

Evaluation of the Nurse Practitioner Pilot Program under HB 952

A Report to the 80th Legislature on the
Onsite Health Clinic for State Employees at the
Texas Commission on Environmental Quality



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Executive Summary

In 2006, at the direction of the Legislature, the Employees Retirement System (ERS) established a nurse practitioner pilot program at the Texas Commission on Environmental Quality (TCEQ) and conducted a study of the program to determine if it could be cost-effective for the state and beneficial to meeting the health care needs of state employees. (See *HB 952, 79th Regular Session, attached as Exhibit A.*)

The TCEQ hosted the clinic and offered it to active employees enrolled in the Texas Employees Group Benefits Program (GBP). Although expenses have exceeded direct measurable savings to the state health plan during the pilot period to date, utilization patterns indicate the program may become cost-effective if it were made available to a larger population of state employees. The trial also showed a cost savings for the employees who participated, and productivity savings for the host agency.

In summary, three potential groups could have benefited from the nurse practitioner pilot program: TCEQ employees, TCEQ, and the GBP. The TCEQ

employees who used the clinic came out ahead, as they saved the cost of an office visit copay and gave the nurse overwhelmingly positive feedback on clinic surveys. Although absenteeism data was not collected from TCEQ, the agency benefited from productivity gains in the preliminary cost benefit analysis, based on employee time savings from using the onsite clinic rather than leaving to go to the doctor.

However, with less than nine months of data collection, the analysis does not demonstrate quantifiable net savings for the GBP Health Plan. In practical terms, it is unlikely that the clinic at TCEQ, due to economies of scale, will ever reach a break even point for the GBP health plan. An onsite clinic takes a sizeable initial capital investment and ongoing financial support. While it is a worthy employee benefit, and generates clear productivity savings for the host agency, it has not been a financial success for the GBP health plan.

This report will describe the process followed to implement HB 952, so that other agencies wishing to request a legislative appropriation to fund and establish their own onsite clinics may use it as a guideline. Potential modifications that could

increase utilization, enhance direct savings, and expand the benefits of the program to state employees include offering the clinic at a more central location that would serve a broader population of state employees, allowing employees to visit the clinic without using their sick leave, and expanding the list of services provided by the nurse practitioner.

Background

The stated purpose of the nurse practitioner pilot program was to determine if access to an onsite nurse practitioner could “reduce the cost of health care and increase the wellness and productivity of state employees.”

HB 952 provided that the clinic be housed at the TCEQ, located at 12100 Park 35 Circle in North Austin. It did not provide guidance as to the level of services, eligible population, hours of operation or the amount of support. These details were left to the discretion of the ERS board of trustees, which adopted rules governing the administration of the clinic on March 30, 2006. (See TAC, Title 34, Part 4, Ch. 82, attached as Exhibit B.)

Not later than December 31, 2006, House Bill 952 directed ERS to issue a report to the governor, lieutenant governor, speaker of the house, and certain standing committees of the legislature containing a summary of employee participation rates, a costs and benefits analysis, and legislative recommendations concerning the future of the nurse practitioner pilot program.

Because HB 952 required a determination as to whether the clinic was cost effective enough to be continued and/or expanded, the clinic model was purposefully kept simple so as to be easily replicated. This report will describe the process used to determine the most appropriate way to implement HB 952, so that other agencies wishing to request a legislative appropriation and establish their own onsite clinics may use it as a guideline.

Researching Alternatives for Establishing a Clinic

As part of its preliminary research, ERS looked at several public entities that had established in-house clinics for their employees: Travis County, Texas; the City of Garland, Texas; and Jefferson County, Texas. These entities provided information that ultimately proved to be useful in making a final decision on the parameters for the TCEQ clinic.

For example, the Travis County Employee Wellness and Health Clinic at 1010 Lavaca opened in February 2005, and has been so successful, a second clinic opened

in Del Valle in September 2005. A third clinic is planned for 2007. Clinic access is open to active employees, retirees, and dependents over 10 years of age. The Clinic has an onsite physician, RN and LVN, and offers a broad range of services, including lab work and full physical examinations. The annual budget for the Travis County Clinic is more than \$400,000 per year, and it logs about 3,400 office visits per year. It also has a wellness and training center that includes fitness classes and exercise equipment. Some of the encounter data that is tracked during office visits at the Travis County Clinic includes average BMI by diagnosis and lab results such as total cholesterol, triglycerides and glucose.

ERS obtained information from the City of Garland and Jefferson County on how to set up a pro-forma cost benefit analysis, and how to calculate the number of visits per day required to break even during the first and second years of clinic operations. The key data issue identified by these entities was the number of office visits diverted from the health plan.

Data Collection Required for a Cost-Benefit Analysis on an Onsite Clinic

Clinic Start-up Costs

Staff time invested in planning

Annual Clinic Operating Cost

Average Office Visit Cost Under Health Plan

- Member Copay
- Plan Cost

of Health Plan Office Visits for NP Clinic Users

- For a set timeframe prior to opening the clinic (in order to establish a baseline of health plan utilization)
- For a set timeframe of clinic operation (to gauge any change in behavior as a result of access to the clinic)

of NP Clinic Visits per Month/per Year

Options for Implementing HB 952

Several options were considered for implementing HB 952, including: issuing a Request for Proposal to contract with a third party vendor; entering into an interagency agreement with TCEQ to establish the clinic; or using one of the Group Benefit Program's current providers to contract for additional services.

Option 1: Issuing an RFP for a Third-Party Vendor

Two companies were contacted that specialize in establishing work-site health clinics. This type of company provides a "turn-key" operation wherein ERS could have developed an RFP and determined the scope of services desired. It was decided not to go with a third-party vendor for many reasons, but primarily due to cost and timing issues. The RFP process is a time consuming one that may take up to six months or more, and implementation and evaluation of the pilot program was required to be completed by December 31, 2006.

Option 2: Interagency Agreement with TCEQ

Under this option, ERS would have entered into an interagency agreement with TCEQ to establish the clinic. TCEQ was instrumental in getting the legislation passed and already had developed a plan to establish the clinic. TCEQ also had obtained an estimate for converting its existing office space to house the clinic. Under this plan, ERS would have authorized a transfer to TCEQ of a specified dollar amount through an interagency agreement, thereby limiting ERS' involvement in setting up the clinic. However,

a question of the prudent use of GBP funds was raised, since TCEQ intended to utilize these funds to modify the building to accommodate the nurse practitioner. Since TCEQ's expenditures would have been reimbursed with GBP funds, this option raised serious legal questions, discussed further in the Use of GBP Funds section on pages 5-6 of this report. (See *Tex. Insurance Code, Sec. 1551.401.*)

Option 3: Contracting with an existing ERS Vendor

The third option was to amend a contract with one of the Health Maintenance Organizations (HMOs) or with HealthSelect's third-party administrator (TPA) to establish the clinic.

A. CONTRACTING WITH AN HMO

In discussions with Scott & White, they indicated an interest in providing such a clinic. However, the clinic would be similar to its existing facilities and would have to be part of the Scott & White network. The provider and nurse practitioner would require payment under their standard rate structure, making this option potentially more expensive to the State health plan than some of the other options that were explored. The bulk of any savings would have accrued

to TCEQ due to productivity savings because of the convenience of the onsite facility.

B. CONTRACTING WITH EXISTING HEALTH-SELECT NETWORK PROVIDER

ERS then asked BCBSTX, the HealthSelect third-party administrator, to discuss the clinic option with one of its network providers. BCBSTX advised that Austin Regional Clinic (ARC) recently had established clinics for a local insurance company and for a local software company. ARC also had expressed interest in this type of arrangement. Since ARC was already a network provider in HealthSelect, this appeared to be the most desirable option.

After a full exploration of the options, it was determined that the most timely and efficient route to implementing the clinic was to amend ERS' existing third-party administrator contract. By doing this, an existing relationship could be leveraged and BCBSTX could be allowed to contract with ARC to provide services at TCEQ. ARC would provide the nurse practitioner, supervising physician, medical equipment, and medical supplies for the pilot clinic. BCBSTX would assume responsibility for administration and monitoring clinic results.

Use of GBP Funds

Texas Insurance Code, Sec. 1551.401(d) sets forth the uses of Insurance Fund 973, which was the source of funds used for the Nurse Practitioner Pilot Program. The insurance fund meets the legal criteria of a trust fund, and as such, the ERS Board has a fiduciary duty to use the insurance fund only for the purposes for which it was created.

