

# Meeting the Radically Changing Needs of the HRO Marketplace

Mel Hall's vision is shaping the occupational health and wellness market. In the first of a two-part interview, he discusses how leading companies and government agencies are structuring cost-effective programs for their employees. *By Joe Vales and Kerry Ann Vales*



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**M**el Hall leads Comprehensive Health Services (CHS), a provider of occupational health and wellness services for many of the largest firms and government agencies. In the HRO and BPO industry, he is a visionary and a pioneer whose passion for service excellence has radically transformed how occupational health and wellness services are delivered. He has built a strong company with an exceptional team of outsourcing and medical professionals.

**JV:** What sparked your initial interest in shaping the healthcare market?

**MH:** After graduating from Georgia Tech and working for several years at Booz Allen, I formed the McLean Group in the mid-70's, a financial services consulting company. One of my clients was the Office of the Assistant Secretary of Health of the Department of Health and Human Services, so I started tracking the growth of healthcare spending in the U.S. While working on workforce planning issues, we advised on budgets and how spending should be allocated among various healthcare programs funded by HHS. As support for our recommendations, we reviewed data from government demographic models that were predicting the impact of aging baby boomers on healthcare services and costs.

I was struck by the significance of these studies. Several of them forecasted how the aging of the baby boomers would shift demographics toward the end of the century, raising serious questions about the availability and funding of healthcare services. I saw this as a mega issue and a great opportunity to create a new type of healthcare provider able to meet the needs of the dramatically changing healthcare market.

**JV:** When did you begin to implement your vision?

**MH:** It took several years to find the right type of company in a segment of the market where we could innovate and significantly reengineer how healthcare services were delivered. In 1984, I saw a unique opportunity and invested in Comprehensive Health Services. CHS attracted

me because it served the occupational health market by meeting the needs of employers and employees. This was a market that I understood and related to because of my healthcare consulting experience. I knew that the occupational health and wellness market niche had outstanding prospects for growth. Fortunately, my assessment was right, and in 1992 I joined CHS on a full-time basis as CEO.

**JV:** In terms of services, how has CHS defined the occupational health and wellness market?

**MH:** With occupational health and wellness, you are serving employers who have a responsibility for certain health-related issues affecting their workforce. To meet these needs, we believe that it is important to provide a full range of services customized to address the special medical and business requirements of each client. Typical services include: on-site employee health units; medical exams and screening; wellness and health promotion; absence management; and environmental health and safety. Services need to be available individually, in clusters, or as an integrated-health program.

But offering a full range of services is not enough. You have to partner with clients to gain a deep understanding of their business objectives and goals, as well as their employee demographics and health risks. With this information, you can develop customized healthcare solutions that are aligned with the business placing the health and well-being of employees first.

**JV:** Does your firm provide services for both the commercial and government markets?

**MH:** We do. We work for many of the *Fortune* 500 companies as well as government agencies. For example, we operate on-site medical clinics for Raytheon and Kennedy Space Center. For many *Fortune* 1000 corporations we utilize our network of about 12,000 physicians around the country to conduct pre-employment, fitness for duty, medical surveillance, and other exams. For the government, we work for many non-defense federal agencies and conduct nationwide occupation-

al healthcare programs and exams. For the TSA, we conduct pre-employment and fitness for duty exams for all airport baggage screeners across the country. We provide similar services for all custom and border patrol agents.

**JV:** From our client work and HRO market research, we know that the occupational health and wellness market is large. In fact, we believe that it is one of the fastest-growing segments of HRO. What do you believe is driving growth, and what issues are employers tackling?

**MH:** Let me address that question from two perspectives. The first is from an occupational health perspective. The leading causes of death in the early 1900s included such things as diarrhea and pneumonia. The medical treatment system really responded to the crisis, and drug development really got going, culminating in the creation of penicillin and even the iron lung. The medical treatment system did a lot in its attempts to deal with major causes of death, but society also did a lot. Society prompted us to change our culture and our thinking.

