

Bouyant Bayou

LOUISIANA WOOD-PRODUCTS MANUFACTURER OVERCOMES REGIONAL HEALTH PROBLEMS WITH COMPREHENSIVE SUITE OF ONSITE AND NEAR-SITE CLINICS AND PHARMACY

Written By Bruce Shutan

The use of onsite or near-site medical clinics have helped transform both primary care and occupational health services for self-insured group medical and workers' compensation plans. A wood-products manufacturer based in Alexandria, La., has done just that and is even sharing these facilities with other employers.

But RoyOMartin has taken other bold steps to broaden and improve the delivery of care. For starters, it offers its employees and their dependents access to a company owned and operated pharmacy, which is also open to the public and has seen an increase in its retail sales. Another layer of protection involves the use of a fiduciary pharmacy benefit manger (PBM).

Behavioral health is also offered, while physical therapy is being considered as a future service that would prove particularly beneficial to a blue-collar workforce with musculoskeletal challenges. All of the manufacturer's 1,200 full-time employees in four locations are eligible for employer-provided health benefits.

What makes this comprehensive strategy so critically important is a constant uphill climb in the face of regional social ills. Diane Davidson, the company's director of employee benefits, describes the area in and around corporate headquarters as "the sickest district in the sickest state." Louisiana is home to some of the nation's highest prevalence of obesity, diabetes and cardiovascular deaths, as well as rates of children in poverty and low infant birth weight, according to a 2020 report by the United Health Foundation.



Diane Davidson

ROAD TO RECOVERY

Nearly a decade ago, RoyOMartin took concrete action to rein in group health and workers' comp costs. Manufacturing facilities in Oakdale, La., Chopin, La. and Corrigan, Texas have an onsite occupational health nurse.

A near-site primary care clinic branded Legacy to honor the Martin family's nearly 100-year ownership is 30 minutes away from both Louisiana plants. Employees and their

dependents pay just \$12 per visit. The Texas location has contracted with the owner of three clinics who charges \$15 per visit with a nurse practitioner who's onsite once a week. Legacy also does pre-employment screenings and post-hire evaluations for employees before they're even eligible for health insurance.

RoyOMartin is self-insured for both group health and workers' comp with Blue Cross of South Carolina serving as the third-party administrator on the group health side, while it is self-administered on the work comp side. One unintended, albeit positive, consequence of offering comprehensive services to employees is that it has united the occ and non-occ areas, and produced better results.

"When we started the clinic, we never even figured in occupational health as part of the return on investment because we can't tell them to go to that doctor," she explains, noting that Louisiana is an employee-choice state for choosing physicians to treat work comp cases. "One of the main advantages of having the clinic now is occupational health."

Occupational health nurses perform basic triage on employees who are injured on the job, which may include anything from removing a splinter and flushing out an irritated eye to first-aid measures. They're also the ones who determine whether additional care is needed at a Legacy clinic, which can stitch up wounds and offer similar support, or the emergency room where a deeper level of care is required.

The arrangement has worked so well that 90% of covered lives use the onsite or near-site facilities. The cost of primary care visits flattened over the past three years to a point where there has been only a \$1 change in the per-employee-per-year price tag. The company also went for a long while without ever hitting its stop loss before the streak ended with a high-cost patient being treated for cancer at MD Anderson.

On the work comp side, costs plummeted to .13% of payroll from 1.49% of payroll since 2011. Davidson credits a safety culture and philosophy that has not only improved over the years, but also been elevated to a core value.

"Workers' comp used to be a line-item discussion in all of our leadership meetings

because it was in the millions that we were spending, and this was before we hired our first occupational health nurse," she reports. "It's gone down ever since then."

Wood-products manufacturing has more than its share of serious physical risk and danger. There have been several severe injuries at RoyOMartin – all of which have served as a wakeup call for developing a safety culture. "Prevention is what we preach and harp on for personal health and workers' comp," Davidson says.

TAKING OWNERSHIP

Legacy started in 2011 as Central Louisiana Family Health & Wellness Center when it was run by First Onsite, a division of HCA. At that time, it made sense to have a company with medical expertise manage the operations. Following the departure of a beloved physician's assistant with a stellar bedside manner, RoyOMartin decided to take over the clinic.

