

[← Back to Original Article](#)

More employers are offering on-site medical clinics

The cost-cutting strategy has been embraced by dozens of companies — typically large employers that are self-insured and pay their own medical claims.

July 03, 2011 | By Duke Helfand, Los Angeles Times

Major employers across the country, eager to curb fast-rising healthcare costs, are opening their own state-of-the-art health centers where doctors and nurses provide medical care to workers often just steps from their desks.

The cost-cutting strategy has been embraced by dozens of companies — typically large employers that are self-insured and pay their own medical claims, including Walt Disney Co., Qualcomm Inc. and American Express Co.

Many of the health centers are full-service medical offices equipped with exam rooms, X-ray machines and pharmacies. Some provide on-site appointments with dentists, dermatologists, psychiatrists and other specialists who treat life-threatening illnesses.

Executives say providing in-house medical care keeps workers healthy and productive. But the clinics also help the bottom line by reducing absenteeism and slashing employers' medical bills for outside doctors and emergency rooms.

"Employers are seeing the health centers as a way to get more for their money," said Helen Darling, president of the Washington, D.C.-based nonprofit National Business Group on Health.

Skeptics wonder about the quality of the care and worry that workers may be surrendering their medical privacy to employers. Others question the idea that corporate medicine is a big money saver.

In a recent study, the nonprofit Center for Studying Health System Change in Washington, D.C., found that health centers hold promise but are unlikely to be cost-cutting game changers, partly because it's difficult to persuade employees to change unhealthy habits that can lead to expensive medical care.

"There may be some employers with high turnover where a clinic might not end up saving anything," said Ha Tu, the study's lead author.

Even so, healthcare economists say the strategy makes sense for growing numbers of companies that must keep a vigilant eye on their bottom lines.

"It is in their self-interest to have a healthy workforce," said Gerald F. Kominski, associate director of UCLA's Center for Health Policy Research. "There's a direct economic benefit."

And that, healthcare analysts say, explains why the corporate option is steadily gaining popularity.

Nationally, 15% of companies with 500 or more employees had health centers last year, up from 11% the year before, according to an employer survey by benefits consulting firm Mercer. Companies with 20,000 or more employees were even more likely to have clinics.

American Express has "wellness centers" in Phoenix, New York and three other cities. They offer free or low-cost blood tests, physicals, allergy shots, prescriptions and other services to employees and family members. Some sites also provide dental exams, boxing classes, yoga and massage therapy.

"The investment we are making is more than going to pay off in improved health and improved productivity on the job," said David Kasiarz, who oversees global compensation and benefits for the company. "We have begun to bend the trend of bad health."

American Express and others are expanding beyond urgent care, emphasizing preventive services such as mammograms to keep employees from getting sick and running up big medical bills.

NBCUniversal, for one, is gearing up to provide workers with free screenings for prostate and skin cancer at its clinic on the back lot of Universal Studios in Universal City. It also plans to introduce an electrocardiogram machine to detect heart irregularities.

"We want to take every opportunity for prevention," said Dr. Tanya Benenson, the company's chief medical officer, who oversees its six medical clinics in New York, Universal City, Burbank and Orlando, Fla. "If we can keep people healthier and get to illnesses earlier, they won't be away from work as long."

Whereas NBCUniversal uses its own medical staff, other companies rely on outside medical professionals, fueling the expansion of an industry that supplies doctors, nurses, lab technicians and other personnel. About 30 firms now offer package deals with options for various medical and pharmacy services, according to industry executives.

One of those firms, Comprehensive Health Services of Reston, Va., has seen its clinic business double in the last three years, to more than 100 in 23 states. And company executives forecast continued growth in the next year as companies look to cut costs.

"They have an aging population that is increasingly expensive," executive Stuart Clark said. "The human resources people are under charge to get this under control."

The largest of these medical vendors, Take Care Health Systems, commands a small medical army with 2,500 doctors, nurses, X-ray technicians and physical

therapists in more than 360 company health centers nationwide, including Qualcomm's site in San Diego.

Take Care Health, a subsidiary of drugstore giant Walgreens, declined to say how much it charges for services or whether it is profitable. But its constellation of health centers includes a 15,000-square-foot giant on a rear employee parking lot of Disney's Epcot theme park in Orlando.

The Center for Living Well is available to 40,000 full-time Disney employees and 30,000 family members. Every week, doctors log about 600 appointments, and an on-site pharmacy run by Walgreens fills an average of 3,000 prescriptions. Two "wellness coaches" advise people on lifestyle changes such as how to stop smoking.

Disney, headquartered in Burbank, doesn't have a similar health center for workers at Disneyland, but the company said it was considering alternatives.

Some people are viewing the trend with caution, saying that corporate bosses, more keen on tamping down costs than protecting employee health, may pressure doctors to understate illnesses. And they worry about employers snooping into workers' private information.

"I can understand how companies are eager to bring more and more professionals in-house. It can save them money," said sociologist Elaine Draper, who has written extensively about company doctors and runs the Law and Society Program at Cal State Los Angeles.

"If we look at the social and human costs," she said, "it doesn't look like a savings enterprise anymore."

Doctors at several companies said that they had never been pressured to downplay illnesses or withhold treatments, and that they follow federal privacy laws protecting the release of patient information.

"What happens here stays here," said Dr. Ilene Klein, medical director at Qualcomm's health center in an office building at the center of the company's sprawling corporate headquarters in San Diego.

The facility treats more than 3,000 workers on average each year for infections, thyroid conditions, sports injuries and other medical ailments. An endocrinologist and dermatologist visit regularly. Two nurse practitioners and two physical therapists also work at the site, along with a part-time dietitian.

Qualcomm said the health center had reduced emergency room visits, hospitalizations and medical claims, although the company declined to quantify the savings.

Workers who visited the facility on a recent afternoon said they liked the convenience of having medical care close by. In one room, a physical therapist showed a patient how to stretch his sore elbow.

In an exam room down the hall, a doctor treated a worker who complained of a fever and cough. The patient, software engineer Praveen Samudrala, left with a bag of antibiotics, lozenges and nasal spray, pleased that the visit had taken just 40 minutes.

"It saves me a lot of time," he said of the health center. "I don't go to outside doctors anymore."

duke.helfand@latimes.com