

# PRESS RELEASE

## North Texas Manufacturer Pioneers Model for On-Site Employee Medical Clinic *Madix offers employees better health-care without the hassle*

**Terrell, Texas (July 8, 2011)** – Death, taxes and the rising cost of employee healthcare benefits. Just two years ago Justin Saunders, director of finance and risk management for Madix, Inc., believed he might stand a better chance avoiding the first two items before he would discover a way to cut his company's cost of healthcare coverage. After all, like most private enterprises, the Terrell, Texas-based Madix, one of the world's largest store fixture manufacturers, was once again confronting the trend of double-digit year-over-year percentage increases in healthcare costs.

However, this time Saunders was not content to accept the annual increases without putting up a fight. He turned to a creative solution – a free on-site clinic – that not only lowers his company's costs but also improves employee healthcare coverage in the process. The results have turned Madix into a textbook example for other mid-sized companies trying to combat their own rising costs at a time when current research indicates many employers in the United States are considering cutting health benefits altogether in the near future.

"When we were preparing our 2010 fiscal budget, I knew that trying to justify a double-digit increase in healthcare costs to our board when we were already pushing a record \$6 million threshold was not only foolish, but irresponsible," said Saunders. "Our industry is simply too competitive to allow us to raise our customers' prices to recover such expenses. The most obvious alternatives were to cut back on healthcare benefits or ask employees to shoulder more of the burden, and we were not comfortable with either option."

Searching for alternatives that would allow Madix to continue to hold down its overhead costs while maintaining the high standard for quality its customers have come to expect, Saunders had an idea. "I had heard that some large companies across the world were reporting great success with operating on-site employee medical clinics as a way to manage their healthcare expenses, I began to wonder, 'Why can't a similar approach be scaled to work for a mid-sized company such as Madix?'"

Speaking to several healthcare providers, Saunders discovered the concept of on-site clinics was generally regarded as the exclusive domain of employers with more than 2,000 employees. That made it possible for them to justify the fixed overhead costs with high patient volume as opposed to mid-sized enterprises that typically operate within a claims-based system. In fact, Saunders says Madix' initial solicitation for bids was discouraging because all of the proposals would have actually increased rather than decreased the company's healthcare costs.

Confident there was a way to make an on-site employee clinic economically feasible, Saunders worked closely with its occupational medicine provider, Care United, to develop a customized solution. As a result, Legacy On-Site Health Solutions was born. This new enterprise was designed to focus solely on servicing mid-size companies such as Madix with customized healthcare programs benefiting employees while delivering a meaningful positive return on investment for employers. A group of experienced doctors and healthcare professionals was put in place to manage Legacy, and Saunders was asked to serve as its regional business consultant in addition to his leadership role at Madix.

Saunders says the first thing Legacy did for Madix was a top-to-bottom analysis of its company culture, employee demographics, health trends, work locations, shifts and management objectives. Legacy then worked with the management team to customize a treatment approach that balanced issues related to employee health with the company's need for a positive return on investment. The outcome was an on-site clinic staffed by Legacy medical professionals four hours each workday, five days a week serving the 600 employees based at the company's headquarters and manufacturing facility in Terrell.

Saunders said since its opening in March 2010, the clinic has averaged between 80 and 120 appointments per month depending on seasonal issues. "The key is in understanding that those 1,200 visits through our clinic in the first 12 months replaced more costly visits employees would have made to see their own doctors, acute care facilities and even emergency rooms," he said. "Not only is there a direct cost savings to Madix by driving volume through the clinic and reducing outside claims, it's a great benefit for employees who otherwise would have to make appointments, schedule time off from work and drive to third-party medical facilities for treatment.

"In addition, employees have no co-pay at the Madix clinic, so there's really no barrier preventing them from seeking treatment whenever they need it," he said. "Legacy can even prescribe and write prescriptions for common medical issues, which results in another cost savings for employees."

Company officials say that employee acceptance of the clinic has been exceptional. For example, Plant Supervisor Mark Pugh, a 14-year Madix veteran, said the clinic has been a tremendous asset for employees and employer alike.

"I am extremely proud to work for a company that cares enough about its employees to make such a program available," said Pugh. "The clinic allows easy access to basic health care while encouraging people to take personal control over their lives. For me, the clinic eliminates my co-pays for routine medical treatment, and it makes it significantly easier to seek treatment without the hassle of making off-site doctors' appointments and scheduling time off from work."

Dr. Eugene Gicheru, MD, chief executive officer of Legacy On-site Health Solutions, says large companies who have found success with on-site clinics point out that doing so has three distinct benefits: it makes healthcare more convenient for employees; it gives employees access to preventive care they may otherwise ignore or overlook; and it generates a positive return on investment across the board.

"The research is indisputable in showing that timely and preventative care is the best way to reduce employer healthcare costs and encourage a healthier, more productive workforce," he said. "The challenge has been figuring out how to create an appropriate economy of scale that makes it doable for mid-sized companies. Madix is a great case study in how to strike a balance between the benefits of an on-site clinic against the associated overhead expenses. The formula we've created also allows mid-sized companies the opportunity to proactively address chronic diseases that are the driving force behind higher health insurance premiums and claims, higher incidence of sick leave, and rising life and disability insurance costs."

Saunders said the Madix clinic was set up to offer employees basic urgent care for conditions such as headaches, minor injuries, upper respiratory illnesses and back or joint pain; preventive care for such things as individual health risk assessments, patient education, early intervention, and nutrition counseling; and management, monitoring, outreach and counseling for high risk and chronic conditions such as hypertension, diabetes and obesity.

After an extended launch period last spring to introduce the clinic to employees and make them comfortable using its service, Saunders said the clinic has experienced a steady increase in usage and has earned high praise from the board room to the shop floor. He believes part of the success is due to the fact the on-site Legacy medical professional takes the time to understand each employee who receives treatment and offer personalized care much like you would expect any personal doctor to provide.

Factoring in a variety of direct expenses such as co-payments, insurance recoveries and clinic operating expenses, Saunders said he anticipates the Legacy-managed clinic will continue to generate a significant return on investment for each dollar invested. In fact, the company is already building on-site clinics at its two manufacturing plants in Alabama. These new clinics will operate half days during the week and service approximately the same number of people as the Terrell facility.

"Cost savings was our original intent at the beginning of the process, and we hit a home run," he said, "However, we believe a greater reward will be the indirect long-term cost savings of creating a healthier and happier workforce through the clinics' proactive health programs designed to combat and prevent chronic conditions that can drain company profitability."

#### **About Madix, Inc.**

Headquartered in Terrell, Texas, Madix is one of the largest store fixtures companies in the world, manufacturing thousands of products including store fixtures, specialty products, heavy-duty racking, wire and wood displays. Madix serves customers across North, Central, and South America, Europe, and the Middle East. The company employs over 1,500 people in its state-of-the-art manufacturing facilities in Terrell, Texas, and Goodwater and Eclectic, Alabama. Madix has warehouses throughout the United States and one in the United Kingdom.

Formed by the merger of Dixie Craft Manufacturing and Maytex Store Fixtures in 1982, the family-owned business has expanded its manufacturing facilities to include over 2.4 million square feet.

Madix claims a rich history of technological innovation honed from extensive field research, cutting edge product development, and world-class delivery and installation solutions. Computer-automated order processing and manufacturing tracking systems control product costs, ensure quality control and speed of delivery. Madix works in partnership with retailers and national brands in a range of industries to design and facilitate the use of fixtures and racks for retail stores. National Installers, an affiliated company, provides installation services.