

HEALTH INSURANCE UPDATE: STATE EMPLOYEE HEALTH CENTERS

A Report Prepared for the
Legislative Finance Committee

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INTRODUCTION

As part of its continued interim study of the state employee group benefit plans, the Legislative Finance Committee (LFC) requested a report on on-site employee health centers. The State Employee Group Benefit Plan (SEGBP) contracts with a private provider to operate state employee health centers around Montana. The purpose of this report is to provide the LFC information on:

- Development of the on-site employee health centers;
- Estimated cost savings and comparisons with actual expenditures for the on-site employee health centers;
- Contract requirements, including performance guarantees;
- Varying business models for the on-site employee health centers.

DEVELOPMENT OF THE STATE EMPLOYEE HEALTH CLINICS

In February 2012, the Department of Administration (DOA) issued a Request for Proposal (RFP) to solicit bids for a provider to operate on-site employee health clinics for state employees. CareHere was selected from six companies that submitted proposals. According to the press release issued by the previous DOA administrator announcing the selection, Montana could save more than \$100 million over five years once the clinics are up and running statewide, based on an independent actuarial analysis of the CareHere proposal for the Helena site. The release went on stating that the state employee health centers would serve the more than 34,000 employees, legislators, and their dependents across the state, including 11,000 in the Helena area. Services were listed in the announcement as primary care, occupational services, disease management, and wellness services; along with the benefits of reduced or eliminated copays, and increased convenience and time with a physician.

Actuarial Analysis of the CareHere Cost Proposal

Actuaries Northwest evaluated cost proposals submitted by the final three candidates for the contract. Cost components included in the proposal for CareHere included:

- Initial outfitting of equipment and supplies - \$78,306;
- Pharmacy equipment and supplies - \$68,315;
- Staffing - \$890,278;
- Pharmacy costs - \$2,818,129;
- Medical fees - \$1,245,602;
- Additional pharmacy costs - \$14,235;
- Physical therapy costs - \$283,600;
- X-ray services - \$300,000;
- Health screenings and risk assessments - \$301,425.

Estimated savings as determined by the contracted actuary if 5,076 employees used the state employee health clinic over three years are shown below.

State of Montana Employee Health Clinic RFP Section 5.1.3 - Financial Projections			
Savings Calculations - Scenario 3	CareHere		
	Year 1	Year 2	Year 3
# of Employees	5,076	5,076	5,076
% of Members Utilizing Clinic	40.0%	40.0%	40.0%
On-Site Primary Care - Marketplace Cost	\$2,769,800	\$3,240,666	\$3,744,769
On-Site Primary Care - On-site Clinic Cost	<u>972,016</u>	<u>1,111,636</u>	<u>1,260,871</u>
Clinic Savings	\$1,797,784	\$2,129,030	\$2,483,898
On-site Prescriptions - Marketplace Cost	\$737,230	\$810,953	\$892,048
On-site Prescriptions - On-site Clinic Cost	<u>368,615</u>	<u>405,477</u>	<u>446,024</u>
Pharmacy Savings	\$368,615	\$405,476	\$446,024
Worker's Compensation Cost - Current	\$380,035	\$410,437	\$443,272
Worker's Compensation Cost - With On-site Clinic	<u>1,472</u>	<u>1,531</u>	<u>1,592</u>
Worker's Compensation Savings	\$378,563	\$408,906	\$441,680
Time away from Work Savings	\$517,380	\$582,053	\$646,725
Disease Mgt, Prevention, Behavior Change Savings	\$0	\$1,488,523	\$3,509,355
Administrative Fees (enter as negative)	(\$1,093,680)	(\$1,093,680)	(\$1,093,680)
First Year Setup Cost (enter as negative)			
Net Savings	\$1,968,662	\$3,920,308	\$6,434,002
Three Year Savings			\$12,322,972
Source: Actuaries Northwest, LLC State Of Montana Employee Group Benefits Plan On-Site Employee Health Center RFP Evaluation of Section 5 - Cost Proposal Final Analysis May 4, 2012			

The SEGBP did not implement on-site pharmacy service because Montana statute does not allow medication to be dispensed by a doctor and hiring a full time pharmacist was not considered cost beneficial initially. In addition, SEGBP did not implement worker's compensation services because coordinating efforts with the Montana State Fund claims paying system and reporting requirements necessitated additional efforts. Without these components the three year savings outlined in the actuarial estimates shown above would be \$9,873,708.

