Employer-sponsored health care is a concept that may be unfamiliar to many managed care pharmacists. It deserves close examination because it is an idea that has been well received and effective. It was developed to help mid- to large-sized employers contract for primary care and pharmacy services in a manner that is cost-effective and convenient for employees (both current and retired) and often their dependents as well. Its goal is to reduce costs while improving access and quality of care. The outcomes—reduced health care costs, improved quality of care, increased worker productivity, and lower absenteeism—are well worth the investment.

The Options

At first glance, employer-sponsored health care may seem like an attempt to circumvent established managed care or pharmacy benefit management (PBM) plans. It is not. It does not replace the managed care plan, the PBM, or insurance. Instead, it augments these services with additional access points that are paid for via another mechanism. The additional access points may offer one or a combination of options: occupational health interventions, pharmacy benefits, primary care services, or corporate health services. Table 1, page 190, gives examples of each of these services.

According to Michael Hardies, M.D., chief medical officer for CHD Meridian Healthcare, industry data reveal that persons who must leave the workplace to seek health care use 12–16 times as much time as those who can meet their health care needs on the work site. This is a powerful motivator for employers to consider this creative alternative—it decreases cost, enhances quality, and improves access to service.

All services described here are offered at the employer's work site (whether a heavy manufacturer or a corporate headquarters) or nearby, thus providing employees ready access to necessary health care. Every employer-sponsored health care program will be different; programs are tailored to meet the employer's and employees' needs. For example, one employer may need only the pharmacy benefit (stand-alone or á la carte program selection), while another employer may choose to implement modifications of all four options (integrated programming).

The benefits of employer-sponsored health care are easily elucidated with a little informed contemplation. Much of this activity recalls an earlier time when it was not unusual for health care to be delivered at the work site. Until the early 1960s, it was common for large employers to offer basic on-site health care, with some large companies even operating company hospitals. The employee health clinic was an important benefit in large factories or labor sites, and offered services that by today's standard seem rudimentary. The focus was often reactive or triage: injury or acute-illness treatment and referral. With the evolution of various types of insurance and a push for patient choice, health care moved out of the workplace and into the economy in the middle of the 20th century.

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What Was Old Is New Again

Today, employers are experiencing resurgent interest in on-site health benefits for their employees. One major motivator is cost. Employer-sponsored pharmacies that offer prescription services exclusively to a company's covered population can purchase pharmaceuticals directly at a far deeper discount than that available through managed care or PBM programs. Since pharmaceuticals are the fastest-growing health care cost today, this is a significant incentive for employers. The key is provision of care to a defined population. Employer-sponsored pharmacies leverage the employer's size and prescription volume to purchase pharmaceuticals directly within this "closed door" class of trade. This defined population is the reason for both the pricing differential and the restriction-to-care provision. A closed-door pharmacy can only dispense prescriptions to those who are clearly defined as beneficiaries of the client organization.

Other savings are achieved by employer-sponsored pharmacies as well. Disease-state management and early-intervention programs are fairly standard among sites, and they are especially successful if the pharmacy benefit is offered in conjunction with a primary care service. Table 2, page 191, describes national and local-level clinical efforts that are used by pharmacies in the employer-sponsored model. Pharmacists work as indispensable members of the health care team, and their interventions or suggestions may be offered as formally as a structured chart review, or as informally as a suggestion over coffee in the employee cafeteria. The concept of pharmaceutical care is easier to implement in employer-sponsored sites than it is in other locations. Pharmacists deal with one plan and one plan only. There are no eligibility issues to resolve, and pharmacists must be familiar with only one benefit plan and design.

Employer-sponsored health care can also help organizations achieve Voluntary Protection Program (VPP) status with the Occupational Safety and Health Administration (OSHA). OSHA's VPP is designed to recognize and promote effective safety and health management. In the VPP, management, labor, and OSHA establish a cooperative relationship at a workplace that has implemented a strong program that meets an established set of criteria. OSHA publicly recognizes the site's exemplary program, and removes the site from routine scheduled inspection lists (OSHA may still investigate major accidents, valid formal employee complaints, and chemical spills). VPP participant sites generally experience 60%–80% fewer lost workdays attributable to injuries than would be expected of an "average" site of the same size in their industries.

One health care administrator learned the value of employer-sponsored health care when his organization scaled back their services. "It was disastrous," he said. He went on to say that administrators

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**Table 1: Employer-Sponsored Health Care Services**

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Possible Features</th>
</tr>
</thead>
</table>
| Occupational or corporate health services | • Medical surveillance  
• Injury treatment  
• Travel medicine  
• Return-to-work clearance  
• Preventive care |
| Primary care                          | • Health care tailored to unique population  
• Screening and health maintenance care  
• Cost-effective care provision |
| Pharmacy services                     | • Drug dispensing  
• Drug-interaction, adverse drug reaction, and allergy screening  
• Drug-utilization review  
• Preferred-drug management  
• Vaccination  
• Drug information |

**Figure 1: Class-of-Trade Continuum**

![Class-of-Trade Continuum Diagram](image)

Notes: AWP is average wholesale price. Example is not necessarily to scale.