Brian Elkins, M.D., who was a professor at Louisiana State University, was hired in December of 2014. Now Legacy's medical director, he oversees nurses and medical programs as well as occupational health services.

Throughout this transition, RoyOMartin blazed a path to innovation by opening its Louisiana Legacy clinic to other employers in the region, starting with a construction company that builds roads and overpasses. Under that company's fully insured arrangement through a local Blues plan, employees used their Health

Spending Account to pay for visits to the clinic.

When Elkins took over, a \$20 co-pay was instated for employees of the construction company and extended a year later to their dependents. Davidson says the change significantly improved buy-in and utilization. Two other self-insured employers also send their employees and dependents to the clinics through an administrative-services-only contract with the same local Blues plan. Monthly fees are charged per employee.

While the Legacy clinic isn't exactly a profit center for RoyOMartin, Davidson notes that the intention has always been to improve the environment for employers in central Louisiana where recruiting and retaining talent is a

challenge. "It's not a big city with a huge nightlife," she says.

RX FOR RISING DRUG COSTS

Rx spending is an area that Davidson, who's on Louisiana's state pharmacy advisory board committee, recognizes as critical for self-insured employers to manage. Although RoyOMartin considered opening its own pharmacy in 2011 to rein in a rising pharmacy spend in the mid-20% range, the idea was deemed too costly. Some medical expenses were going to the pharmacy side because so many scripts were being written amid an endless shell game of spread vs. pass-through pricing with promises of rebates that did nothing to actually bend the Rx cost curve.

Over time, the company switched from one of the nation's leading pharmacy benefit managers to Scriptcare, LLC, part of a small but growing cadre of fiduciary PBMs that are deeply committed to transparency. In lieu of complicated PBM pricing built on formulary rebates, Scriptcare only adjudicates claims and receives a modest admin fee per prescription.



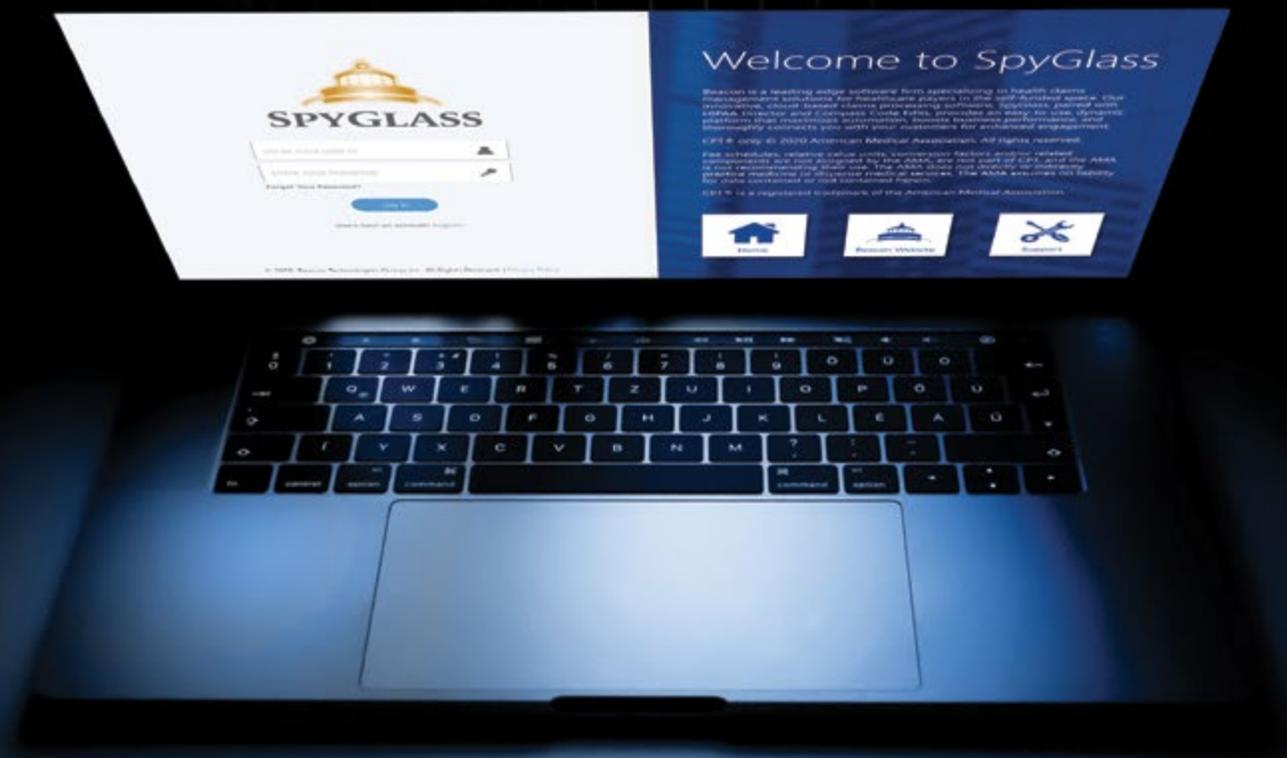
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Another noteworthy development was a synergy that arose when the company found the perfect Rx consultant at the same time an ideal candidate for pharmacist was looking for a change in employment. When those two trusted sources converged, the vision of a company pharmacy finally took shape two years ago.