CareHere submitted projected clinic savings for the same period showing savings of \$1,557,828 in year 1 and \$10,742,313 in year 3. At year 5 the projected savings were \$28,869,701 based on 5,076 employees with medical benefits. The savings were based on a calculation that the average cost of a primary visit was \$204.40. This number was determined using a national average of 17.7% of claims expense allocated to primary care visits determined from SEGBP medical claims.

Due in part to the financial savings projected for CareHere, the contract for establishing the Helena On-site Employee Health Center was awarded to CareHere.

Contract Requirements

The original contract signed between the state and CareHere outlined the services that would be provided in the Helena On-site Employee Health Center requirements included:

- Preventive health and wellness services with evaluation and recommendations for compliance with early detection and screening exams, other testing for well and chronically ill, routine provider visits and annual physicals, well baby exams, and data analysis to identify gaps in care and services for those gaps;
- Extended episodic care services on a limited basis to patients whose illness or injuries are minor and expected to resolve within two to five visits, supportive care for chronic conditions, encounter summaries, serving as primary care physician;
- Care coordination with specialists and other providers to facilitate understanding of treatment and conditions, disseminating medical information about the patient as necessary for diagnosis and treatment with other physicians, diagnostic centers, hospitals, and other providers, medication review, and identification of specialists participating in the state benefit plan;
- Laboratory testing;
- Injections;
- Health profile and biometric screening programs with on-site or in office collections of biometrics according to state requirements, review of biometric lab work, counsel of patients, and data results to wellness and health management vendors and health plans;
- Case management support of short and long-term disabilities, worker's compensation, and Family Medical Leave Act management;
- Assist in Fit for Duty and other activities for return to work;
- Conduct vendor drug screens, periodic programs, provide comprehensive reporting and measurement of key outcome metrics;

As noted on the previous page, pharmacy services were not included as part of the contract even though they were included in the RFP.

Performance Guarantees

The contract includes requirements (performance guarantees) for CareHere that were designed to ensure the on-site employee health centers were generating cost savings for the plan. The management fees, which are determined using the number of employees per month (PEPM) within the clinic area, may be reduced if the performance guarantees are not met. As part of the contract, CareHere agreed to the following guarantees that put PEPM fees at risk on the following categories.

State of Montana		
Employee Health Center Contract		
Attachment F; Performance Guarantees		
Category	Measurement	Amount at risk PEPM*
Patient satisfaction survey scores	75% or greater of surveyed patients express "satisfied" or higher	\$0.25 PEPM
Utilization of health center appointments	75% or greater average annual fill rate	\$0.25 PEPM
Accuracy/On-time delivery of reports	Report and timing jointly defined by the contractor and the state	\$0.25 PEPM
Meeting or exceeding budget and saving expectations	State shall provide claim experience of patient with access to clinics so that the contractor can produce analysis to measure and verify savings described in the RFP response	\$0.25 PEPM
% of employees and spouses that participate in the Health Risk Assessment/Biometric Screening whom visit the health center	80% of eligible employees and dependent spouses who visit the clinic	\$0.50 PEPM
Patient Improvement of reaching and improving risk index of population	Annually the state and contractor shall agree on specific measures and improvements. The first year will measure patient engagement, obesity, diabetes, high blood pressure, high cholesterol	\$0.50 PEPM
Increase wellness programs and show ROI results	Annually the state and contractor shall agree on specific measures and ROI results for wellness programs and overall improvements. The state agrees to provided the necessary claims data to measure results	\$0.50 PEPM

According to the actuarial analysis from the employee health clinic RFP, CareHere had \$456,840 of total fees subject to performance guarantees, which meant that if CareHere did not meet the performance measurements they could be required to return up to \$456,840 of management fees to SEGBP. This calculation included all 15,228 state employees. The number would be lower if only the employees in the areas where clinics were operating were included in the calculation.