A strict interpretation of the language of that section provides that Fund 973 may only be used for two general purposes: insurance coverages provided for in the Texas Employees Group Benefits Act (*Tex. Ins. Code, Chapter 1551*), and administration of those coverages. As the purposes of the Act are to provide uniformity of life, accident, and health benefit coverage for all state officers and employees and their dependents, there was at least some concern when administering the Nurse Practitioner Pilot Program with Fund 973, that the use of that fund for such a pilot program may not be proper: the main reason being it is providing direct health services (staff) versus insurance, and the isolation of the TCEQ campus, thus the exclusivity of the benefit of the onsite clinic for TCEQ employees.

Originally, HB 952 had a legislative appropriation of \$169,219 with which it would have been implemented. The appropriation was withdrawn before final passage of the bill. Although in the long-term, the nurse pilot program may indeed “pay for itself,” even the most profitable enterprises require start-up capital, and a pilot program that may save money in the long run also needs start-up money.

The Board of Trustees of the Employees Retirement System has a fiduciary duty to manage and invest the assets of Insurance Fund 973 according to the standard of care provided in Tex. Gov’t Code, sec. 815.307, i.e. prudently. The Board has a duty to use the insurance fund for purposes within the scope of uses authorized by existing law and solely for the benefit of the designated beneficiaries of the fund (i.e. state officers and employees and their dependents).

In summary, the Nurse Practitioner Pilot Program is a short-term project that serves the members of the GBP, and is offered as an extension of the existing third-party administrator health plan contract. From the Board’s perspective and in its role as guardians of the insurance fund, these were important considerations.

Legal and Contracting Issues

In the course of establishing the onsite clinic, a number of legal and contracting issues were identified.

Many of the identified legal issues could be addressed by ERS’ in-house counsel. Three formal legal documents were drawn up during the process to clarify understanding among the various parties. Two were formal contracts, and one was a memorandum of agreement. Those documents are explained in more detail in the following pages.

Legal and Contracting Issues Identified During the NP Clinic Discussions

- Use of GBP Funds
- Premises Liability
- Medical Liability
- Drafting and Approval of Board Rules
- Patient Records and Privacy Protections under HIPAA
- Staffing Agreements
- Agreements for Tracking Patient Encounter Data
- Apportionment of Administrative Responsibilities
- Procurement and Remodeling of Clinic Space
- Overall Contract Terms and Conditions
- Assignment of Responsibility for Medical Equipment and Supplies
- Assignment of Responsibility for Non-Medical Equipment and Supplies (such as Office Furniture and Computers)

Amending the Third-Party Administrator (TPA) Contract

The decision to allow BCBSTX to assist in establishing and administering the pilot clinic required an amendment to ERS' current TPA contract. ERS agreed to pay \$2,500 per month for services during the pilot period from March 15, 2006 until August 31, 2007. In exchange for the \$2,500 per month, BCBSTX was responsible for tracking TCEQ patient encounter data necessary to prepare monthly data analysis reports.

BCBSTX also would be responsible for contracting with Austin Regional Clinic (ARC) to provide the nurse practitioner, supervising physician, medical equipment, and medical supplies for the TCEQ Pilot Clinic. BCBSTX would pay \$12,000 per month for ARC's pilot clinic services on a monthly basis and then be reimbursed by ERS through the TPA contract.

Professional Services Agreement with Austin Regional Clinic (ARC)

BCBSTX entered into a professional services agreement with ARC for \$12,000 per month to provide the necessary personnel, medical equipment and supplies to operate the pilot clinic at TCEQ. BCBSTX was reimbursed

for this amount through the amendment to the TPA contract described above.

IN EXCHANGE FOR THE \$12,000 PER MONTH, ARC WAS RESPONSIBLE FOR:

- Hiring, credentialing, and paying (including worker's comp, fringe benefits, and insurance coverage) a qualified nurse practitioner to staff the clinic during the pilot period.
- Paying a state licensed physician to supervise the nurse practitioner for the required hours per week (a physician must supervise 10 percent of the nurse practitioner's encounters).
- Providing medical and general liability insurance for the nurse practitioner and the physician.
- Supplying all medical equipment and supplies for operating the clinic.
- Implementing a process to address patient/employee complaints concerning the services at the clinic.
- Ensuring that the TCEQ employees understood that their privacy was protected while visiting the clinic. Patient records would be protected under HIPAA and would remain the property of ARC after the conclusion of the pilot.

Memorandum of Agreement (MOA) with TCEQ

ERS entered into an MOA with TCEQ, which stated that TCEQ would provide funding and be responsible for remodeling clinic space per ARC's specifications, including an exam room with a sink, waiting area, separate office space for the nurse, and easy access to a restroom. TCEQ also was responsible for non-medical furniture for the waiting room and office furniture for the nurse with equipment such as computer, telephone, and fax machine. TCEQ would serve as communication liaison with the employees regarding appointment scheduling and communicating which services were available. The MOA also addressed the issue of premises liability for the pilot clinic, clarifying that ERS, BCBSTX, and ARC would not be held liable for any loss, damage, or injury occurring within the pilot clinic facility.

Implementation Logistics

TCEQ named the nurse practitioner clinic the Employee Health Center, established a list of approved services, guidelines for eligibility and clinic usage, and used a number of approaches to promote the clinic.

HB 952 did not identify specific services that should be offered. Based on a series of discussions with BCBSTX, ARC, and Tim Flynn, the Nurse Practitioner at the Capitol, the list of approved services was limited to acute care and minor injuries. Complicated or chronic illnesses were excluded from treatment due to the associated costs and potential liability issues, with a directive that the nurse should stabilize a patient and call for medical assistance if necessary.

Services Provided

- Assessment and treatment (including prescription medications) as needed for:
 - Upper respiratory illness or infection (e.g., colds and flu)
 - Minor injuries and minor wound care (e.g., cuts and abrasions)
 - Musculoskeletal symptoms (e.g., sprains and soreness)

- Minor gastroenterological symptoms and illnesses
- Minor allergy and asthma symptoms (allergy shots could be given if the patient provided the serum and a doctor was present to supervise)
- Basic lab tests (includes urine, blood sugar, and rapid strep and flu)

- Monitoring and reporting back to patient's physician on requested indicators
- Initial assessment of worksite injury and referral to TCEQ's Workers' Compensation Coordinator
- Tetanus vaccination
- Limited counseling for behavioral health concerns and referral to the Employee Assistance Program

Services Not Provided

Many services were not provided because they were cost prohibitive. For example,

- Drawing lab specimens would require expanded facilities to accommodate refrigeration and special disposal of needles or hazardous waste.
- Providing narcotics or pain management could provide an issue of the security of onsite narcotic storage.
- Physical exams would have created a need for dressing rooms, as well as the need for female

- attendants for female patients who requested an annual exam.
- X-rays
- Suture lacerations
- Cast or splint orthopedic injuries
- Other services not appropriate to the clinic setting

Eligibility for Services

For the purposes of this study, access to the nurse practitioner clinic was limited to active employees enrolled in the GBP insurance plan. GBP retirees and TCEQ dependents were not granted access to the clinic. Preliminary research indicated that productivity savings for employees would be significantly reduced as a cost savings factor if the clinic treated dependents or retirees, due to increased patient load.

Transportation time was also an issue when deciding whether to grant clinic access to dependents, as employees would need travel time to pick up their dependents and return them home or to school. Some other concerns that led to the ultimate decision to exclude dependents and retirees from eligibility included premise liability, parking issues and the potential to disrupt State business.

Hours of Operation

The clinic was open throughout the business day including the lunch hour, from 8:30 a.m. – 4:00 p.m., Monday through Friday. Administrative duties were performed outside of clinic hours, and the clinic was closed when the nurse practitioner was ill or on vacation.

Staffing

The facility is staffed by a sole nurse practitioner who provides her own administrative support and maintains patient files. Since Texas law requires a supervising physician to review 10 percent of the nurse's cases on a weekly basis, the agreement between BCBSTX and ARC covers the cost of the supervising physician in addition to fees paid to the nurse practitioner.

Employee Health Center Guidelines

All employees were required to show their state employee identification and their insurance card to use the services provided by the nurse practitioner, although they were not required to make a copayment. (See *Clinic Brochure attached as Exhibit C.*)

Employees were required to notify their supervisor and to file for sick leave when they visited the nurse practitioner, as they would

with any other medical appointment. Supervisors were given the responsibility for monitoring excessive usage and managing leave time used in accordance with agency policy.