So, we learned to boil our water and clean our kitchen utensils. When we came in from the rain, we changed into dry clothes. We culturally changed as a society in an effort to deal with our medical problems.

Today, the leading causes of death are cardio-related and cancer, and look what the medical treatment system has done. We have chemo drugs and breakthrough pharmaceuticals. It's amazing. We've gotten to a point where we not only can replace your knee and your hip but actually give you an artificial heart. So the medical treatment system has done a great deal, and society is doing its part as well by telling us that we need to change our lifestyle, manage our blood pressure, control our cholesterol, and exercise/diet correctly.

Society says we need to get annual checkups because of early detection. It is this focus on the preventative side of occupational health that is driving the growth of the market. But the response from society has pushed the employer to take a more comprehensive approach to helping their employees manage their health risks. This has led employers to place more emphasis on employee education in tandem with the classic occupational health medicine that we have done for the past 25 years.

**JV:** But what about the impact of the spiraling cost of healthcare?

**MH:** This is the second factor driving the growth of the occupational health and wellness market over the past several years. From an employer's standpoint, the medical treatment system has failed them because costs are simply not being controlled. So employers are taking a more direct role in trying to control costs and shaping the delivery of services. They are reaching out to providers like CHS to reengineer how best to provide more cost-effective programs.

First, they are looking at ways to manage, in a more rational way, employee utilization of the medical treatment system. Second, employers are making every effort to implement best practices and ensure that money is being spent in the most effective way. That leads to the implementation of a very robust case-management approach that tracks both occupational health and non-occupational health issues. Third, employers now fully recognize that they have to be part of the employee solution and, with their outsourcing partners, are developing very specific and directed programs to build a better long-term solution. Obviously, the employer's on-site occupational medical clinic plays a significant role in this solution.

**JV:** With the growing demand for outsourced occupational health and wellness, has the structure of the provider community changed?

**MH:** The provider market in occupational health is very fragmented. We have companies that solely provide on-site clinics and others that specialize in wellness, or disease management, or employee assistance programs. But despite the fragmentation, we believe that the market is moving towards providers that can provide end-to-end, integrated solutions similar to what is happening in the global HRO marketplace.

**JV:** Have the corporate decision-making processes changed as occupational health and wellness becomes a boardroom-level issue?

**MH:** Historically, corporate decision-making was very fragmented. For example, pre-employment and drug programs were likely run by the HR department; medical surveillance was the responsibility of safety; disability and disease

management was run by risk management or employee benefits; and fitness centers were run by facilities management people. But today, large corporations recognize that the tower/silo approach is not cost effective to solving their healthcare problems. They need to build an integrated solution and with a shift in focus towards enterprise-wide comprehensive solutions. The corporate buying and decision-making process today has moved to the executive suite.

**JV:** What kind of value proposition does the C-level buyer expect an occupational health and wellness outsourcer to deliver?

**MH:** Today's buyer demands a robust, multi-dimensional value proposition with a wide range of organizational benefits. At CHS, we are committed to delivering a six-bucket value proposition that covers: 1) economic benefits where we achieve 20 to 30 percent cost savings over a client's operating budget or baseline costs; 2) strategic benefits as our medical programs support each of our client's strategic business plans and provide better information for formulating policies and programs; 3) operational benefits where we provide centralized planning control of outsourcing programs, smooth transitions, and processing efficiencies; 4) technology benefits as we eliminate the need for clients to invest in costly information technology equipment and services; 5) human resources benefits, as we pride ourselves in taking good care of client personnel we hire, and training for client personnel we interface with on a daily basis; 6) risk-management benefits supported by our governance and risk-management programs, as well as our strong internal controls and financial management.

In Part Two of our interview, Hall will discuss why he is so passionate about the ground-breaking research CHS is sponsoring at leading universities, he will also share his thoughts on how the occupational health and wellness market will evolve over the next 10 years. [HRO](#)

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