SEGBP Determination of the Viability of the Performance Guarantees

After the contract was signed, SEGBP and CareHere met to determine how the measurement process associated with the performance guarantees would operate. As outlined in a SEGBP memorandum on contract performance guarantees dated January 8, 2014 CareHere and SEGBP agreed to:

- Exclude August 2012 through December 2012 from the guarantee calculations. This period could be considered the time when the Helena State Employee Health Center was brought on-line and started up operations;
- Established as the "Base Period" January 2013 through December 2013 where identification and engagement of patients "at risk" is completed. Per the agreement the base period would not be assessed for performance and thus the management fees were not considered "at risk";
- An "Assessment Period" January 2014 through December 2014 when CareHere fees are "at risk" based on aggregate changes for subject labs that have achieved a 5% aggregate decrease from the "Base Period".

Shortly after the agreement on the process for performance guarantees was established, the administration team of the Health Care and Benefits Division changed. The new administrator determined that several of the performance guarantees did not provide sufficient assurance to

SEGBP that savings to the plan would be realized or desired clinical outcome achieved. As a result, the performance guarantees were modified and a review of CareHere compliance with the guarantees was suspended until changes could be implemented that allowed SEGBP to monitor CareHere's compliance.

Performance Guarantee Amendments

In August 2015, SEGBP and CareHere amended the contract to change the performance guarantees. The changes included:

1. Eliminating all of the previous performance guarantees;
2. Requiring 75% of the at-risk patients to be placed into active care plans - \$0.25 PEPM;
3. Establishing agreed upon electronic medical records enhancements - \$0.50 PEPM;
4. Clinic utilization and requirements of 85% for each clinic, reviewed quarterly - \$0.25 PEPM;
5. Eligibility management in tandem with new third party administrator of the SEGBP - \$0.25 PEPM; and
6. Patient care and wellness requiring contact with patients for preventative screenings and appointments – \$0.25.

The amendment outlined specific dates for reporting changes to be made so that the data was available to SEGBP to assess CareHere compliance with the performance guarantees. A review completed December 31, 2015 showed that:

- Item 2 had a compliance deadline of March 31, 2016;
- Item 3 was deployed by December 31, 2015 so that CareHere was determined to be compliant with establishing medical records requirements;
- Item 4 was deployed by September 1, 2015 so that CareHere reports on clinic utilization targets each clinic quarterly;
- Item 5 was completed as required by SEGBP and CareHere was determined to be compliant;
- Item 6 was deployed July 1, 2015.

During the amendment process the calculation of per member per month fees was also modified. Negotiations lowered the fees by \$3.00 PEMP. SEGBP is in the process of establishing a review of clinical measures for the on-site employee health centers in consultation with its medical consultant. They anticipate starting this process for plan year 2018.

Contract Payments

Expenses for the services to establish and operate the Helena On-site Employee Health Center are passed through to the State Employee Group Benefit Plan with no additional mark-up. They included initial equipment and supplies for the leased clinic and any other process or item needed to operate the employee health center. Management fees for the contract were set at \$18.00 per employee per month for the first 5,000 employees and \$15.00 per employee per month for any employees exceeding 5,000. The contract required the state to pay CareHere an initial amount of \$20,000 to cover the purchase of supplies and equipment and travel.

Actual Expenditures for the Helena Employee Health Center

Expenditures for the Helena On-site Employee Health Center from inception through May 2016 are shown in the following figure.