Promotion of the Employee Health Center

TCEQ held an open house when the program was launched, including coverage by the news media. Administrators sent global e-mails to all employees introducing them to the services. Different features were developed on the TCEQ intranet that included links to other health and wellness sites, and monthly articles on wellness topics written by the nurse practitioner appeared in the employee newsletter. Some of the topics the nurse practitioner wrote about in the employee newsletter included breast cancer awareness, nutrition, immunizations, tobacco awareness, and preventing sunburn. (See *Exhibit D for a sample newsletter.*)

TCEQ provided opportunities for the nurse practitioner to increase her visibility, including a booth at the TCEQ benefits fair and free blood pressure readings and blood pressure screenings during summer enrollment. The nurse practitioner also hosted "Lunch and Learn" sessions throughout the trial period on a range of is-

suues related to employee health and wellness. (See *Exhibit E for a sample Lunch and Learn flyer.*)

Data Collection

A team composed of staff members from ERS, BCBSTX, and ARC determined what data would be tracked during the trial period. A patient form was designed to serve as the medical record, capture certain encounter data that would be used to conduct a cost-benefit analysis, provide information about the patient's experience, and allow for evaluation of the service.

Because the TCEQ clinic provided only "clothes-on" services, the team decided against the collection of medical encounter data or personal health information such as that being used by the Travis County Employee Wellness and Health Clinic (i.e., BMI by diagnosis, laboratory results). Instead, the team focused on the type of data that was more meaningful for performing a cost-benefit analysis and determining a break-even point for the clinic. According to the City of Garland project, the key data point for this type of analysis was the number of office visits diverted from its health plan.

The data team realized early on that there were concerns about conducting a cost-benefit analysis using claims data on TCEQ employees. For one thing, the TCEQ clinic services a very small number of state employees. In order to determine whether the number of office visits diverted from the GBP health plan was significant, it would be necessary to isolate the health records of TCEQ employees from other state employees. To drill down even further on the impact of the clinic on patient health and/or behavior, it would be necessary to isolate the claims records of only those TCEQ employees who used the health clinic.

In order to protect the employees at the TCEQ job site who used the clinic and to comply with federal privacy laws, the claims data would be aggregated and not analyzed on an individual basis, which means that no one individual employee could be identified in the reports. However, several issues arise that bring the validity of a cost-benefit analysis using such data into question, including the smallness of the sample size and the short time frame in which the intervention has been allowed to work. The main data issue is that after less than nine months in operation, the data is too preliminary upon which to draw conclusions about whether or not employees' health or claims

experience was positively affected by the clinic.

Feedback on the Clinic

Observations of the ARC Medical Director

When asked to compare and contrast the TCEQ onsite clinic to other onsite clinics managed by ARC, the Medical Director of ARC made the following observations:

- Most clinics that develop a very aggressive promotion campaign to their employees will see an economically positive situation by the beginning of year three. Pursuing more opportunities to promote the clinic should result in greater clinic utilization.
- The other onsite ARC clinics have additional staff and offered a similar range of services, except other clinics offer more active monitoring of chronic diseases by explicitly telling employees that they can be monitored for blood pressure, blood sugar, or cholesterol, through the employee clinic and the results will be sent to the employee's primary care physician.
- Acuity (severity) of occasional cases at TCEQ is higher than other clinics. This may be just

an anomaly unless the average age of TCEQ employees is high.

- The nurse practitioner has recently begun administering weekly injections to two patients who require injections for two different medical conditions. This is an opportunity to promote availability of services to other employees who may need the same sort of assistance. When the supervising physician is onsite every other week, a suggestion might be to allow certain injections for those employees who need them on a regular basis. Having the doctor onsite would satisfy the medical liability of administering these injections.

Observations of TCEQ Clinic Users

What follows is a sampling of comments made by some of the TCEQ employees who used the onsite clinic:

- I was very impressed with the nurse's knowledge and "bedside manner." I was very comfortable working with her. My only suggestion is she mentioned she has not yet been able to get any samples that she could give patients to try. I think this could further enhance her effectiveness.
- The nurse was extremely professional, caring, and knowledgeable. I think this will be a great asset to TCEQ or any other business with a large number of employees. There are always going to be those with a history of health problems or maybe an immediate health need. Most employees do not like to admit to co-workers that they may need help with a health problem, and may even try to ignore it, causing further complications. When I saw the nurse, this was the issue going on and it did require some extensive testing and treatment. I appreciate her response so much.
- Since we have the flexibility to visit the health center any time throughout the day it would be good to know how many people are waiting in the office. This could help the patient select a more optimal time.
- It would be great if she could do more than just the basic stuff. Like order blood tests, like a CBC. Overall, it was a very pleasant experience. I hope she gets to stay with us!
- This was so convenient. It just took me 20 minutes to go see the nurse and get back to work as opposed to driving out to see my regular physician. The nurse did a fast strep throat test right there to check for strep throat. This is a great thing TCEQ is doing for its employees. I don't see any need for improvement. Thanks to TCEQ.
- Just advertise more. The service and professionalism were excellent. It took me a total of 15 minutes. If I had to go to my PCP, I would have missed half the day or more. This is one of the best ideas the Agency has instigated in the 10 years I've worked here. Well done!
(See Exhibit F for the results of the Employee Health Center Survey.)

Cost Benefit Analysis

HB 952 directed ERS to conduct a cost benefit analysis as part of its evaluation of the effectiveness of the nurse practitioner pilot program. Both direct and indirect cost and benefit data were evaluated for the purposes of this discussion. The cost benefit analysis was performed by a consulting actuary with Rudd & Wisdom using data provided by ERS, TCEQ, the onsite clinic, BCBSTX, and ARC.

Build-Out Costs

Under the terms of the MOA, TCEQ identified space that could be used for the clinic and obtained estimates from a construction company. The contractor's estimate included the cost of converting rest rooms and examination rooms per ARC's specifications. The total cost came to \$23,523. TCEQ estimated that 152 staff hours were expended and ERS estimated that 177 staff hours were expended during the planning and build-out process.

Clinic Utilization

TCEQ began offering medical services to its 2,760 employees on March 15, 2006. Monthly patient visits from inception through November 30, 2006 can be found in *Exhibit G*.

The number of patient visits increased each of the first four months the clinic was open then dropped off somewhat during the summer months before reaching a high of 144 during September. Clinic utilization ranged from a low of 4.8 visits per day in April to about 8.0 visits per day in September. (See *Exhibit H.*)

Although there has been some variability in the utilization rate as employees become familiar with the clinic, at this point it appears that utilization in the range of 7 visits per day can be expected.

In addition to in-person visits, the NP has fielded a significant number of telephone inquiries and e-visits since that service became available in July. (See *Exhibit I.*) A flu shot clinic was held on November 8th and 9th with 52 flu shots administered over the two days.

Based on this analysis, the population of 2,760 active employees at TCEQ is not large enough for the clinic to become cost effective to the health plan. Current assumptions based on the preliminary data indicate a population of at least 18,051 employees is needed for the clinic to break even on an annual basis.

Furthermore, this analysis shows that the nurse practitioner would

have to see 25 patients per day to break even on an annual basis, rather than the 7 patients per day she is currently seeing. This means the nurse practitioner would have to see one patient every 14 minutes while she was in the clinic, which would leave no time for administrative duties, appointment scheduling, outreach, telephone calls or e-inquiries.

As indicated in *Exhibit J*, although the nurse practitioner referred more than 45 percent of the patients to a primary care physician (PCP) in the first two months, the referral rate dropped rapidly, ultimately stabilizing at a rate of less than 25 percent. Employees were referred to the health plan's disease management program 148 times, or an average of 17.4 times per month; to TCEQ's Employee Assistance Program 17 times or an average 2.0 times per month; and to workers' compensation coverage 8 times, or an average of 1 time per month. (See *Exhibit K.*)

Limitations of the Cost Benefit Analysis

A determinative cost benefit analysis is limited at this time due to a number of factors, including:

1. The clinic has been operational for only 8.5 months through November 30, 2006. Generally, at least 12 months of experience

is needed to:

- evaluate health care-related initiatives.
- compare data and GBP claims against a 12-month baseline of health claims experience. Such a comparison will allow an evaluation of whether the onsite clinic has had an impact on overall health care expenditures for those TCEQ employees who accessed it.

2. The period of operations included the introductory phase, the summer months when many employees were on vacation, and a period when the NP was on vacation. It did not include the winter months when utilization of PCP services may be high due to the flu, colds, allergies, etc. As a result, it is not possible to extrapolate reliable conclusions concerning longer term expectations from the experience to date.
3. While expenses already have reached a mature level, the utilization of the clinic has not yet reached a mature level since it represents a conceptual change in the delivery of health care for TCEQ employees. In other words, clinic expenses are now fixed and predictable, but clinic usage still has the potential to grow.

