To: Honorable Board of Supervisors
From: Gina Rowland, Human Resources Director
Department: Human Resources
Subject: Approval of an amendment to the Statement of Work with Medcor for the provision and management of the County’s Employee Wellness Clinic

Recommendation:
Approve the amendment to the Statement of Work with Medcor for the provision and management of the County’s Employee Wellness Clinic; and, authorize the Chairman to sign the amendment.

Background:
On July 28, 2015, the Sutter County Board of Supervisors approved a contract and Statement of Work with Medcor for the provision and management of the County’s Employee Wellness Clinic. Medcor was founded in 1984 and provides on-site medical, pharmacy and wellness services to 209 locations in 38 states, 41 of those located in California. Medcor serves a broad spectrum of clients including government agencies, manufacturing, agriculture, entertainment, and construction. The clinic is staffed with one full-time Nurse Practitioner or Physician’s Assistant, one full-time Registered Nurse, and one full-time Medical Assistant.

In calendar year 2018, there were 1,385 visits to the Sutter County Employee Wellness Clinic--909 by employees, 470 by dependents, and 6 by retirees. The services available through the Wellness Clinic provide both tangible and intangible benefits to the employee and to the County. The clinic offers employees the opportunity to seek medical care without having to wait for an appointment with their own doctor. The clinic is open Monday, Wednesday and Friday from 7:00 a.m. to 4:00 p.m., and Tuesday and Thursday from 9:00 a.m. to 6 p.m. The clinic is closed each day between 11:00 a.m. and 12:00 p.m. Employees can make appointments by phone, online, or walk-in. The clinic is not intended to replace their primary care physician but can be used to find diagnoses, obtain medication prescriptions, and complete necessary lab work.

The clinic is available at no cost to all employees, their dependents, and retirees who are enrolled in a County-sponsored health plan. With the introduction of a High Deductible Health Plan in 2001 and a Health Savings Account in 2017, the clinic has played a vital role in helping employees save money on medical expenses. Employees can receive a number of prescriptions at no cost as Medcor stocks select medications for illnesses such as cold and flu, allergies, asthma, etc.

As a benefit to the County, Medcor provides nearby preventative care and wellness, laboratory services, and occupational health services for worker’s compensation injuries. This results in a savings to the County by reducing lost productivity and bringing services in-house as opposed to paying outside vendors. In FY2015-16, Sutter County paid $147,366 in workers compensation medical treatment. In
FY2016-17, Sutter County’s costs for worker’s compensation medical treatment increased to $159,784. The following year, Sutter County began to use the clinic for some of the workers compensation claims. In FY2017-18, Sutter County paid $64,001, a reduction of $95,783, or nearly 150%. Sutter County has since increased the usage of the clinic to maximize savings and continue to drive down costs. In addition to costs, there is a lack of providers for workers compensation. At one point in 2018, the clinic was the only provider that offered workers compensation services; the nearest provider was Roseville.

An additional service the County can bring in-house as opposed to paying an outside vendor is pre-employment drug screening. Historically, the County has paid an outside vendor to conduct these drug screens. By completing this in the employee health clinic, the County can reduce many or all associated costs. In FY2017-18, Sutter County paid a total of $50,665 on drug screening. From July 1, 2018 to February 1, 2019, Sutter County has paid a total of $28,852.50 and a projected cost of nearly $50,000 by the end of the current fiscal year.

The Employee Wellness Clinic decreases the County’s lost productivity and increases employee engagement. The clinic is more readily available than most primary physicians. The hours of operation are built around the County’s work schedule. Employees can seek timely medical care resulting in a quicker recovery. Employees often choose not to seek medical help because of the costs associated with seeing their primary care physician. Because the clinic is offered at no cost, employees are more likely to seek medical care sooner resulting in a healthier and more engaged work force.

The largest potential impact the clinic has on the County is a reduction in health insurance claims. Each time an employee or dependent visits a doctor, that cost impacts the County’s health insurance claims experience. When an employee visits the Employee Wellness Clinic instead of a physician through his or her health plan, that cost is not realized in our annual claims review. This drives our claims experience down and will positively impact our medical renewal rates each year. Current market trends project an 8%-12% increase annually on health care premiums. Due in part to the County’s low claims experience in calendar year 2018, medical premiums in 2019 increased only 3.7% for each plan and 6.7% for the Kaiser plans.