Helena On-site Employee Health Center Costs FY 2012 through FY 2016 as of May					
Payment Category	FY 2013	FY 2014	FY 2015	FY 2016	Total
Management Fees	\$1,007,895	\$1,255,395	\$1,262,310	\$1,048,428	\$4,574,028
HCBD Administration Costs	313,173	227,946	433,517	149,983	1,124,619
Clinic Operations	1,576,223	3,250,123	2,960,278	2,044,975	9,831,600
Total Helena Costs	\$2,897,291	\$4,733,464	\$4,656,106	\$3,243,386	\$15,530,247

In FY 2013 SEGBP paid for 4,666 employees to use the Helena On-site Employee Health Center. The SEGBP administration costs include the cost of the clinic lease at \$130,432 a year and consulting and professional services ranging from a low of \$31,065 to date in FY 2016 to a high of \$285,521 in FY 2015. Clinic operations include the costs of payments for staff salaries, shots, laboratory work, and other direct medical and administrative costs related to clinic operations.

The following figure shows the actual costs for the Helena On-site Employee Health Center clinic operations compared to the costs projected in the actuarial estimates used to evaluate the proposal.

Helena On-site Employee Health Center Clinic Operation Costs Compared to Projections						
Year	Actuarial Estimate	Projected PEPM	Actual Expenditures	Actual PEPM	PEPM Difference	Difference PEPM
Year 1	\$972,016	\$16	\$1,193,302	\$21	\$299,798	\$5
Year 2	1,111,636	\$18	2,120,292	30	811,995	11
Year 3	1,260,871	\$21	2,225,749	31	732,377	10
	\$3,344,523		\$5,539,343		\$1,844,170	

As shown, the actuary report included only variable costs of salaries, laboratory work, and medical supplies. The costs shown in the figure above do not include management fees, outside contracted services for radiology and MRI, or HCBD administrative costs associated with the Helena State Employee Health Center.

While the total costs came in higher than projected using per employee per visit cost, the number of clinic visits for appointments were at 256% of projected appointments in year 3. Visits include appointments to see a medical professional such as a physicians, nurse practitioner, or nurse. The high utilization of the Helena On-Site Employee Health Center has lowered the per appointment cost to \$51.29. The plan year 2015 average Helena On-site Employee Health Clinic visit, including lease costs and CareHere administrative fees was \$78.97. The plan paid \$104.03 on average for similar primary care office visits in the marketplace (\$124.03 allowed charge less \$20.00 member copayment).

Contract Amendments

SEGBP amended the original contract seven times since August 2012 as shown in the following table.

Department of Administration
 Health Care and Benefits Division
 State Employee Group Benefit Plan
 Changes to Contract for On-site Employee Health Centers

Amendment	Change	Date
Amendment #1	Payment for contract termination clarified	7/31/2012
Amendment #2	Services to non-Medicare retirees and dependents added Added Billings Health Center and Miles City Health Center Added costs for complete blood screening for health risk assessments	5/29/2013
Amendment #3	Added travel reimbursement for health risk assessments Added ACA language regarding public procurement	7/18/2013
Amendment #4	Added Missoula Health Center	3/18/2014
Amendment #5	Added Butte Health Center	10/15/2014
Amendment #6	Allowed changes to professional liability in conjunction with adding Anaconda	3/9/2015
Amendment #7	Contract renewal period extended Per member per month costs lowered by \$3.00 per member Added ACA language regarding eligible employees for large employers Require state to notify employees if data breach occurs Changed performance guarantees	8/21/2015

Additional Clinics

Between August 2012 and May 2016 the SEGBP added five additional on-site employee health center sites around Montana including:

- Anaconda - March 2015
- Billings – May 2013
- Butte – October 2014
- Miles City – May 2013
- Missoula – March 2014

For the Billings, Butte, Miles City, and Missoula On-site Employee Health Centers SEGBP followed the same business model as the Helena On-site Employee Health Center. Under this business model SEGBP leased a facility for the clinic site and contracted with CareHere to staff and operate the site using the management fee structure established for the Helena On-site Employee Health Center.

Alternative Business Model

For the Anaconda On-site Employee Health Center, CareHere contracted with the Community Hospital of Anaconda to provide facilities, equipment, office supplies, and routine chargeable and non-chargeable patient supplies, and leased staffing one day a week. Patient laboratory work is required to be done by a provider contracted by CareHere.