4. All of the factors noted above are complicated by the small size of the population eligible to use the clinic and the even smaller number of patients utilizing the clinic. Under such conditions, there may be significant volatility in health care expenditures that otherwise may distort findings.

Nevertheless, with those limitations in mind, this analysis was conducted in order to quantify results to date. The analysis and findings are described in the following sections.

Cost

Clinic costs are easily defined and quantified. They include those listed as follows.

BCBSTX is paid an all-inclusive monthly fee of \$14,500 to (a) staff, supervise, and provide supplies and equipment for the clinic, and (b) provide employee communications, legal services, management and reporting, and quality checks on the clinic. These expenses are paid by the GBP Health Plan from the Employees Life, Health and Accident Benefits Fund (Fund 973). Fund 973 is comprised of contributions from the state, higher education institutions, and the members for GBP coverage.

TCEQ expended about \$23,500 to build the clinic. For purposes of this analysis, that cost was depreciated over the 18-month period of the ERS/BCBSTX contract to staff and manage the clinic. Using a straight line methodology, the depreciation expense was determined to be \$1,307 per month. For a nine-month period, TCEQ's capital depreciation costs were \$11,762.

In total, it costs about \$15,800 per month to operate the clinic.

Through November 30, 2006, the clinic's total incurred costs by funding source were as follows:

GBP Fund 973	\$123,250
TCEQ	\$11,762
Total	\$135,012

Benefits

The benefits resulting from the NP clinic are more complicated to quantify. Those that can be identified at this point are as follows:

1. A survey of clinic patients indicates that 739 of the 942 clinic visits (78%) otherwise would have resulted in a primary care physician (PCP) visit. The third-party administrator allowable rate for an average PCP visit in Travis County is \$56. Of that

\$56 amount, the GBP Health Plan pays \$36, and the member incurs a \$20 copayment for each PCP visit. Based on this assumption, through November 30, the clinic has reduced expenditures for PCP visits by \$26,604 for the GBP Health Plan and by \$14,780 for GBP members through reduced PCP copayments. This represents a total reduction in PCP-related expenditures of \$41,384, assuming members would have used network PCPs in the absence of the availability of the clinic. (See Exhibit L for a more detailed analysis.)

2. The clinic has contributed to improved productivity among those employees who have used the clinic in lieu of a PCP by reducing the amount of time they have been absent from work for medical purposes. This cost benefit analysis estimated that the average PCP visit results in a three hour absence from work. Visits to the clinic generally require about 30-45 minutes including travel and wait time for a net reduction in absenteeism of 2.5 hours for each clinic visit made in lieu of a PCP visit. TCEQ employees earn an average of \$22.17 per hour. Therefore, the net improvement in productivity for TCEQ is estimated to be \$38,663.

3. Other factors that were not quantified in the combined savings, yet have proved beneficial to meeting the needs of state employees include convenience, the potential for avoiding a major medical event, an expedited prescription process that did not require a PCP office visit, and access to wellness information and counseling for employees with chronic conditions.
4. Over the period that the clinic has been operational, the total quantifiable reductions in PCP expenditures and productivity savings are as follows:

GBP Fund 973	\$26,604
GBP Members	\$14,780
TCEQ	\$38,663
Total	\$80,047

Cost vs. Benefits

Based on operations for the first 8.5 months, the quantifiable net savings/(costs) accruing from the clinic to the various parties are as follows:

Funding Source	Cost	Savings	Net Savings/ (Costs)
GBP Fund 973	\$123,250	\$26,604	(\$96,646)
TCEQ	11,762	38,663	26,902
GBP Members	0	14,780	14,780
Total	\$135,012	\$80,047	(\$54,965)

As indicated above, the results differ significantly among the three funding sources. TCEQ and the GBP members are experiencing savings from the clinic, while the clinic is actually producing a rather significant net cost for GBP Fund 973. Overall, the clinic has generated a net cost of about \$55,000 when the results for all three funding sources are combined.

Conclusion

The stated purpose of the nurse practitioner pilot program was to determine if access to an onsite nurse prac-

itioner could “reduce the cost of health care and increase the wellness and productivity of state employees.” This analysis does not demonstrate quantifiable net savings for the GBP Health Plan at this time.

In practical terms, it is unlikely that the clinic at TCEQ, due to economies of scale, will ever reach a break even point for the GBP health plan. An onsite clinic takes a sizeable initial capital investment and ongoing financial support. While it is a worthy employee benefit, and generates clear productivity savings for the host agency, it has not been a financial success for the GBP health plan.



Employees Retirement System of Texas
1801 Brazos St., Austin, TX 78701
P.O. Box 13207, Austin, TX 78711
(512) 867-7711 in Austin
(877) 275-4377 toll-free
www.ers.state.tx.us

AN ACT

relating to a pilot program to provide health services to state employees in state office complexes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle B, Title 6, Government Code, is amended by adding Chapter 671 to read as follows:

CHAPTER 671. HEALTH SERVICES IN STATE OFFICE COMPLEXES

Sec. 671.001. NURSE PRACTITIONER IN STATE OFFICE COMPLEXES; PILOT PROGRAM. (a) To reduce the cost of health care and increase the wellness and productivity of state employees, the Employees Retirement System of Texas shall develop and implement a pilot program to make available a licensed advanced practice nurse to provide authorized on-site health services at a selected location to state employees who choose to make use of the services.

(b) The pilot program must provide for the following:

(1) a licensed advanced practice nurse as defined by Section 301.152, Occupations Code, who is employed by the state or whose services are acquired by contract, who will be located at a state office complex;

(2) a licensed physician, who is employed by a state

governmental entity for purposes other than the pilot program or whose services are acquired by contract, who will perform all supervisory functions described by Section 157.052(e), Occupations Code;

(3) appropriate office space and equipment for the advanced practice nurse to provide basic medical care to employees at the state office complex where the nurse is located; and

(4) professional liability insurance covering services provided by the advanced practice nurse.

(c) The board of trustees of the Employees Retirement System of Texas shall adopt rules necessary for implementation of this section and shall seek the assistance of state agencies as necessary for the implementation of this chapter.

(d) The Employees Retirement System of Texas shall determine whether it is more efficient to pay directly for some or all of the expenses associated with implementing this chapter or to reimburse expenses through an interagency agreement as the expenses are incurred by an agency participating in the program.

(e) The Employees Retirement System of Texas may order the pilot program continued or expanded to cover more state office complexes on finding:

(1) the pilot program has proven beneficial in meeting the health care needs of state employees; and

(2) continuation or expansion of the pilot program is economically beneficial.

SECTION 2. (a) As soon as possible after the effective date of this Act, the board of trustees of the Employees Retirement System of Texas shall adopt rules as required by Section 671.001, Government Code, as added by this Act.

(b) Not later than the 90th day after the date rules are adopted in accordance with Subsection (a) of this section, the Employees Retirement System of Texas shall begin the pilot program at the headquarters of the Texas Commission on Environmental Quality, located on the Park 35 Campus in Austin, Texas.

(c) Not later than December 31, 2006, the Employees Retirement System of Texas shall issue a report containing a summary of employee participation rates, a costs and benefits analysis, and legislative recommendations concerning the future of the pilot program established under Chapter 671, Government Code, as added by this Act, to the:

- (1) governor;
- (2) lieutenant governor;
- (3) speaker of the house of representatives;
- (4) standing committees of the senate and house of representatives having jurisdiction over state spending issues; and
- (5) standing committees of the senate and house of representatives having jurisdiction over health or human services issues.

SECTION 3. This Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I certify that H.B. No. 952 was passed by the House on April 22, 2005, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 952 was passed by the Senate on May 19, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor

CHAPTER 82. HEALTH SERVICES IN STATE OFFICE COMPLEXES

§ 82.1. Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Act--The Texas Employees Group Benefits Act, Act of the 77th Legislature, 2001, as amended, Insurance Code, Chapter 1551.

(2) Board--The board of trustees of the Employees Retirement System of Texas.

(3) Employee--A person authorized by the Act to participate in the program as an employee.

(4) Executive Director--The executive director of the Employees Retirement System of Texas.

(5) GBP--The Texas Employees Group Benefits Program as established by the board pursuant to the Act and known as the Group Benefits Program.

(6) Nurse Practitioner--A licensed advanced practice nurse as defined by §301.152, Occupations Code.

