

October 1, 2008

## Client Alert

### Novia CareClinics: The Doctor is “In” — Health Clinics at the Worksite

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Health care costs in the United States are rising at double digit rates. Health care spending is expected to continue to increase at these levels for the next decade, reaching \$4 trillion in 2015, or 20 percent of the Gross National Product.

Much of the health care bill in the United States is paid by employers. On-site health clinics have long been known to be an effective way for employers to save costs and improve the health of employees, but most medical-benefits experts have opined that only employers with thousands of employees can afford to have on-site clinics.

Novia CareClinics, a longstanding client of Plews Shadley Racher & Braun LLP, is proving those experts wrong. The company markets, manages, operates, and administers health clinics at employers' worksites. Novia has shown that, by outsourcing the administration of a clinic, employers with even as few as 100 employees can provide this health benefit. Novia and its worksite health clinics have been endorsed by the Indiana Manufacturers Association, the Indiana Chamber of Commerce and the Tri-State Business Group. It has also been featured in the Indianapolis Star, the Indianapolis Business Journal, the Fort Wayne Journal Gazette, and Inside Indiana Business.

This law firm has represented Novia and its predecessors since the original company was incorporated in 1997. PSRB has worked with Novia in creating and managing its forms of corporate governance, in completing numerous financings, in creating a number of different operating and service agreements, and in a wide variety of other legal matters. Novia was organized as part of a holding-company system in 2005 and its other affiliated businesses were sold in 2006. From 2005 until mid-2006, Novia worked on getting ready to market its services for on-site health clinics. The company has been in business for less than two years.

During that time, Novia has entered into 12 contracts for 13 clinics that are operating or are in the process of coming on line. Novia's clients include manufacturing companies, white-collar firms, government entities, and school systems. Novia presently serves a total of approximately 5,000 employees and their families.

Certain clients are already planning expansion of their clinics. Novia is working with more than 100 other employers in Indiana, Illinois, Ohio, and Iowa that are in some stage of evaluation of the clinics, either reviewing contracts or seeking initial proposals.

The clinics are a supplement to, not a replacement of, the employers' health-benefits plan. The employers must build out the clinics, install computers and other basic equipment, pay hourly fees for the medical professionals who staff the clinics, and pay Novia a management fee.



One of the advantages to an employer of establishing a clinic is a reduction in health-plan costs. Of course, employers have been attempting to slow down the increase in health-plan costs in recent years (usually futilely) by using a number of methods, including reducing benefits and shifting costs to employees. Despite what may appear to be added cost, a clinic administered by Novia provides more health care services to employees and eventually saves money for the employer because (1) Novia contracts with physicians and other medical professionals directly, (2) Novia purchases generic drugs and certain services at prices more in line with those available to health care providers, (3) Novia provides services that assist in the diagnosis and management of pre-disease conditions that lead to chronic or severe conditions and high claims, and (4) the employer pays for these without a markup by Novia, which charges only its administration fee. One Novia client in its clinic's first year experienced a decrease in its pharmaceutical costs of nearly nine percent. Previously, the client had been experiencing average annual increases in its pharmaceutical costs of 10 to 14 percent. Another client saw a drop in aggregate claims costs per employee of 25 percent in its clinic's first year.

But reducing costs under its health plan is not the only advantage to an employer. Another is less time off by employees who must take a child to the doctor or see the doctor themselves. A clinic reduces the amount of time an employee spends going to see a physician from half a day to approximately 30 minutes. One client of Novia has said that its clinic pays for itself in preventing lost production alone.

Another advantage of a clinic is the change it can make in overall health-plan design. A clinic enables an employer's health plan to focus on and contribute to improved lifestyle, wellness, and preventive medicine. The old methods of reducing costs by cost shifting and reduction of benefits end up reducing employees' and dependents' use of basic medical services and, consequently, can result in employees and dependents with chronic health problems. The clinic services and medicines are provided free of cost to employees and their dependents, which encourages them to seek medical attention before they develop chronic health issues. Providing a clinic results in healthier, more productive employees.

Many employers have attempted to establish wellness programs for their employees. Most of these, however, are extremely difficult to monitor. Wellness programs are built into Novia's services. Each person who uses the clinic services receives a written health risk assessment, and a person with moderate or high health risk is contacted by a wellness coach, who works with that person to improve wellness. Novia feels it is in a unique position to help employers evaluate and improve their employees' wellness.

A final advantage is that an employer can attract, hire, and keep employees by offering such an outstanding employee benefit program. A number of clients have established clinics to ensure that they remain an "employer of choice" in their respective employee markets. The employees of one of Novia's clients voted their clinic the "Best Benefit" provided by their employer.

Vectren Corporation, a client of this firm and now a client of Novia, opened a Novia clinic for 350 call-center and information technology employees and their dependents at Vectren's Support Services Center in Evansville. Vectren Chairman and CEO Niel Ellerbrook said in a press release issued by Vectren, "This is a tremendous benefit for our employees . . . . We believe this is a more convenient and economical way to deliver health care to our employees, and it will certainly reduce non-productive time due to simple doctor and child-related health needs."



PSRB has been privileged to work with the officers and directors of Novia from the start. We wish Novia CareClinics continuation of the great success it has enjoyed in its first years of operation!



*Dr. Craig Nadelson examines Biddle Precision Components employee Wendy Forbush at the Novia CareClinic inside the factory in Sheridan, IN.*