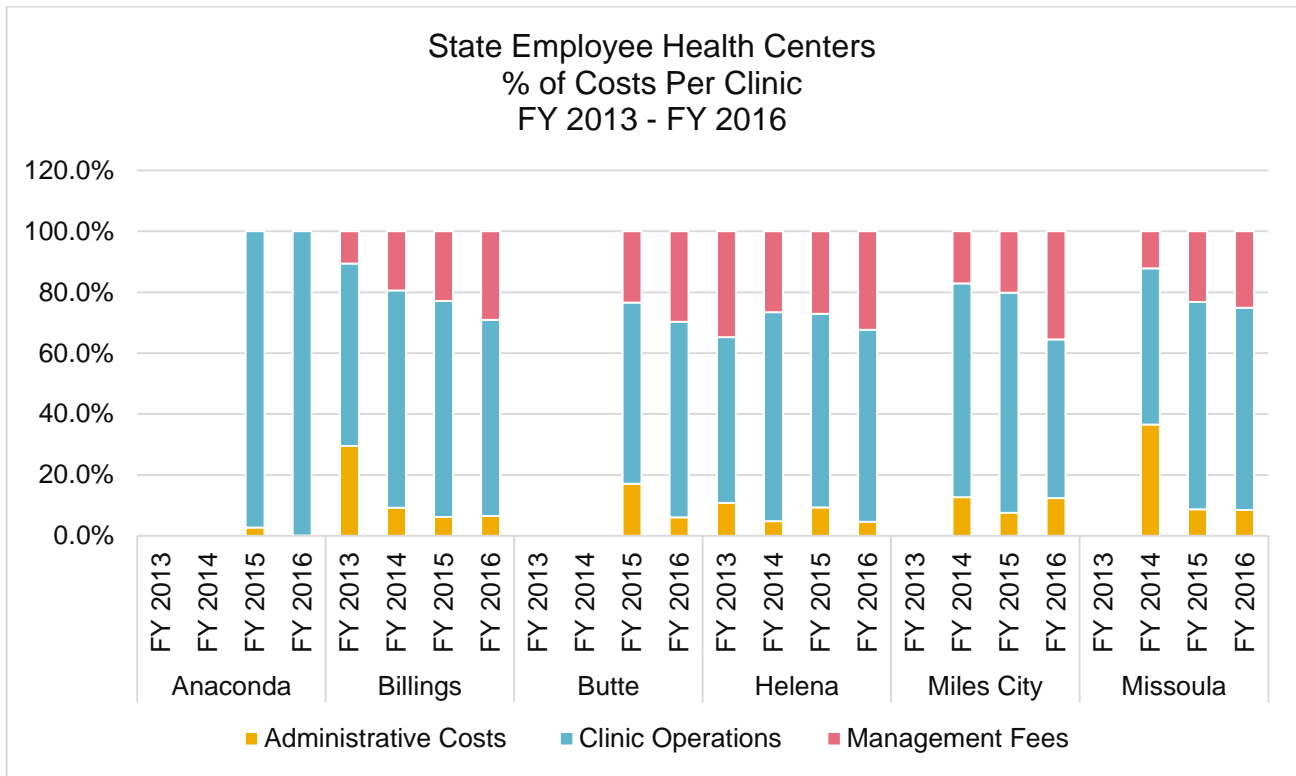
In previous LFC meetings, members heard testimony about concerns of the impact on hospitals and other medical providers within communities “competing” with On-site Employee Health Care Centers. This model appears to address the concerns by utilizing existing healthcare facilities and staff to provide medical services to state employees within the community.

Differences in Costs

The following section of the report examines the differences in costs to operate the six state employee health centers.

Management Fees, Administrative and Clinic Operational Costs

The following chart shows the percentages for SEGBP administrative costs, clinic operational costs, and management fees for each of the six clinic sites available to state employees throughout Montana.



