Employers are considering many cost-control strategies to help manage health plan budgets. One method is to steer employees to less costly venues. For example, employers have traditionally tried to discourage employees from using emergency rooms for non-emergent care. Alternative venues include urgent care centers, retail health clinics and even telephonic / electronic doctor visits.

Some larger employers are launching onsite or near-site health clinics. These clinics provide employees with a place to receive care in a location on or near the employer’s facility. These clinics are designed to provide routine care, chronic-care management and even first-aid care for employees who may get sick or injured at work. Some employers will also coordinate wellness activities through their onsite clinic. These clinics tend to offer some care for free or at limited cost to the employee.

Onsite clinics offer a different care experience. Wait times are short, so an employee’s time off the clock is minimal. Health care professionals tend to spend more time with each patient. The clinic provides easy access to employees for health coaching on chronic conditions and wellness initiatives. Health care providers will refer employees to other doctors when their condition requires specialized care.

Onsite clinics are not the right fit for all employers. These clinics primarily benefit self-funded employers, as they provide a cost-effective way to deliver primary care for employees and sometimes dependents. To benefit, an employer needs to have a critical mass of employees at or near a common location. This strategy is geared for cost-savings without cost-shifting. It also helps employees to establish a relationship with a primary health care provider.

There is a cost to employers to launch an onsite or near-site clinic. The decision should be carefully evaluated. An employer should budget for the cost of the clinic set-up, physician and staff salaries, lab work and prescriptions. Employers should also investigate their potential liability.
in offering medical treatment onsite. Vendors are available to help employers strategize on the initial build-out of the clinic. Practicalities need to be addressed, such as:

- How much square footage will be needed?
- Will one location suffice?
- Will most employees have access to the location? If not, does it make fiscal sense to have another location or some other option for employees who may not have access?
- How many days and hours per week will the clinic need to be open?

Onsite clinic vendors typically assesses a monthly per-employee charge for the physician and staff services, with costs for lab services and prescriptions passed directly to the employer.

In addition, the employer should also consider the potential cost savings from an improved quality of primary care. The onsite medical personnel, along with wellness programs, may compel employees to have annual physicals. The onsite medical personnel may be able to help employees better manage chronic conditions, such as diabetes. This could save money by helping to avoid costly complications in the future. It is critical that the potential benefits outweigh the cost over a period of time.

The scope of the benefits offered by an onsite clinic is important. Onsite clinics maintained by an employer for “treatment of minor injuries or illness or rendering first aid in case of an accident during working hours” are exempt from the reporting and disclosure requirements of ERISA and other federal mandates like COBRA. However, many employer-sponsored onsite clinics provide services beyond treatment for minor injuries and first aid. If the onsite clinic provides other medical care, it is considered an employer-sponsored health plan. Employers therefore need to address the following:

- Employee Retirement Income Security Act (ERISA) – An employer-sponsored onsite clinic that provides medical care beyond treatment for first aid is a welfare benefit plan subject to ERISA. Employers opening onsite clinics should incorporate them into their existing group health plan document, adopt a “wrap” plan document or create separate documentation to outline the details of the onsite clinic plan.
- COBRA – Onsite clinics that provide care beyond first aid are also subject to COBRA. This means employers need to calculate a “rate” that reflects the cost for access to the onsite medical clinic. Employers must offer qualified beneficiaries the opportunity to elect COBRA continuation to allow continued access to the onsite clinic.
- HIPAA Privacy and Security – These onsite clinics are considered “excepted benefits” under HIPAA and are thus exempt from some aspects of HIPAA. For example, special enrollment rights under HIPAA do not apply to onsite clinics. However, HIPAA privacy and security rules apply in terms of a health care provider. This means the health information

