

BusinessWeek

THE WORKPLACE

The Company Doctor Is Back

On-site medical clinics springing up at companies like Toyota and Disney can bring substantial savings

By David Welch

When a company unveils a new plan to rein in health-care costs, workers usually groan. Yet Toyota Motor is getting rave reviews for the on-site medical center it built at its truck factory in San Antonio, Tex. Ask line worker Louis Aguillon. He went to the clinic in May with nagging back pain, and paid just \$5 for the visit. "I saw the doctor for 20 minutes," Aguillon says. "You're not just a number there."

Toyota isn't running a charity. The medical center, which cost \$9 million to build in 2007, could save the company many millions over the next decade. Managed by Take Care Health Systems, whose business is running clinics, the program has helped Toyota slash big-ticket medical items including referrals to highly paid specialists, emergency room visits, and the use of costly brand-name drugs. Plus, there are productivity gains because workers don't have to leave the plant for routine medical matters.

The company doctor is back. It's a tradition with roots in the 1800s, but one that began fading in the 1930s and 1940s when critics complained the

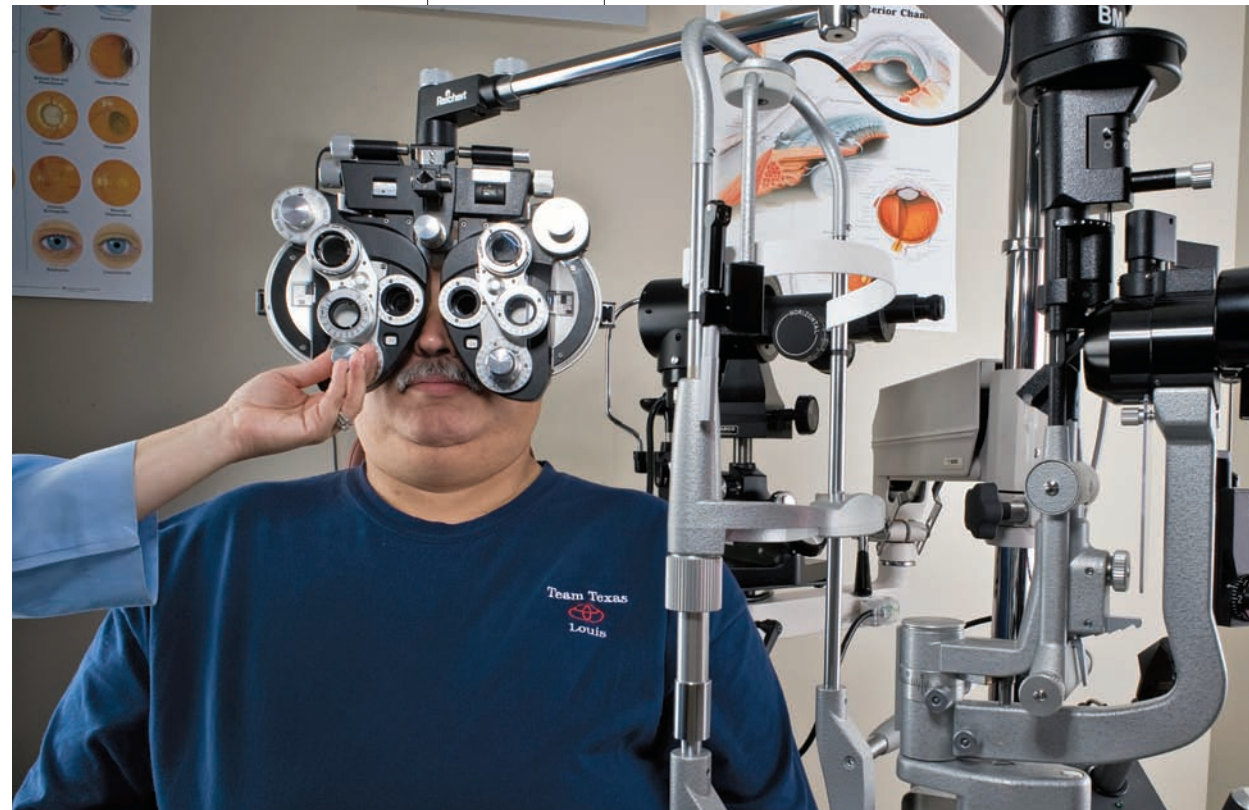
docs were mainly serving the employers' interests. Many states passed laws requiring such medical centers be owned by physicians. Even now, there are calls for monitoring the clinics to ensure they emphasize patient care over savings.