(7) Pilot Program--The program authorized under House Bill 952, 79th Texas Legislature, Regular Session, and codified at Chapter 671, Texas Government Code, wherein the viability of an on-site nurse practitioner to provide authorized on-site health services for state employees is to be evaluated.

(8) Supervising Physician--A licensed physician who will perform supervisory functions as described by §157.052(e), Occupations Code, for the nurse practitioner.

§82.3. Administration

The board shall implement and administer all aspects of the pilot program and determine any future expansion or continuation of the pilot program as authorized by Chapter 671, Texas Government Code. This includes the authority to execute contracts as necessary, to establish operating procedures, hours of operation, applicable fees and co-payments, administrative costs, and all other administrative and operational functions for

the pilot program. The executive director is vested with the authority to implement and make all administrative decisions related to the pilot program that are vested in the board, subject to the basic and general policies, rules and regulations and appellate jurisdiction of the board.

§82.5. Eligibility

Eligibility for participation in the pilot program shall be limited to employees of the state of Texas who are enrolled in the GBP, pursuant to Subchapter C, Chapter 1551, Insurance Code. Retirees and their dependents and dependents of employees are not eligible for participation.









§82.7. Enrollment and Participation

No special enrollment shall be required for treatment of employees. Proof of status as an employee currently enrolled in the GBP shall be required for participation.

§82.9. Termination

The board shall determine if the continued operation of any facility established under the pilot program is cost effective and beneficial to the participants of the GBP. The authority to continue or terminate a facility shall be determined by the board.

IMPORTANT INFORMATION

-  You must use accrued leave for visits.
-  You must notify your supervisor when you leave and return to your work area.
-  Services are available only to current state employees, not dependents or retirees.
-  Lounge facilities are not available for resting away from your office area.
-  If you are injured on the job or acquire a work-related illness, you must contact the Workers' Compensation Coordinator in the Human Resources and Staff Development Division. The nurse practitioner will provide an initial assessment and provide you with contact information, but cannot complete or assist with Workers' Compensation paperwork.
-  All medical services are confidential—patient information is HIPAA protected.
-  Call 239-6877 (239-NURS) to schedule an appointment or come by as needed.
-  Present your state-issued badge and insurance card for service.

**No
Co-payment!**

LOCATION

Texas Commission on Environmental Quality
12100 Park 35 Circle, Building F
1st Floor, Suite 1304
(North side of the building)

HOURS OF OPERATION

Monday thru Friday
8:30 a.m. – 4 p.m.

TELEPHONE

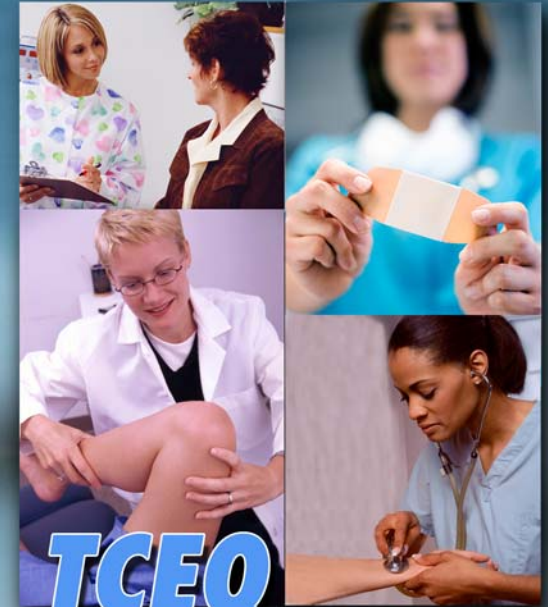
512/239-6877 (239-NURS)

The Employee Health Center is a collaborative effort of the TCEQ, Employees Retirement System, Austin Regional Clinic, and BlueCross/BlueShield of Texas.



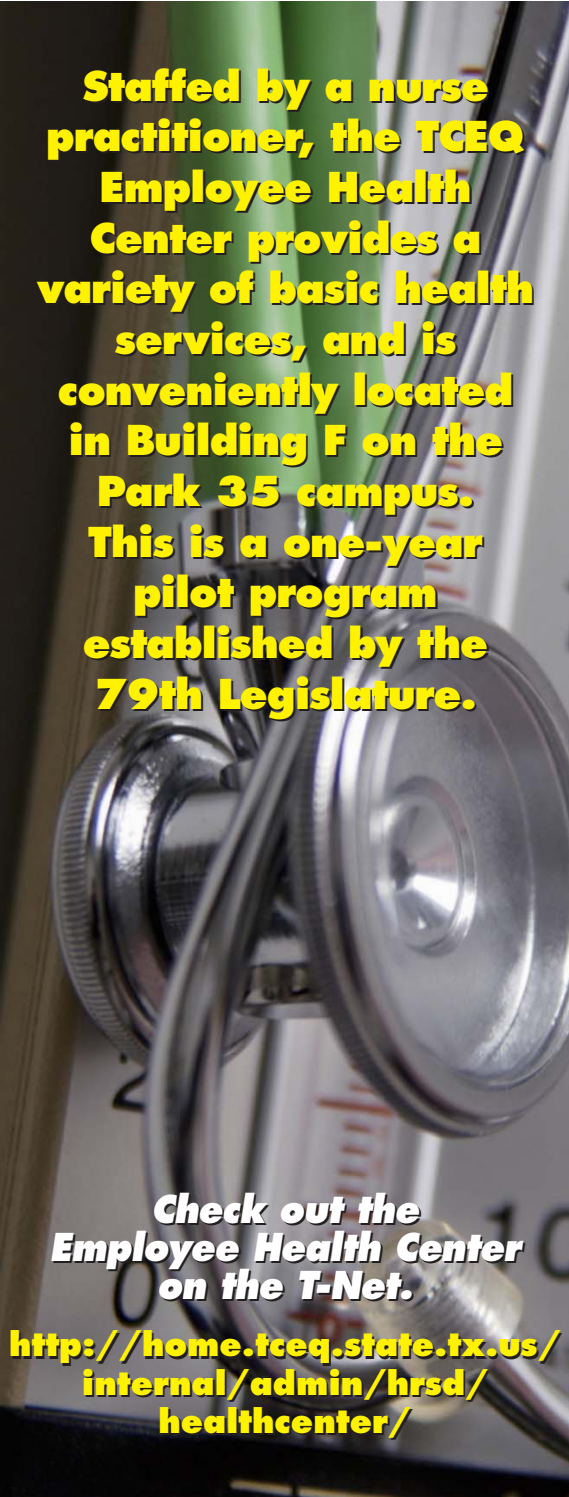
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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**TCEQ
Employee
Health
Center**





Staffed by a nurse practitioner, the TCEQ Employee Health Center provides a variety of basic health services, and is conveniently located in Building F on the Park 35 campus. This is a one-year pilot program established by the 79th Legislature.

Check out the Employee Health Center on the T-Net.

<http://home.tceq.state.tx.us/internal/admin/hrsd/healthcenter/>

SERVICES PROVIDED

- 🏥 Assessment, treatment (including prescription), and referral as needed for:
 - Upper respiratory illness or infection.
 - Minor injuries and minor wound care.
 - Musculoskeletal symptoms.
 - Minor gastroenterological (such as stomach) symptoms and illnesses.
 - Minor allergy and asthma symptoms. (Allergy shots may be given if the patient provides the serum.)
 - Preventative health education and healthy lifestyle coaching.
 - Basic lab tests (includes urine, blood sugar, and rapid strep).
- 🏥 Monitoring of vital signs and reporting health indicators.
- 🏥 Initial work injury assessment and referral, if necessary.
- 🏥 Tetanus vaccination and select injections if serum is supplied by the agency or employee.
- 🏥 Limited counseling for behavioral health concerns and referral to the Employee Assistance Program.

Other services may be provided at the discretion of the nurse practitioner.

WHAT IS A NURSE PRACTITIONER?

A nurse practitioner is a registered professional nurse who has acquired knowledge and skills through an advanced program of study, enabling the nurse practitioner to practice in an expanded role as a medical professional. The Texas Board of Nurse Examiners regulates practice and licensure and the American Nurses Association provides the national certification. The Employee Health Center's nurse practitioner is an employee of the Austin Regional Clinic (ARC) whose work is supervised by an ARC physician.

Education/Certification

- ◆ Masters degree in nursing.
- ◆ Advanced clinical training.
- ◆ Certification through the American Nurses Association credentialing services, with recertification every five years.
- ◆ Current knowledge and skills maintained through mandatory continuing education programs.