**DID YOU KNOW?**

- 83 percent of survey respondents offer educational assistance or tuition reimbursement benefits
- 71 percent of survey respondents limit benefits to a fixed dollar amount per employee (the limit generally falls between $5,000 - $6,999)
- Types of coursework covered:
  - 88 percent of survey respondents cover undergraduate level courses
  - 87 percent of survey respondents cover graduate level courses
  - 69 percent of survey respondents cover associate degree courses
  - 54 percent of survey respondents cover online/distance-learning courses
  - 52 percent of survey respondents cover professional certifications
- Types of educational benefits offered:
  - 64 percent of survey respondents offer in-house training seminars
  - 45 percent of survey respondents cover educational conferences
  - 40 percent of survey respondents cover licensing courses and exams

**Source:** Educational Assistance Benefits: 2015 Survey Results, International Foundation of Employee Benefit Plans

**Continued on Page 3**
associated with the onsite clinic must be protected under the HIPAA Privacy and Security rules.

- **Affordable Care Act (ACA)** – As an excepted benefit, onsite clinics are excluded from many of the market reform requirements of the ACA. However, the initial information related to the Cadillac tax seems to indicate that the employer must take into account the relative cost of the associated onsite clinic when determining the applicable cost under the Cadillac tax. The effective date for the Cadillac tax has been delayed until 2020, so the IRS has some time to clarify the role of onsite clinics as they relate to the Cadillac tax.

- **Health Saving Accounts (HSAs)** – Employers should be wary of the impact of onsite clinics if they offer a qualifying high-deductible health plan (HDHP) paired with an HSA. HDHP rules allow only preventive care services to be covered by the plan prior to the satisfaction of the deductible. An onsite clinic could offer preventive services without any employee cost-sharing. In general, if the clinic is going to treat minor illnesses, similar to seeing a primary care doctor, the clinic should charge for the office visit. The employee would have to pay in full for the office visit, and it would need to be applied to the deductible. In this example, the employer should partner with their health plan to consider their onsite clinic an in-network provider. The IRS has commented that an otherwise HSA-eligible individual who has access to an employer’s onsite clinic will remain eligible to contribute to an HSA if the onsite clinic “does not provide significant benefits in the nature of medical care (in addition to disregarded coverage or preventive care).” However, if the clinic provides “significant care in the nature of medical services” free of charge, or at a cost that is below fair-market value, then employees with access to the onsite clinic will not be eligible to contribute to an HSA.

Onsite clinics may be a cost-saving option for large employers who self-fund their medical plan and have critical mass in a geographic area. The onsite clinic can provide preventive and routine medical care, assist with chronic health conditions and spearhead wellness efforts. There is an upfront investment which will hopefully pay off in the long run. However, employers need to pay close attention to the compliance issues related to onsite clinics. The added compliance burdens may dissuade some employers from launching onsite clinics. Employers should weigh the cost and benefits to determine if these make sense for your organization. MMA

**YOUR QUESTIONS**

Q: We have a number of full-time employees married to each other. Our contribution for employee-only coverage is significantly less than the two-person contribution. Our married employees want to elect single coverage. We would like to require that they elect two-person coverage under our health plan because we will collect more in contributions. If the employees were not married to other employees, they would have to pay the two-person contribution. Does this affect whether we have made an offer of coverage to each full-time employee under the employer mandate of the Affordable Care Act (ACA)?

A: Employers are entitled to structure their eligibility in a way that requires full-time employees to enroll under a family contract rather than two single contracts. This requirement must be spelled out in the plan document, and the plan vendor and employer must be able to administer the eligibility requirement. The ACA guidance does allow an employer to place reasonable conditions on enrollment in the health plan and still be considered an offer of coverage. A common example of this is a spousal exclusion. In that situation, if spouses have coverage available under their employer’s plan, they are not eligible under the employee’s plan. The same concept would apply to married employees. If a qualifying offer is made to a full-time employee and requires the spouse (who is also a full-time employee) to enroll as a spouse, then that is considered a qualifying offer to both employees.
EMPLOYEE VOLUNTEER PROGRAMS

As the labor market tightens, employers are looking for more ways to attract and retain key employees. Employee volunteer programs are an employer-driven effort to motivate and enable employees to serve the needs of their communities. These programs can be a differentiator. Employer volunteer efforts benefit an organization by:

- Improving the corporate image by showing an organization that supports giving back to the community on a local or even a national level
- Boosting employee morale, team building, loyalty and motivation
- Attracting new hires, because millennials are especially focused on giving back to their communities
- Enhancing client relationships when you participate in their charitable efforts
- Demonstrating the organization’s values in action

For employee volunteer programs to be effective, the employer needs to provide structure. This can usually be done by creating a committee that works on the employer volunteer efforts. This committee should include employees from all levels of the organization, but it is important for one or two executive-level employees to actively participate. If you need budget or management support for initiatives, these executive-level committee members should be able to secure the required support or funds.

