



## **FAQ: Proposed Health Clinic**

### **What is the background on healthcare expenses at Hempfield School District?**

During the collective bargaining process with the Hempfield Education Association, healthcare was identified as one of the budgetary areas where the district could potentially exercise some control and influence by reducing escalating costs. The district did receive concessions in the most recent collective bargaining agreement, but even with those concessions, we expect the overall trend of healthcare costs to continue to increase.

Every year, our budgeting process includes a detailed review of all of our expenditures. Because of this contract timing, we are able to look more in-depth at healthcare for this year and the next five years. For the 2015-16 fiscal year, \$10.5 million is budgeted just for medical expenses with employees paying a more significant share. To provide a comparison of increasing costs, our total spend for medical and dental 15 years ago was \$3.3 million.

There is no evidence that overall healthcare costs are decreasing right now or in the next several years; therefore, most organizations are looking at things differently in regards to healthcare. We know that if we do nothing, and retain the status quo, our projected healthcare costs will rise 10% or more annually to more than \$16 million in 2020. Clearly, this is money that cannot be directed to student programs, nor do we want to place that additional tax burden on our residents. Therefore, Hempfield School District administration began looking for solutions on how to bring down the healthcare trend line. A health clinic model, as proposed to the Board of School Directors, is a strategic opportunity to do so with an initial investment of \$295,000 that can show a significant return on investment.

### **What is the Health Clinic Model?**

While this idea is newer to our area, it is a model that has been successfully replicated in various states and industries across the United States. The model creates a system where the employer is not just simply paying for the provision of medical services, but also improving long-term preventive outcomes to reduce catastrophic claims.

Health America is not a provider of medical services. They process our medical claims for our self-insured health plan. The model that we are proposing will have a prevention focus to mitigate the expensive, catastrophic healthcare claims. These are not redundant services. We are looking at approaching healthcare from a more proactive stance to improve the overall health of our employees with the end goal of reducing costs over time.

### **Are other employers in Lancaster County using this model?**

Hempfield School District would be the second known Lancaster County employer to operate an on-site health clinic. In April 2015, the IU13 worked with Wisconsin-based QuadMed to open a health center at their office on New Holland Avenue.



## **Why is Hempfield School District considering a health clinic?**

The Health Clinic evolved from the district's desire to control healthcare costs through improved access and involvement of employees in their medical care. Hempfield's medical coverage is self-funded, meaning that the district pays the cost of all healthcare services incurred, after co-pays, to a total of \$175,000 per member. Currently, the district's healthcare costs continue to rise annually at a trend of 10 percent, or \$1 million each year.

## **How would the health clinic reduce expenses?**

The clinic would allow a reduction in healthcare spending increase through three methods:

1. reduction in cost of primary care expenses
2. mitigating acute, chronic, and catastrophic illnesses
3. health plan members opting for a new high-deductible health plan, complemented by access to medical services provided at the clinic.

The health clinic will slow the growth rate of healthcare expenses by reducing the cost trend per year. We anticipate a total five-year savings, after expenses, of \$2.5 million. This represents savings that will accrue to student programs and to our Hempfield taxpayers.

## **How would the health clinic help address medium-to-high-risk employees?**

One goal of the partnership is to create a campus-wide culture of health, wellness and improved well-being at reduced costs to the taxpayers of the district. A complementary wellness program will include on-site biometric screenings, online health risk assessments, personalized, secure health empowerment tool, and telephone and clinic-led patient risk management.

## **Where would the health clinic be located?**

The 1,073 square-foot LG Health Clinic at Hempfield School District would be centrally located for Hempfield employees at 1565 Kauffman Road in Landisville. By locating the health clinic on our Landisville campus, more than 58% of all Hempfield School District employees will have direct access (within 2 to 5 minutes) to primary and preventive care services, with the balance of the employees within a few minutes more than that.

The district already owns the property on Kauffman Road, which formerly housed the Food Services Department. A renovation of this facility is a much lower cost than leasing or temporary facilities. Regardless of the success of the clinic, the property would then be up to current codes and available for other usage.

## **Are employees mandated to use the health clinic?**

No, employees may still opt to visit their Primary Care Physician. If an employee has a trusted relationship with their PCP, the health clinic does not prevent that relationship from continuing. In contrast, we know that some of our employees do not have a Primary Care Physician, so this model provides that support for them. Utilizing the health clinic will allow same day access with



shorter wait times, as well as disease management for chronic conditions, to detect and/or address such conditions as diabetes, high blood pressure, or cholesterol.

### **Why partner with the Lancaster General Medical Group?**

The health clinic model is dependent on gaining employee trust in clinic services, the on-site doctor, and nurse practitioner. LG Health has invested significant human resources and planning time in the possibility of this clinic, at no cost to the district. They are committed to being nimble and flexible and to hold conversations with the Hempfield School Board and Administration to make this clinic model as efficient as possible.

We reviewed a proposal for a health clinic from QuadMed, which is currently serving IU13 employees and dependents. IU13 reviewed information from multiple providers and determined that QuadMed best suited their needs. As we talked to leaders from our Hempfield staff, they felt strongly that LG Health would be the strongest partner and, in fact, a large number of our employees are already using LG Health owned- or affiliated physicians. We believe that LG Health is a local, trusted, valued partner in this initiative. They are looking at this from a service perspective, not a for-profit initiative.