RESOURCES FOR TCEQ EMPLOYEES

SITE SEARCH



T-NET



TCEQ

En

[T-NET HOME](#)
[TCEQ HOME](#)
[HELP](#)
[>Subject Index](#)


Natural Resource:

[All March Stories](#)

[Past Issues](#)

Natural Resource, March 2006

Is There a Doctor in the House?

Employee Health Center Opens at Park 35 Campus

—Lisa Wheeler, Agency Communications

How many of us have ignored a cough, an ache, or even a fever only because we felt we had to come to work and couldn't take the time out of our schedule? In fact, lack of time is one of the biggest excuses people give as to why they don't go to a health-care professional.

In an effort to determine the need for in-house health care, the TCEQ has partnered with the Employees Retirement System, the Austin Regional Clinic, and Blue Cross—Blue Shield of Texas to open the agency's first ever Employee Health Center. The clinic, located in Building F, 1st Floor, Suite 1304, on the Park 35 campus, will offer staff a variety of basic health-care services, and will be staffed by nurse practitioner, Catherine South. "Nurse South brings a wealth of experience to the TCEQ," says **Grace Montgomery Faulkner**, deputy director, Administrative Services. "She is a graduate of the UT School of Nursing, and has provided well-woman exams, and periodic care for men and women. Nurse South has also worked as an R.N. at the Austin Regional Clinic's after-hours clinic, where she was responsible for daily and monthly scheduling, management, and patient care."



On March 21, the TCEQ Health Clinic celebrated its grand opening with an open house for staff and supporters. Among those in attendance were, from left, Grace Montgomery Faulkner, Deputy, OAS, TCEQ; Ted Holden, Divisional VP, Blue Cross (Dallas); Brian Naiser, Director, Account Management, Blue Cross; Catherine South, Nurse Practitioner, TCEQ Employee Health Center; Norman Chenven, M.D., Founder and Executive VP, Austin Regional Clinic; and James Cooley, Chief of Staff, Rep. Dianne Delisi.

Open Monday-Friday, 8:30 a.m.—4:00 p.m., the center will offer assessment, treatment (including prescriptions), and as needed for:

- Upper-respiratory illness or infection.
- Care for minor injuries and wounds.
- Musculoskeletal symptoms.
- Minor gastroenterological (such as stomach) symptoms and illnesses.
- Minor allergy and asthma symptoms.
- Preventive health education and healthy-lifestyle coaching.
- Basic lab tests (including urine, blood sugar, and rapid strep).
- Monitoring of vital signs appropriate to complaints and symptoms; monitoring and

- reporting of health indicators (including blood-pressure checks and blood-sugar tests).
- Initial work-injury assessment and referral, if necessary.
- Tetanus vaccination as needed and other select injections if the serum is supplied by the agency or employee (example: flu vaccine, Pneumovax).
- Limited counseling for stress-related or behavioral health concerns and referral to the Employee Assistance Program.

If you are injured on the job or contract a work-related illness, you must contact the workers' compensation coordinator in the Human Resources and Staff Development Division. The nurse practitioner will provide an initial assessment and supply you with contact information, but cannot complete or assist with paperwork relating to workers' compensation.

In order to use the center, personnel must present their state-issued badge and insurance card for treatment. Services are only available to current state employees and are not extended to dependents or retirees. Accrued leave must be used when visiting the center. You will not be charged a co-payment for any of these services.

All medical care received is confidential. You may call 239-6788 (-NURS) to schedule an appointment, or stop by the Employee Health Center as needed. **Be sure to bring your state I.D. badge and health card.** For more information, visit the [Employee Health Center page](#).



Wellness Program Lunch and Learn Sessions

Sponsored by the Austin Regional Clinic

Lunch and Learn sessions to improve your health are scheduled as follows:

- ◆ **“The Benefits of Physical Therapy”**
Bridget Clark, MSPT, DPT
Thursday, July 20, 2006
12 noon to 1:00 p.m.
Building D, Room 191

- ◆ **“Women’s Health Issues”**
Sanna Conoley, RNC
Tuesday, August 15, 2006
12 noon to 1:00 p.m.
Building D, Room 191

Questions? Contact:

- La Shon Woods, Wellness Coordinator - ext. 1733
- Debra Cyphers, Employee Programs - ext. 0159
- Catherine South, TCEQ Nurse Practitioner - ext. 6877

**Texas Commission on Environmental Quality
Employee Health Center
Customer Service Survey***

General Statistics	
Total survey responses	124
First result	3/16/06
Last result	10/24/06

1. How satisfied were you with the overall quality of care and services you received?		
	Responses	Percentage
Satisfied	120	97
No opinion	1	1
Dissatisfied	3	2

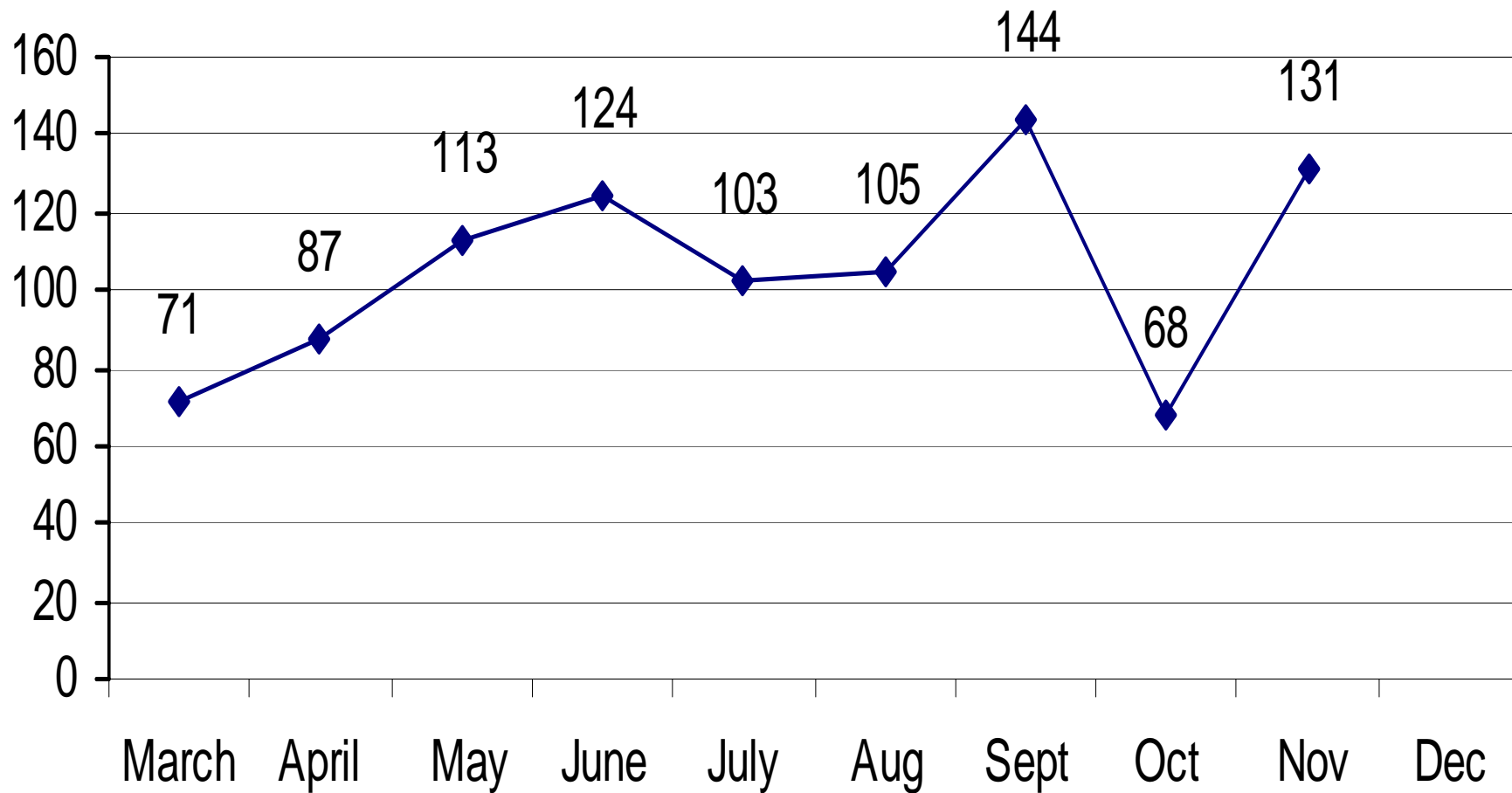
2. Were you seen in a timely manner?		
	Responses	Percentage
Yes	122	98
No	2	2