Employers support charitable giving and employee volunteerism in many different ways. Be creative in how you engage employees. Matching charitable donations up to a specific dollar limit is common, but how else can you support the charities that are important to your employees? For example, many employers will sponsor food drives throughout the year to support local food pantries.

In Michigan, employers could collect cans and bottles. Employees can volunteer to return the bottles and cans each month for their deposit. The employees are then allowed to choose the charity to which the funds will be donated.

Many employers also offer employees an extra day off per year to participate in volunteering. This may be done as a group, such as having employees volunteering together to provide support at a food pantry or cleaning up an area park. Some employers may even pay employees for several days of community service. For example, perhaps an organization wants to support the building of a Habitat for Humanity house in their community.

Employers can also offer community service projects that can be done onsite. Larger organizations may contact the Red Cross to sponsor a blood drive. Organizations may sponsor a coat drive to provide winter clothing to local shelters. Employers may ask employees to donate items to create care packages for military personnel serving overseas.

Community support can also be paired with wellness initiatives. During the warmer months, there are often charity 5K walks/runs to support various organizations. Employers could sponsor teams to participate in the walks, and provide donations for the charity that is the focus of the walk.

The community support committee should schedule and publicize various volunteer and community service projects throughout the year, and engage employees to participate. The committee should also respond to unexpected assistance needs that arise. For example, the recent water crisis in Flint has...
many local employers contributing bottled water to Flint residents. When children are getting ready to return to school, sponsor a backpack drive. Encourage employees to donate backpacks and school supplies to children in need.

Volunteer efforts and community support creates a great public image. An employer that supports their community has a community that will in turn support the employer. Do not allow employee participation in volunteer projects to fly under the radar. Many individuals volunteer in a number of organizations because they want to support their communities. Make sure to thank employees who volunteer.

Volunteerism is not just good for the corporate image. To the extent that co-workers join together to volunteer or support a charity, it creates an additional bond among team members. Most employees feel good about volunteering in their communities. They often believe they get more from the experience than they give. This leads to happier, well-balanced employees. 

TECHNICAL CORNER

Technology has allowed for many process improvements across organizations. Have you ever considered how you could leverage technology to improve your training process? Training is a very large responsibility in many organizations and may be critical, such as safety training. It also required for liability purposes. Training on sexual harassment, ethics, diversity and other key topics is necessary for supervisors. Job-specific training is also important. Think of the training needed just for human resources, such as COBRA, FMLA, HIPAA, ERISA, and ACA.

Most employers have well-defined training programs, and many still do in-person training sessions. In some instances, this is the best fit. However, have you considered leveraging technology to deliver training? Online training can offer many benefits:

- More economical for the time and money than conventional training
- Allows employees to learn at their own pace
- Allows employees to schedule required training in a time period that is convenient for them
- Training materials and delivery are standardized, which means all employees are provided with the same information
- Can require employee participation
- Can track employee participation

There are a number of vendors offering eLearning opportunities. It makes sense to research if these vendors can provide cost-effective options to help build your eLearning library. Software is available that will allow you to construct employer-specific training programs with interactive capabilities. You could design the training to meet your organization’s specific needs.

You may want to consider video options, too. If you have some creative employees, they will likely have some great ideas on video content that will engage and educate. If video is your medium of choice, require the completion of quizzes during viewing to ensure that employees are paying attention.

You may find electronic training is cost-effective and consistent. However, you must first critically evaluate your training needs to determine if online or video training can work well with your employee population.