Nevertheless, in a climate of deepening health-care woes, company-

LINKS

X-Rays in Aisle 5

Wal-Mart, CVS, Walgreens, Duane Reade, and others have been opening in-store health clinics at a rapid clip: There are now about 950 such outlets across the country. But they are loosely monitored and state regulations vary widely, *The New York Times* reported last August. Some don't require a physician to be on the premises. And critics say some stores may be using the clinics to pump up their pharmacy business. As a result, Rhode Island, California, and other states are stepping up scrutiny.



Toyota worker Aguillon in the on-site clinic at his San Antonio truck plant

based medical centers are winning dozens of fresh converts. These include the North American units of Toyota and Nissan Motor, Harrah's Entertainment, and Walt Disney Parks and Resorts group. Pharmacy chain Walgreens sees so much growth in on-site medical centers for employees that in May it snapped up Take Care Health. (Walgreens also operates nearly 200 small clinics for customers at its retail stores.) A recent study by benefits-consulting firm Wyatt Worldwide found that 32% of all employers with more than 1,000 workers either have an on-site medical center or plan to build one by 2009. "We're talking about a microcosm of health-care reform," says Hal F. Rosenbluth, president of Walgreens'

WYATT WGS/PADDEN (2)

Health and Wellness division. "Companies can take control and understand their health-care costs."

In setting up a clinic, an employer typically comes up with a blueprint, then hires an outside firm to manage the project, offering employees a major break on co-pays and other incentives

branded products. That seems to suit most employees: of the San Antonio staff, 60% signed up to use the facility.

Walgreen's Rosenbluth says every dollar invested in setting up a clinic will return \$3 to \$5, even though on-site doctors spend an average of 20 minutes with each patient—more than double

Care Health-run clinic to serve 1,700 workers at a plant in Chillicothe, Ohio.

At his plant, only 4% of patients are sent to a specialist, while 25% of patients in the surrounding community are referred out. And the use of prescription drugs by employees fell by 5% after the clinic was opened, saving the company about \$130,000. "I think this is a silver bullet," Paradiso says. "I want our doctors prescribing what patients need, not what they want."

The question is, will health management companies hired to help control costs act in the patients' best interests? "We are trying to avoid the company-doctor image," says Dr. J.E.B. Johnson, Take Care Health's medical director at the San Antonio plant. "If [employees] perceive that we place some company's interest over their well-being, they won't come."

That doesn't entirely reassure critics. Some worry that the general-practice doctor might miss something a specialist would catch. And Dr. Bruce S. Auerbach, president of the

Massachusetts Medical Society, says the employers' close ties to the clinic might tempt managers to peek at medical records that could prejudice them against a particular employee. Auerbach says this can be avoided with the proper guidelines.

The company-clinic movement faces a test in November. Walt Disney Parks & Resorts plans to open a \$6 million facility

at Disney World in Orlando, which will serve more than 40,000 employees and their dependents. Tracy Swanson, a Disney vice-president for workforce planning and benefits, says its program is partly a response to the state's shortage of physicians, which she attributes to Florida's high malpractice costs. Says Swanson: "We can't afford to wait for the government to solve this." | **BW** |



Johnson runs Toyota's clinic, now used by 60% of the factory's staff

if they use the center. At Toyota, the co-pay is \$5, vs. \$15 if workers visit an outside doctor. Some companies also reward workers for using in-house services by making deposits in their health savings accounts.

At the San Antonio plant, Toyota workers who have signed up often see little reason to seek outside care. The on-site team of three doctors, plus dentists, physical therapists, and others, can take X-rays, treat broken bones, and handle various emergencies. The doctors perform many of these procedures for as little as half of the physician fees a specialist or local hospital charges. And when medicines are required, an on-site pharmacy steers patients to generic drugs that have proven just as effective as the

the national average for primary-care physicians. The docs screen carefully for long-term ailments that are most costly to treat later on. And they handle a lot of complaints right at the clinic, rather than sending patients to expensive specialists. This approach yielded major savings for P.H. Glatfelter, a York (Pa.) paper manufacturer, says Greg Paradiso, director of compensation and benefits. The company reduced costs by \$2.1 million last year using a Take