3. Do you feel satisfied that your privacy was protected?		
	Responses	Percentage
Yes	120	97
No	4	3

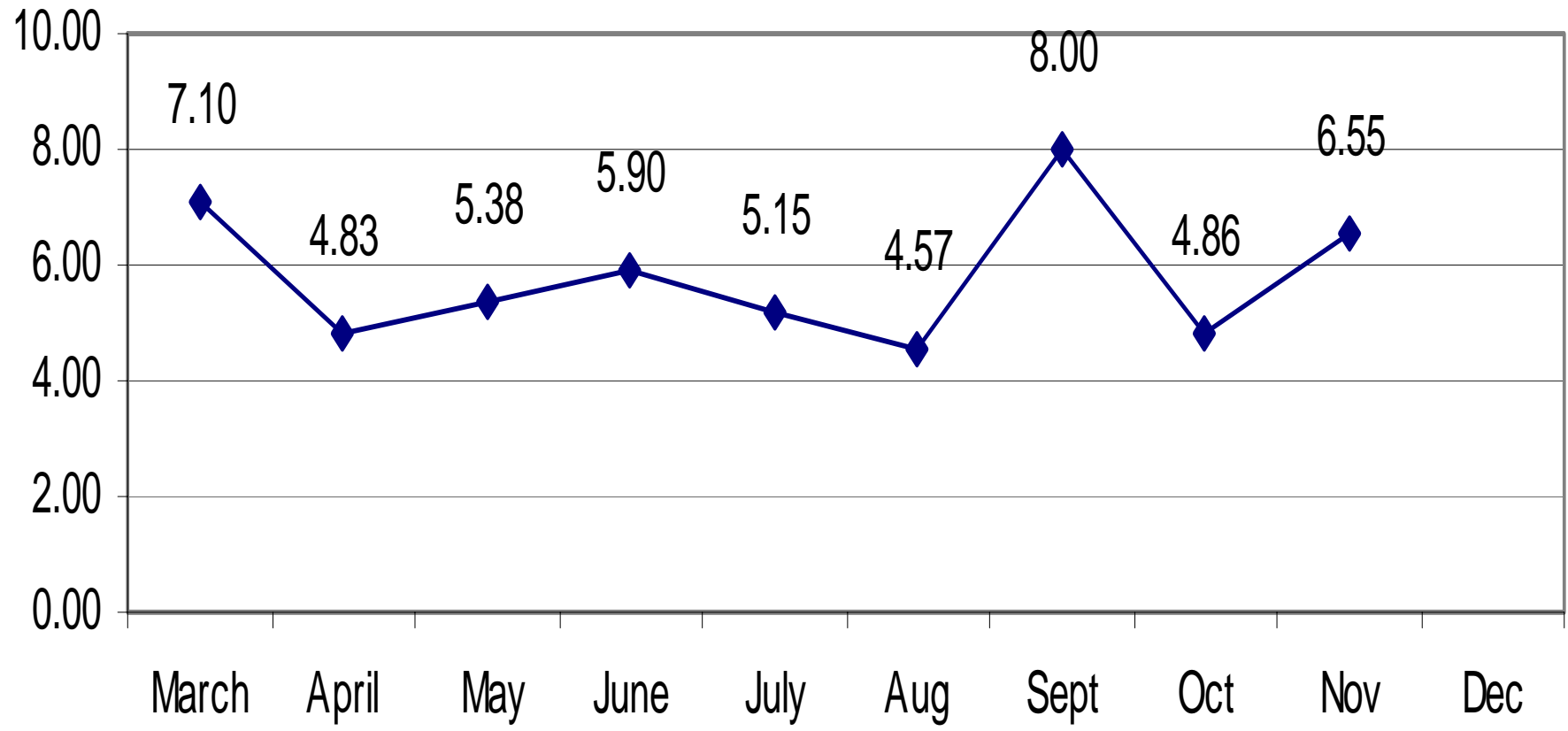
4. Would you recommend this service to other TCEQ employees?		
	Responses	Percentage
Yes	121	98
No	3	2

