



Worksite Clinics: Another Competitor or a New Opportunity for Urgent Care?

Urgent Message: Employer worksite clinics represent both a threat and an opportunity. Urgent care could lose some volume to no-cost care at work, but new business evolutions include partnering with local employers to develop on-site care models.

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Patients today have more options for where they receive care than ever before, which means more competition for urgent care (UC) operators. As employers continue working to attract top talent with valuable benefits, on-site, near-site, and shared-site health clinics have gained in popularity as another care option.

According to a recent survey of large employers (defined as >5,000 employees), 72% expect to have a worksite clinic operational by 2023 with 60% offering worksite primary care services.¹

As worksite clinics become more prevalent, urgent care must consider its response.

What Is the Worksite Care Model?

Simply put, a worksite care model is where a self-insured employer pays for care directly at the workplace vs reimbursing for care provided in the community.

These clinics offer a range of services, which are customized based on the employer's needs and budget. Occupational medicine services are common, including drug screenings, physicals for duty and compliance, worker's compensation injury care, and physical therapy.

Even more common are primary care services for both employees and their dependents, along with lab testing and preventive care. This scope of primary care also includes episodic care, such as same-day virtual and in-person primary care appointments for sudden illness or injury. And some even go further to integrate



specialists and create local referral networks.

For employers, on-site clinics reduce absenteeism due to illness and help lower health expenditures. Given that healthcare expenditures now exceed \$15,000 per employee²—78% of which is paid by employers—employers can find savings in direct payment for services that emphasize preventive care.²

While many employees enjoy the convenience of having care close to work, others choose not to utilize a worksite clinic. Some cite concerns with privacy, while others want to maintain long-established relationships with community providers.

To increase participation, employers may gently steer employees using “carrots and sticks” in health plan design. For instance, the employer's insurance may offer

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Table 1: Staffing needed to operate an on-site clinic				
Specialty	Hours per Week	Nurse Practitioner/ Physician Assistant	Medical Assistant	On-site Employees
Primary care and occupational medicine	20	1 NP/PA	1 MA	400-500
Primary care and occupational medicine	40	1 NP/PA	1 MA	750
Occupational medicine and workers compensation	40	1 NP/PA	1 MA	2,000-2,500
Source: Experity Industry Interviews				

free care when using the worksite clinic (the carrot) but require greater cost-sharing in the form of copays and deductibles when the employee seeks care in the community (the stick).

Current State of Worksite Care

Though worksite clinics are far from novel for large employers, their popularity continues to grow—as does the ways they are implemented. A 2021 survey found that the prevalence of U.S. employers with 5,000 or more employees offering on-site or near-site primary care clinics has risen 11% over the past decade.³ While hospitals and health systems are the workplaces most likely to offer these services, on-site care remains popular across industries, including financial services, manufacturing, and retail.

Employers have many options when choosing an operator to run their on-site clinics, and nearly all outsource the business. National worksite providers like Marathon Health and Premise Health develop, staff, and operate a range of clinic models from primary care to occupational health and virtual care. They also offer a high degree of customization and work with employers to assure a return on investment for the employer sponsor.

Marathon Health operates more than 275 health centers across 41 states, while Premise has more than 800 centers serving 11 million employees across the U.S.^{4,5} Another leading vendor, Medcor, has been offering on-site and mobile-site care services since 1989 with a custom client portal system for managing records and assessing workplace safety issues.⁶

Employers may also opt for on-site care management through a local or regional health system like OhioHealth. In addition to its 14 hospitals and 200+ ambulatory care sites in 47 counties in Ohio, OhioHealth's Employer Solutions physicians collaborate with employers in "creating a culture of health" through variety of on-site, near-site, and shared-site clinic options for employers with further connectivity to the health system.⁷

Why Should UC Owners Care About Worksite Clinics?