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believed that since they were already paying for other types of insurance for their employees, savings could be reaped by sending employees out to their own physicians or health plans. “This was an ill-conceived approach to managing cost. What little was saved up-front was immediately lost to increased absenteeism and increased risk. Any organization that is serious about absence management should consider on-site employee health services a worthwhile investment.”

Earning Market Share

Employer-sponsored health care’s success is contingent upon drawing customers from the client’s workforce. Employee participation is voluntary. Employer-sponsored health care offers convenient locations and hours of operation that accommodate the workforce, a copayment differential, and some added benefits. These factors promote better compliance and improved utilization management. Convenience goes beyond placement of a pharmacy on the grounds of the employer’s factory or firm. Some organizations place pharmacy drop-boxes throughout the plant, or staff a drive-through window. All emphasize customer service. Even in the largest of organizations, a sense of community, loyalty, and ownership is common; employees come to know their health care providers as members of their community, and welcome “their” health care providers to their work teams. As the most accessible members of the health team, pharmacists hold a special place in these patients’ esteem. A pharmacist who has good communication and customer-service skills enhanced with underpinnings of clinical expertise can cultivate loyalty and trust.

Some specific pharmacy care programs have been enormously successful at work sites. Several deserve mention:

- Brown-bag programs encourage employees to empty their medicine cabinets into brown bags and bring them to their pharmacist for review. Polypharmacy, noncompliance, and potential drug-interaction issues can be identified and rectified.
- Pharmacist-administered vaccinations for employees who travel overseas, or as simple preventions (influenza and tetanus), are gaining popularity in states where this practice is allowed. Many employees would go without a flu shot if they had to schedule an appointment or pay a copayment. On-site vaccination that is inexpensive or free motivates good prevention.
- Coordination of hyperlipidemia and Helicobacter pylori screening programs that educate high-risk patients with verbal and written information have been successful at many sites.
- A half-tablet program that takes advantage of pharmaceutical manufacturers’ pricing strategies has reduced costs by up to 5% at some sites.
- Addition of over-the-counter (OTC) or alternative/complementary drugs has helped increase the likelihood of positive outcomes for patients who need or want these items. Convenient availability of OTC items provides a lower-cost treatment strategy for some conditions. For example, patients may be more willing to accept that they have a viral infection that does not require antibiotics when they can obtain symptomatic treatment without leaving the clinic.

Proof of Success

Pharmacy managers within employer-sponsored health care systems, like pharmacy managers in many managed care sites, are heavily dependent on reliable, advanced information technology (IT). IT can help managers share best practices among sites, identify geographic patterns of drug use, and broadcast policy, information, and educational materials to pharmacists. Information managers must constantly look for ways to improve the organization’s IT pharmacy applications, and apply them in ways that lead to improved outcomes for patients and decreased costs for the sponsor.

Currently the emphasis is on upgrading IT systems so that the systems move toward the ideal, paperless medical record. Future systems will also incorporate lab values and outcome measurements, better data retrieval, and patient-care modules.

Accreditation by an established group constitutes the highest form of public recognition, and stimulates continuous improvement. Program quality should be validated by the Accreditation Association of Ambulatory Healthcare (AAAHC) or a similar group.

The ultimate measure of success is the customer-satisfaction survey. Employees who choose to use the sites generally rate them highly. Satisfaction rates are contingent upon drawing customers as well as the convenience.

Implications for Managed Care Pharmacists

Many large employers currently contract for health care services. Companies such as Bethlehem Steel, General Electric, Goldman...
Sachs, International Paper, and Toyota Motor Manufacturing currently use employer-sponsored health care services. The direct-contracting model works for them, and in the future, this type of program will grow. It is mutually beneficial for the employer, the employee, and care providers. There is growing opportunity in this type of setting for pharmacists who wish to practice in diverse locations and offer a level of service unmatched in community practice. Patient access is unfettered and the pharmacist's role on the health care team is valued. Consequently, pharmacists who work in this type of environment experience high levels of satisfaction.

Total pharmacy savings for employers can be 15%-25% or higher. While the efficacy of each program depends on market penetration of total prescriptions, efficacy of pharmacy care programs, and impact on total health care costs, the day-to-day contributions of highly motivated pharmacy professionals are the most valuable drivers at employer-sponsored pharmacies.

### Conclusion
Employer-sponsored health care works. Its customers are identified on two levels: At the corporate and industrial level, employer-sponsored health care is well received because health care costs are lowered and absenteeism is reduced. With these two issues creating tremendous concern across the nation, any improvement is of great value. For the employees who receive health care services at their work sites via employer-sponsored health care, this delivery method is welcomed as an efficient way to improve quality of life. Small health problems are resolved before they develop into serious problems and health maintenance is convenient.

This old idea has been reinvented in a way that is much improved. Employer-sponsored health care models define their customers differently than other models, emphasize accessible care, and reduce cost. This type of service is attractive to employers, and will continue to grow. It is a distinct and growing opportunity in a unique market segment. This will continue to create