*Data captured on 11/29/06 from the TCEQ Soundings Survey Reporting System

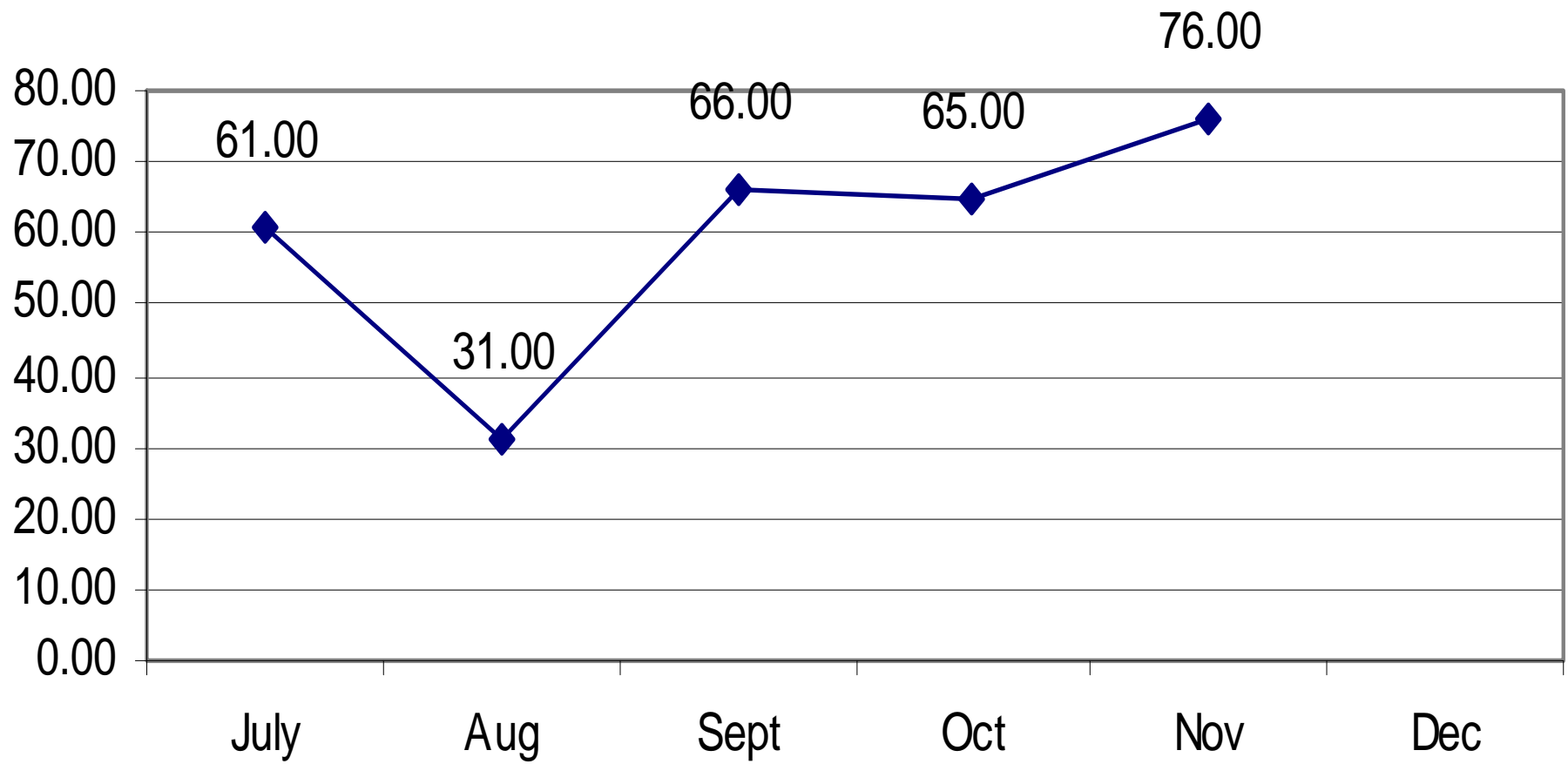
Patients Seen Per Month



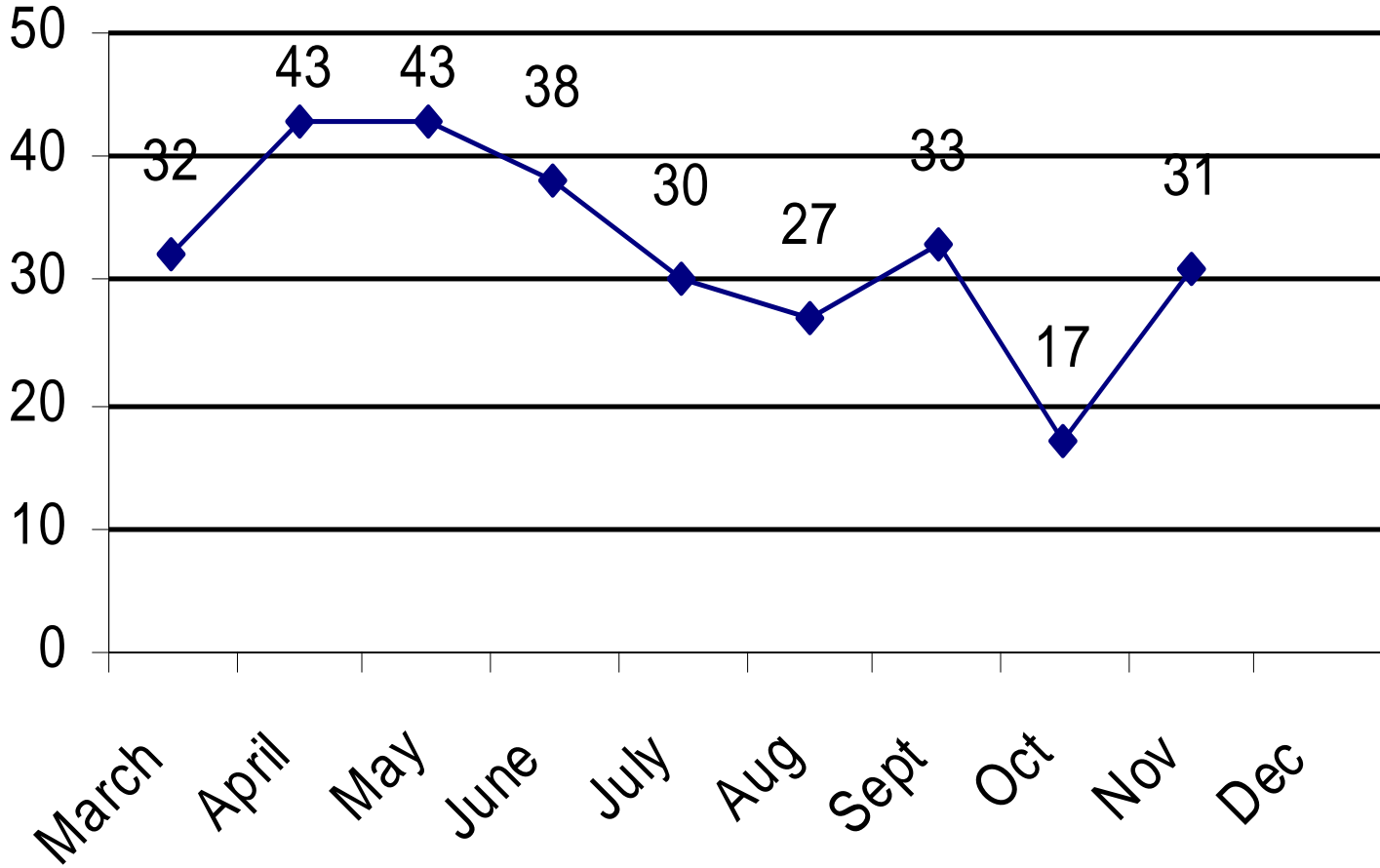
Average Number of Patients Per Day



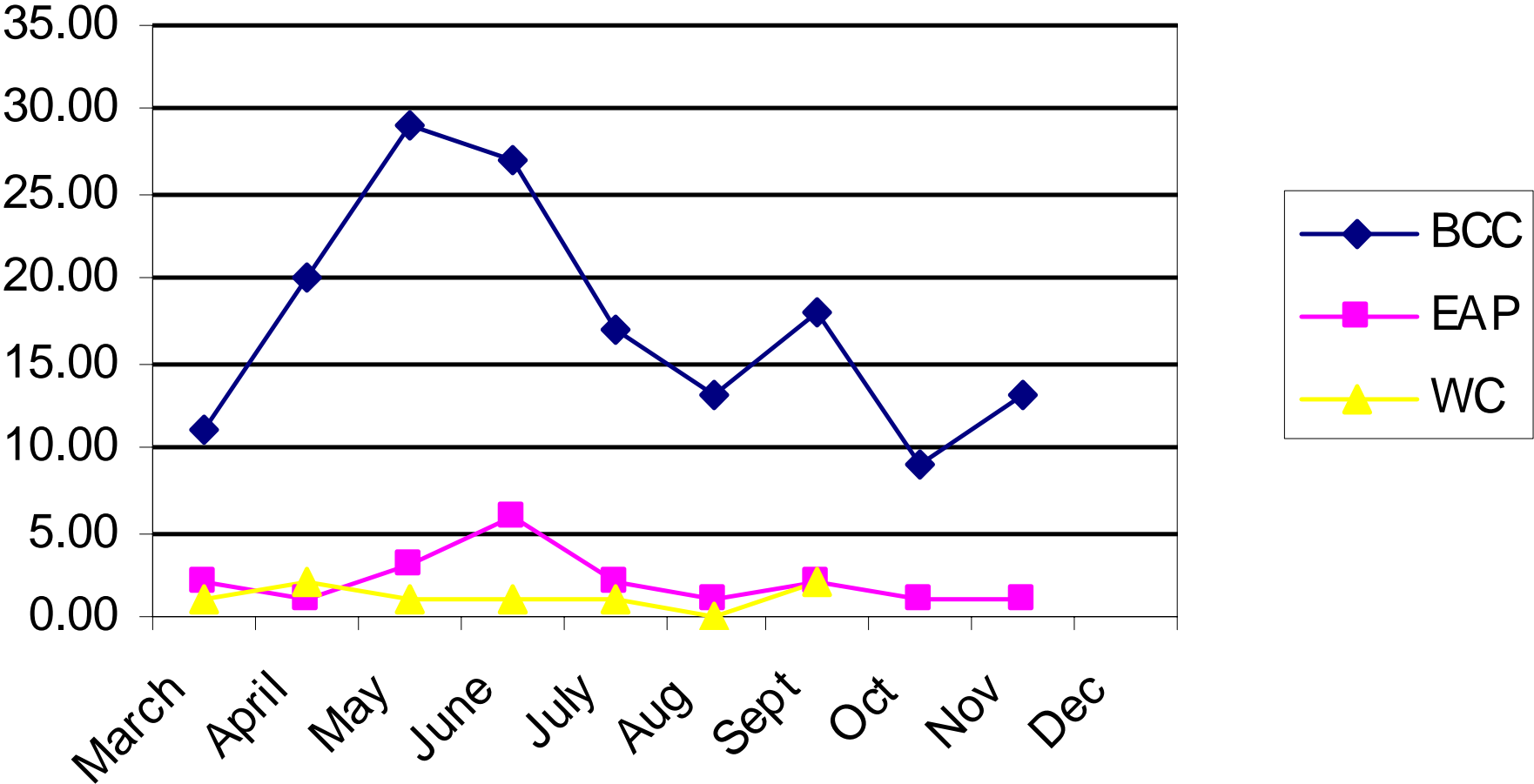
Phone/E-Visits Each Month



Patients Referred to PCP Each Month



Referrals to BCC, EAP, Workers Comp



Cost Benefit Analysis of TCEQ On-Site Clinic

Exhibit L

Summary of Employee Participation Rates	<u>3/15 - 11/30/06</u>	<u>²Projected</u> Annual Breakeven
Agency Employee Population	2,760	18,051
Number of Clinic Visits	946	6,187
Average Clinic Visits per Day	5.73	24.95
Number Utilizing Clinic Reporting They Would Have Visited a PCP	739	4,833
Clinic Expenses		
ARC Contract (8.5 months @ \$12,000 per month)	\$102,000	\$144,000
BCBSTX Administrative Contract (8.5 Months @ \$2,500)	\$21,250	\$30,000
GBP Health Plan Expenses	\$123,250	\$174,000
Savings		
GBP PCP Office Visits Avoided (\$36 per visit) ¹	\$ 26,604	\$ 174,000
Total Saving	\$ 26,604	\$ 174,000
Net Cost Effectiveness	\$ (96,646)	\$ -

Notes:

1. Average Primary Care Physician Office Visit cost in Travis County per BCBSTX Allowable Amount of \$56 less \$20 member copayment. Assumes each clinic visit that does not result in a PCP referral results in a one for one reduction in PCP visits.
2. Proforma breakeven point for the GBP based on current utilization.
3. Population required at current utilization levels to produce breakeven for the GBP. (18,051)