### **What are the contract details with Lancaster General Medical Group?**

Hempfield School District would partner with Lancaster General Health Medical Group to operate the on-site Health Clinic. The five-year agreement with Lancaster General Health Medical Group offers a fixed, not-to-exceed cost of \$26.25 per member per month for the first two years. Currently, the district spends \$35.14 per member per month on primary and preventative care.

The agreement includes protections for the school district, in that a quarterly review of actual costs and utilization will occur. In addition, either party can opt out of the contract after the first two years if results are not demonstrated, and Lancaster General Health Medical Group would buy back the medical equipment.

Hempfield School District would essentially operate as the landlord. Lancaster General Medical Group would operate the facility independently. They would have all liability, and, as with any medical treatment facility, the district would not have access to employees' medical records.

### **Who is handling the renovation costs?**

If the Health Clinic is approved, Lancaster General Health Medical Group will work with the school district over a five month period to renovate and outfit an existing building into the health clinic at a cost of \$295,000. A donation of \$50,000 from Lancaster General Health Medical Group completes the overall start-up costs of \$345,000. Lancaster General Health Medical Group will be able to use their purchasing power for equipment and supplies to outfit the clinic. The district would utilize health care reserves to cover start-up expenses.



### **How would Hempfield School District employees access the health clinic?**

The Health Clinic would be open for use Monday through Friday, for a total of about 50 hours each week, 12 months a year. The actual open hours would be determined, dictated by usage and may be adjusted as needed. An LG Health team comprised of a primary care physician, a nurse practitioner, a registered or licensed practical nurse and a certified medical assistant would staff and operate the clinic. Services would include call ahead and scheduled medical appointments, lab draws, wellness screenings, online health risk assessments, and a limited pharmacy.

### **Why is Hempfield School District trying to enter the healthcare market?**

We are right-size, right-place for a health clinic initiative based on the number of people on our district health plan and the close proximity of our employees and their families to our campus. We are not looking to enter the competitive healthcare market. We are looking to cut healthcare costs for our school district and our taxpayers. Health clinic usage would be voluntary, as employees may choose to use whatever doctor and practice best suits their needs.

### **Why does it appear that Hempfield is trying to rush into a health clinic?**

District administration has led and participated in more than one year of research, discussions, site visits, and planning. The initial goal was to align the health clinic opening with the new employee healthcare plans, which begin on January 1, 2016. Hempfield's School Board wants to fully understand the health clinic and its components and is taking appropriate measures to do so before voting on the proposal.

### **What is the Return on Investment (ROI)?**

Studies have shown that, in the initial two years of the start-up phase, employers experience a return on investment of \$1.50 for each dollar invested in workplace clinics. By years three and four of implementation, studies show \$2 to \$3 ROI for each dollar invested.

Conservatively, Hempfield School District will save \$1 million in overall reduced medical expenditures over a 5-year period with a potential to save significantly more. The measure of success will be the decreased healthcare cost growth trend over the 5-year period of time. In our financial calculations, even in a worst case scenario, we will **not** lose money in this analysis.

The proposed health clinic model is an initiative to reduce costs. We don't want to be in a position where we have to raise taxes to cover healthcare costs, and healthcare is a large portion of the budget that continues to grow over the years if we do nothing else to control it. The health clinic is a strategy to control costs while also maintaining student programs.



### **How will we know that the Health Clinic is successful?**

A quarterly review of actual costs and service utilization will occur. Similar to the Metro Nashville Public Schools study, Hempfield School District will be able to compare costs of employees using the on-site health clinic and those who do not use the clinic.

### **Why would you open a clinic for employees but not students?**

The proposed health clinic is an attempt to control healthcare costs. Opening the health clinic to students and/or Hempfield residents would only incur further costs, as the district is not currently providing healthcare services to students, their families, or other residents. School nurses are available to care for student illnesses and emergencies during school hours.

### **Why would Hempfield spend money to open a health clinic during the state budget impasses?**

We know that the district has experienced 10% increases in healthcare expenses over the past number of years. We need to address these ongoing costs as soon as possible.

### **Why did the School Board defer a vote on the health clinic in October 2015?**

Under the new medical plan options available to employees on January 1, 2016, a high deductible plan with attached health savings account is offered. A Health Savings Account (HSA) has IRS implications that have continued to evolve over the last year. In a recent review by our solicitor, legal counsel advised that anyone who participates in an HSA must be charged for any "significant benefits" that they receive, even at an on-site health clinic. Therefore, any preventive or wellness care provided at the on-site clinic would still be offered at no cost to employees on the high deductible plan, but acute care must have a reasonable fee associated with it. We did not have that reasonable fee written into the proposed agreement, and the district needed to finalize those details before proceeding.

### **Have you considered other options besides a health clinic?**

Over the last year, the district has considered multiple options as to how to slow down the growth of healthcare expenses. We spoke to multiple providers, both locally and nationwide, about options ranging from wellness initiatives and incentives, to tele-medicine, service at a nearby clinic, and an on-site clinic operated by a for-profit entity. As we reviewed each of these options, we felt that the best short-term and long-term solution is to propose an on-site health clinic operated by Lancaster General Medical Group.