As shown, the highest percentage of funding used for clinic operational costs is for the Anaconda State Employee Health Center. CareHere manages the Anaconda On-site Employee Health Center, but no management fees are allocated to this location. The Butte On-site Employee Health Center opened in October 2014 and the SEGBP paid the management fees for the Butte site based on the number of state employees living within the surrounding zip code areas. Anaconda On-site Employee Health Center opened in March 2015 and shares the same employee zip code locations as Butte. To ensure the management fees for both locations were not “double billed”, no management fees were allocated to the Anaconda location. The business model significantly reduces the administrative costs associated with the clinic as the facility costs are provided by the Community Hospital of Anaconda as part of the charges for the clinic not lease separately by SEGBP.

In addition, the percentage of State Employee Health Center costs for management fees increases for each clinic between FY 2014 and FY 2016 excluding Anaconda. The percentages in FY 2016 range between 25.1% in Missoula to 35.6% in Miles City. Correspondingly the percentages allocated for administration and clinic operations decrease.

In comparison the Montana University System operates a number of student health centers on campuses throughout Montana including the University of Montana. The administrative costs are 11.4% for the student health center at U of M and could be considered similar to the management fees charged by CareHere.

SEGBP changed the reimbursement for management fees in amendment seven from \$18.00 per employee per month for the first 5,000 employee to \$15.00 a month, with employees above 5,000 at \$12.00 per month effective January 2016.

Costs Per Visit Per Year By Health Center

As discussed previously, the percentages of administrative costs are significantly lower for the Anaconda On-site Employee Health Center than the other health centers. To determine if this translates to lower healthcare costs per patient visit, the next chart shows the per visit per year costs,

including management fees, clinic operation, and administrative costs, were applicable, for each health center using the total visits per year at each clinic site.

On-site Employee Health Centers				
Costs per site per member visit per year				
Site	Year	Total Costs	Patient Visits	Per Visit Per Year
Anaconda	Plan Year 2015	\$82,468	1,731	\$47.64
Billings	Plan year 2014	764,431	5,188	147.35
	Plan year 2015	579,041	5,350	108.23
Butte	Plan year 2015	920,634	12,178	75.60
Helena	Sept 2012 - August 2013	2,622,648	33,525	78.23
	Plan year 2014	3,763,857	45,162	83.34
	Plan year 2015	3,427,045	43,398	78.97
Miles City	Plan year 2014	427,429	1,967	217.30
	Plan year 2015	318,559	1,878	169.63
Missoula	Plan year 2014	477,786	3,422	139.62
	Plan year 2015	689,350	6,315	109.16

Costs and number of visits includes health coaching, care management, laboratory work, and ancillary visits.

The lowest cost per patient visit is the Anaconda On-site Employee Health Center which does not include a percentage of the management fees that are currently allocated to the Butte On-site Employee Health Center. The costs would still be lower even with management fees as the clinic operation costs include facility costs will the other locations have a separate lease fee included in the administrative costs. Costs for the other on-site employee health centers vary widely, from \$78.23 per visit in the Helena On-site Employee Health Centers in its first year of operation to \$217.30 per visit at the Miles City On-site Employee Health Clinic in plan year 2014. Miles City has experienced a low number of visits compared to its capacity which is driving the higher costs. In plan year 2015 the Health Care and Benefit Division (HCBD) staff have met with employees in the Miles City increase utilization and worked with CareHere to change clinic hours and staffing mix. While per appointment costs have decreased, HCBD believe it is still high. HCBD and CareHere are in discussions on options for this facility.

Legislative consideration

The LFC may wish to have staff work with SEGBP and continue to monitor costs per visit over time to allow a better understanding of costs and service level differences between the two business models and the various on-site employee health center locations. Costs for the Anaconda On-site Employee Health Center could be refined to include a percentage of management fees based on the number of employees visiting the location.

Disease Management, Prevention, and Behavior Changes

One of the significant areas of potential cost savings identified in the actuarial assumptions discussed previously was related to the impacts of disease management, prevention, and behavior changes. Performance guarantees related to this component in plan years 2014 and 2015 include:

- Percentage of employees and spouses that participate in the health risk/biometric screening whom visit the health center;
- Patient improvement of reaching and improving the risk index of the population;
- Increase in wellness programs and show return on investment results.

