start to Take an Active Role in Employee Healthcare
Companies that self-insure health plans hope to improve care while lowering costs

By Beth Fitzgerald  November 17, 2011

When the Toms River Regional Schools’ 5,700 employees and families get sick, they usually go to the Partnership Health Center, a clinic in downtown Toms River that opened two years ago for the exclusive use of members of the school health plan. The PHC is voluntary; members are free to use any of the hundreds of doctors in their health plan network. But there’s an incentive to use the PHC, since there are no co-pays or deductibles, and it’s convenient: the PHC is open seven days a week and, members can visit during working hours, then return to their jobs. The 18-person staff includes three doctors and six nurses, and services include physical therapy, x-ray, lab, and pharmacy. Emergencies like wound care, splints and stitches can be handled at the PHC, instead of a hospital emergency room.

There is a fitness center with exercise machines where physical therapy sessions are held, and members get advice on how exercise can ease their aches and pains. Members with chronic conditions like diabetes and heart diseases can get help with weight loss, nutrition and fitness.

The school district self-insures its health plan, and in mid-2008 contracted with Integrity Health of Princeton to manage and deliver the plan to the members. Integrity’s founder and president is Douglas R. Forrester, whose business background is in prescription drug benefit management, and who ran on the Republican ticket for governor against Jon Corzine in 2005 and against Frank Lautenberg in 2002 for U.S. Senate. He was assistant state treasurer in the administration of Gov. Tom Kean and oversaw the state’s pension and health plans.

The PHC is at the center of Forrester’s mission, which he says is to both improve healthcare and lower costs. In the first 90 days after the PHC opened in October 2009, emergency room visits declined by 24 percent.

When members need to see a specialist, they can get a referral from a PHC doctor—but this too is voluntary; members are free to find their own specialist. Integrity coordinates the care to make sure doctors work collaboratively, and this work is done by an Integrity partner, the East Brunswick-based, physician-owned company Partners In Care, which specializes in working with physicians to coordinate patient care. Forrester said his objective is to make sure the right medical care is delivered quickly.

“You need to solve individual health problems in order to provide better health and lower cost,” Forrester said.

Partnership Health Care is part of a trend in which employers are trying to better the health of their employees, said Laurel Pickering, chief executive officer of the Northeast Business Group on Health. For self-insured plans like Toms River and other large employers, better employee health can help rein in spending.

Forrester said Integrity was able to hold healthcare spending by the district flat at about $45.7 million this year — at a time when health plans are still seeing double-digit increases.

It is unusual to see the kind of holistic approach used by Integrity, where primary care is coordinated with care by specialists and hospitals and other providers.

Laurel Pickering  CEO of Northeast Business Group on Health

“On-site medical clinics are very common at companies with a sizable number of employees in one place,” Pickering said, citing Prudential Financial in Newark as one example. “Part of [the motivation] is convenience; employees don’t need to take time off work to go to the doctor. Another reason is access; the employees are more likely to get preventive care if it is very close by.”
She said employers “are seeing a big bang for the buck in the area of preventive care. They are using their on-site clinics to beef up the number of preventive services they offer. These clinics can get ahead of major medical costs, and prevent them.” She said employers are increasingly using their workplace clinics to help employees manage chronic conditions like diabetes, depression and high cholesterol, as well as the acute conditions the employee might present with during the workday, like a sore throat. “Chronic conditions can be managed in primary care, and employees are using these on-site clinics to do it.”

Forrester said one of the most important decisions Toms River made was making use of the PHC voluntary. So when Integrity took over management of the health plan, it didn’t change the employees’ existing health benefits; it simply added the PHC as a new employee benefit.

“The issue of everything being voluntary is very important,” Forrester said. “If someone doesn’t want to use the health center, they don’t have to use it. If we make a recommendation to a provider we think is really good, they can take it or leave it. We don’t tell them to do anything.”

He said 90 percent of the employees, and 70 percent of their dependents, use the PHC. Use is lower for family members since the PHC may not be convenient for the whole family.

Kathy Eagan, president of the Toms River Education Association, the union representing the district’s teachers, said for the most part “the employees are thrilled with it. The fact is, when you are not feeling well, you can see a doctor and a nurse and it won’t cost you a dime.” She said it’s very important that no one is forced to use the PHC: “If they had said ‘You have to use this’ you know darn well people would not have done it.”

She said the center is very popular, so members may not always get an appointment the same day; but Eagan said the more serious cases are seen right away. She has heard from some members that Integrity will sometimes question bills presented by doctors and other providers. “Doctors want their money quickly, and sometimes maybe they question a little too much. But they are saving the district money.”

Coordinating care for members with chronic conditions is still an issue. Lisa Getzfried, chief operating officer, said about 4 percent of the Toms River members see 30 or more healthcare providers; these people have chronic conditions like diabetes, as well as other related ailments. The goal of the PHC is to get these doctors working collaboratively: “We know those 30 doctors are not talking to one another about the care of that particular patient; they are talking to the patient about their care but they may not know what the other 29 doctors are doing.”

Integrity goes beyond just making it convenient and optional for members to use its services — it also pays doctors to coordinate care with other doctors, on top of what they are paid to deliver that care. Collaboration and coordination is what can truly prevent serious illness, leading to fewer costs down the line.

The MagnaCare Health provider network is an Integrity partner, with 100,000 members in New Jersey.

Joseph Berardo Jr., chief executive officer of MagnaCare, said his company has a huge amount of data on the health of its members, and tracks whether or not they are getting preventive care or taking appropriate care of chronic conditions like diabetes.

“We are able to identify gaps in care,” Berardo said. “Is a 50-year old man getting a colonoscopy? Is a woman over 40 getting a mammogram? We can take all that data and make it into actionable information for the betterment of the health of our members.”

When MagnaCare identifies a gap in patient care, it contacts the doctor and asks him or her to reach out to the patient. This is extra time and effort for the doctor, “and we pay the doctor to do this,” he explained. “For example, with diabetes, if we can manage the blood sugar, the patient won’t end up in the ER. And the cost avoidance is well worth the payments to the physicians.”

Berardo said primary care is the key to controlling runaway health care spending. “About 89 percent of what needs to be done for a patient is done in a primary care office.”