Competition for urgent care has never been limited to other on-demand healthcare providers. Rather, UC operators must consider *any* option that is available to a prospective patient as a possible competitor. An urgent care might conduct detailed demographic studies before locating a site but might not consider that a percentage of the assumed "serviceable patients" may be getting care for free at work, and thus less likely to access UC.

Data Transmission

Third-party administrators (TPAs), including health insurance companies, provide employers with aggregated analyses of their plan members' medical utilization and expenditures. After adopting the on-site model, employers want to quantify the return on investment (ROI) of their clinic operations. ROI is a function of total costs to operate the clinic, cost savings vs network utilization, and clinical outcomes. Worksite operators streamline this process by charting medical visits for services performed at the clinic.

However, rather than submitting claims to health insurance like a typical primary care office, the worksite clinic operator submits "dummy claims." The TPA receives the information in a HIPAA-compliant 837 file containing patient claim information—including insurance coding—which allows them to quantify and analyze utilization of the on-site location.

Payment Models

Another benefit of on-site clinics is the flexibility of choosing a payment model. Depending on the scope of services being offered, employers may have several choices for how to pay, unlike the fee-for-service utilized by most health insurance administrators.

For clinics offering primary care, the per-member per-month structure is common. The employer pays a fixed fee per employee—and possibly per dependent—who utilizes the clinic. Notably, this can introduce an element of risk for the clinic operator since the costs to run the clinic may exceed the monthly stipend received.

Clinics offering occupational medicine services more commonly utilize the cost-plus structure. Here, the employer covers all expenses related to running the clinic as well as an administrative fee, which includes the operator's profit margin.

Understanding Your Market

On-site care isn't just a consideration for employers utilizing this model. Urgent care operators must also be aware of how widely this model is being used in the community. Ignoring its influence can be a costly error.

Consider this. You estimate 50,000 prospective patients in your community could choose to visit your center for urgent care services. But if 5,000 of them are covered by on-site care through their employer where they can receive free or low-cost treatment, your "serviceable" market may be 10% smaller than your original analysis.

As such, you cannot include this segment of the market in your community analysis. Awareness of this influence is essential for creating accurate projections and targeting your marketing campaigns to the right audience.

Worksite Clinic Requirements

For urgent care operators seeking to expand into the worksite clinic space, it is important to consider the size of your workforce. **Table 1** provides a rough guide to staffing and capacity for an on-site clinic based on the scope of services being offered, service hours, and the number of employees being served.

Additionally, there are different models, including:

- **On-site** serving the employees on one large campus, such as a hospital, call center, or manufacturing plant.
- **Near-site** that's not physically on the employer's campus, or that serves employees working in multiple locations. One example is a clinic for school district employees at board of education offices, serving employees working at multiple schools in a district. Another example is a chain supermarket that locates an employee wellness center within a 15- to 20-minute drive of multiple stores.
- **Shared-site**, in which multiple employers, some of which may have insufficient employee census to operate their own clinic, partner with other employers in operating a near-site clinic. While the clinic might be in a retail location, it is open only to the employees and dependents of the sponsoring employer groups.

Why Worksite Clinics are Attractive to Employers

On-site care has become popular because of the unique value proposition it affords employers. Offering primary care and occupational medicine through an on-site clinic increases productivity, reduces absenteeism due to illness, and lowers healthcare costs.¹

Over time, employers spend less thanks to good preventive care. Imagine the difference between paying for the continued care of a premature infant vs paying up front for effective prenatal care. The same goes for diabetes and a host of other conditions. Employers also save on routine health expenditures compared with network insurance. Rather than paying an insurer and the provider, employers pay directly for care—which can be much less. For self-insured employers, the on-site model further rewards employers for keeping their workforce healthy with primary and preventive care.

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Conclusion

For urgent care operators with extra capacity, exploring the worksite care model can be a worthwhile venture. As employers seek new ways to attract and retain employees with comprehensive benefits packages, the utilization of on-site clinics will continue to increase. Moreover, for urgent care clinics without excess capacity, accounting for the number of on-site clinics in the community is essential for creating an accurate picture of your reachable market. ■

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