The existing contract with Medcor expired on October 1, 2018. Human Resources does not recommend a longer-term extension of the existing contract at this time. It is recommended the Board continue the County’s contract with Medcor on a month-to-month basis, and direct staff to immediately convene the Employer-Employee Health Benefits Advisory Committee (“Health Benefits Committee”), comprised of representatives from all bargaining units, to review and assess the Medcor contract, and analyze the financial impacts in comparison to the benefits to the County and the employee. Section 25.5 of the Sutter County Rules Governing Employee Compensation, Benefits and Working Conditions establishes the Health Benefits Committee, and defines its purpose as “to study issues related to the County’s insurance plans and the County-sponsored Wellness Clinic and to make suggestions and recommendations, as appropriate, regarding possible modifications.”

Human Resources will return to the Board after its work with the Health Benefits Committee with recommendations on a County Wellness Program, and whether to continue the Employee Wellness Clinic or explore other options.

Prior Board Action:
On July 28, 2015, the Board of Supervisors approved the Medcor Master Service Agreement and Statement of Work.

Board Alternatives:
The Board could choose to not continue the County’s contract with Medcor, and direct staff to meet and confer with employee bargaining units over the impacts of this decision.

Other Department and/or Agency Involvement:
None.

Action Following Approval:
If approved, Human Resources will immediately convene the Employer-Employee Health Benefits Advisory Committee (“Health Benefits Committee”), comprised of representatives from all bargaining
units, to review and assess the Medcor contract, and analyze the financial impacts in comparison to the benefits to the County and the employee.

**Fiscal Impact:**
The initial Medcor contract was for the period of July 1, 2015 through October 1, 2018 and required the County to pay an annual program fee and a start-up fee of $48,009. The annual program fees were $570,444 for year one, $587,558 in year two (a three percent increase), and $605,185 in year three (a three percent increase). From October 1, 2018 to present, Medcor has continued operating the clinic and billing the County for its monthly program fees. The program fees cover Medcor’s ongoing expenses for clinic staff and operations, including salaries and benefits, management, software, clinical protocols, case monitoring practices, physician medical direction, malpractice insurance, ongoing training, computer hardware, audits, and corporate staff travel. Medcor has agreed to continue the present billing rate, with no increase, through to June 30, 2020.

In addition to the Medcor program fees, there are other associated costs to operate the Employee Wellness clinic. Those costs include phone and internet ($7,800/year), office expenses ($2,500/year), janitorial, hazardous waste disposal and prescriptions ($29,620/year), building lease in which the Board approved a 10-year lease agreement in 2015 ($22,521/year), utilities ($4,800/year), and medical supplies ($114,738/year). The total budgeted amounts for the Employee Wellness clinic in FY2018-19 is $807,364.

An Internal Service Fund was established to allocate the costs of the Employee Health Clinic to all County Departments in an equitable manner. Therefore, a portion (approximately half the total cost) of the clinic is recouped from State and Federally funded programs. The General Fund pays for the remaining cost.

**Countywide Goals and/or Top Priorities Compliance:**
Approval of this item complies with the following Countywide Goal:

*Operate County government in a fiscally and managerially responsible manner to ensure Sutter County remains a viable and sustainable community to live, work, recreate, and raise a family.*

**Standing Committee Review:**
This item was reviewed by the Agriculture, Public Protection and General Government Committee on March 11, 2019.

**Attachments:**
- Month-to-Month Amendment to Medcor Statement of Work
- Medcor Master Service Agreement dated July 2015
- Medcor Statement of Work dated July 2015

Respectfully Submitted,

s/ Gina Rowland

Human Resources Director

**Attachments:**
1. Medcor Master Service Agreement 15-135
2. Medcor Statement of Work 15-136
3. Month to Month Amendment for Sutter County REVISED 3-14-19