Legacy Pharmacy purchases drugs directly from wholesalers. If RoyOMartin is able to raise its volume, then it would be able to get rebates from the wholesaler. Aware of this steep hurdle, her hope for the future is to forget rebates and simply negotiate the lowest price.

Since the pharmacy opened, there has been a 10% overall decrease in pharmacy costs and Rx increases are in the 6% to 10% range. There also has been a much higher adherence rate for patients whose prescription is ready as soon as they leave the doctor's office and walk down the hall to the pharmacy. Elkins and the clinic's pharmacist are easily able to have prudent discussions about finding the most efficacious, low-cost formulary drugs to treat patients.

Legacy Pharmacy lowered its coinsurance and co-pays as incentives for patients to use the facility and stay the course on their treatment regimen. The pharmacist is also licensed in Texas, which means employees in the Lone Star State can receive their medications through Legacy Pharmacy through the mail.

Given the high number of diabetics who are covered under

RoyOMartin's health plan, the Legacy clinic has looked closely at population health and used analytics to manage those risks. A health coach also becomes involved in helping intervene before employees or their dependents move into a high-risk category. "That's made a tremendous difference in the fact that they're identifying and targeting them," according to Davidson, adding that message campaigns are tailored to rising-risk patients.

POST-PANDEMIC VISION

Legacy also contracts with a clinical psychologist whom the company pays directly. Davidson says she works miracles in just three or four sessions. One problem, however, is that with an 80% male workforce in a blue-collar setting, utilization is on the low side. This became clear during the pandemic when the nation became mired in a mental health crisis marked by isolation from stay-at-home orders, as well as furloughs and layoffs on a massive level.

It's worth noting that when Covid-19 hit hard, the Legacy clinic never closed, nor were services ever reduced. In-person visits adhered to social distancing, patients were seen one at a time and testing for coronavirus antibodies was done in the parking lot. The same could be said about RoyOMartin's pharmacy, which offered curbside pickups and started mailing almost every prescription. Virtual visits also became much more efficient.



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In time, Legacy hopes to add physical therapy given the prevalence of musculoskeletal disorders in a heavy manufacturing environment. Since the company began a direct-contracting arrangement with physical therapists, musculoskeletal diagnoses as a category plummeted to No. 9 or 10 from the No. 3 spot. It also would like to add dental and vision services to the clinic, though there's no room currently to accommodate them.

Whatever the future holds, it has become increasingly clear over time that RoyOMartin has transformed its slice of an ailing bayou country into a rare outpost of holistic wellbeing. "We have all four wheels moving in the same direction: the health plan, doctor, pharmacist and patient," Davidson exclaims. "I feel as though we are making health care work in this messed up health care world." ■

Bruce Shutan is a Portland, Oregon-based freelance writer who has closely covered the employee benefits industry for more than 30 years.