Employee Participation

As part of its efforts to increase employee participation in health risk/biometric screening SEGBP provided monthly premium reductions of \$10 per employee and family member over 18 for getting a health risk assessment in plan years 2013 and 2014. Incentives required for premium reductions in plan year 2016 include:

- Tobacco-free or complete a Tobacco Cessation Program - \$10 per month per insured
- Completed four "Next Step" activities out of six - \$10 per month per insured. Next step activity choices for plan year 2016 were:
 - Dental examination;
 - Eye examination;
 - Routine annual physical examination ;
 - Exercise an average of 3 days a week, 15 minutes a day;
 - Update a vaccine (flu shot, tetanus, etc.);
 - Engage in eligible health coaching or an approved wellness program.

In plan year 2016 this was estimated to cost SEGBP \$3.5 million a year in premium revenue. In plan year 2017 the incentive for having a health risk screening done is lowered to \$5 a month, nicotine free members can received a \$10 per month discount based on verification of status through the health screening, and next step activity discounts are increased to \$15 a month. Next step include activities related to health screening results. Members with no risk condition are still required to complete the next step activities to qualify for a discount.

Employees are required to visit a State Employee Health Center or visit one of the CareHere screening events for their health screenings. As shown in the figure on the next page, the number of state employees participating in health risk assessments and biometric screenings increased 52.3% between plan years 2012 and 2013 and since then have increased or declined slightly.

Health Assessment/Biometric Screening Results

Health indicators and related risk levels selected by SEGBP for plan year 2017 include:

- Body mass index(BMI)/waist circumference – BMI greater than 30 or waist circumference greater than 40 inches for males or 35 inches for females
- Blood pressure – more than 140/90mmHg
- Cholesterol level – more than 200 mg/dL
- Fasting blood glucose level – greater than 100 mg/dL

The following chart shows the employee health risk results between 2011 and 2015 for these components.

State Employee Health Risk Results					
	2011	2012	2013	2014	2015
Number of Assessments	8,547	8,105	12,340	13,591	13,172
Percentage Change from previous year		-5.2%	52.3%	10.1%	-3.1%
Diabetes - glucose serum greater than 110 mg/dL	1,100	1,090	1,775	2,476	2,517
% of total assessments	12.9%	13.4%	14.4%	18.2%	19.1%
High cholesterol - equal or above 200	4,311	4,158	4,869	4,120	3,901
% of total assessments	50.4%	51.3%	39.5%	30.3%	29.6%
High blood pressure - systolic pressure equal or above 140*	770	884	2,930	2,319	1,482
% of total assessments	9.0%	10.9%	23.7%	17.1%	11.3%
Obesity - BMI equal or above 30	2,662	2,490	4,128	3,497	3,517
% of total assessments	31.1%	30.7%	33.5%	25.7%	26.7%
* In 2014 and 2015 CareHere used 150 as measurement					

As shown above, the number of employees and dependents participating in health risk assessment increased substantially in plan year 2013 when premium reduction incentives were increased from \$10 to \$30 per month.

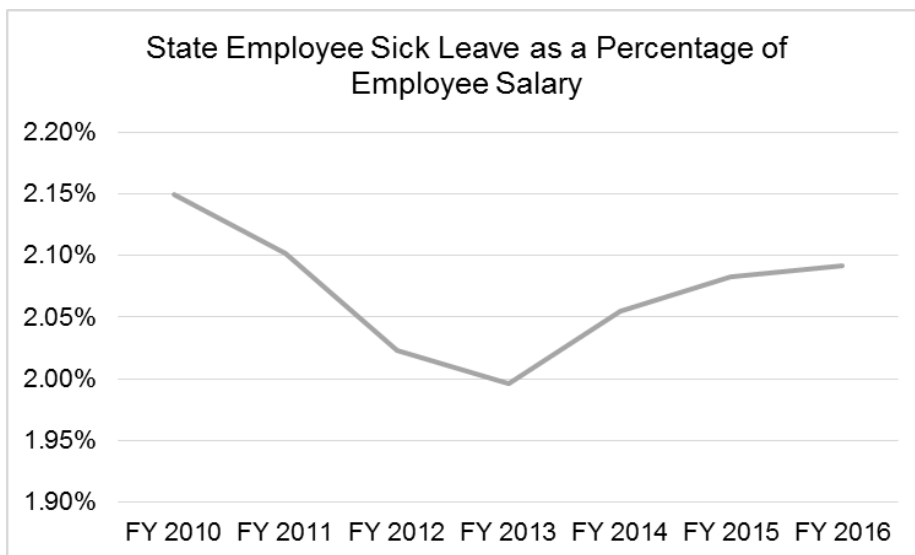
Two of the measurements, high cholesterol and high blood pressure, can be treated effectively using medication. As shown above, even though the percentage of state employees and dependents taking a health risk assessment increased between plan years 2012 and 2013 by 52.3% the percentage of individuals with high cholesterol or high blood pressure decreased in plan years 2013, 2014, and 2015 indicating that the medical interventions recommended were effective if the same individuals took the health risk assessments in this period. Both conditions can lead to serious and costly medical conditions such as heart attacks or strokes. If the number of individuals insured by SEGBP with either high cholesterol or blood pressure continues to decrease the offset should be, if other risk factors are not present, a reduction in large claims for individuals with heart attacks or strokes.

The number of individuals with a BMI equal or above 30 also decreased between plan year 2013 and 2014 but climbed in 2015. The number of individuals with diabetes climbed between every plan year. Both obesity and diabetes require life style changes which are more difficult to make and may not be impacted through medical intervention using medication if the other changes are not made in tandem. Obesity can also be risk factor for heart attacks, stroke, high blood pressure, diabetes, some cancers, gallbladder disease, gall stones, osteoarthritis, gout, sleep apnea, and asthma. Health risk associated with diabetes include heart attack, stroke, blindness, other vision problems, kidney disease, kidney failure, nerve damage, foot issues, skin complications, and dental diseases.

Part of the reason for changing the premium discount incentives and contract performance guarantees was to further engage SEGBP members and the on-site employee health centers in implementing life-style changes that can lower diabetes and obesity rates.

Impacts on Sick Leave

Another area of potential cost savings identified in the actuarial assumptions associated with the on-site employee health centers was time away from work savings. State employees record their time away from work due to illness or medical provider appointments as sick leave hours. Sick leave is recorded separately from other salary hours on employee timesheets and subsequently the State Accounting, Budgeting, and Human Resources System (SABHRS) records the salary costs for sick leave separately from other salary payments. The following chart shows state employee sick leave as a percentage of total employee salary payments between FY 2011 and FY 2016. The Helena On-site Employee Health Center began operation in September 2012 (FY 2013).



Sick leave as a percentage of total salary payments dropped between FY 2010 and FY 2012, prior to the Helena On-site Employee Health Clinic coming on line. The percentage of sick leave compared to total salary payments has increased since FY 2013. Other factors may be included in this trend however, such as a small number of acutely ill employees impacting the overall percentage. Further research is needed to fully understand the factors influencing this trend.

SUMMARY

The on-site employee health centers were adopted by the Executive Branch to address rising health care costs, improve access to primary care providers, and improve the health of state employees.

Actuarial estimates for potential savings from the on-site employee health center do not appear to have been realized four years into the process. Changes made in the contract to lower management fees and enhance performance guarantees may improve the savings potential of the on-site employee health centers. The analysis also indicates that the on-site employee health centers have improved access to SEGBP members for primary care. The cost per appointment has improved between plan years 2013 and 2015 with the exception of Miles City.

Further research into the Anaconda On-site Employee Health Center may be worthwhile to understand if this business model has the potential to further enhance savings for SEGBP.

Overall employee and dependent health as measured by the levels of diabetes, high cholesterol levels, high blood pressure, and body mass index shows significant room exists for employee health improvement. Tracking these and other health indicators may provide SEGBP with a better understanding of where efforts and premium discount incentives should be focused to improve health outcomes and lower overall costs.