

Reducing Employee Benefit Costs

It's time to take control

September 15, 2009

September 16, 2009

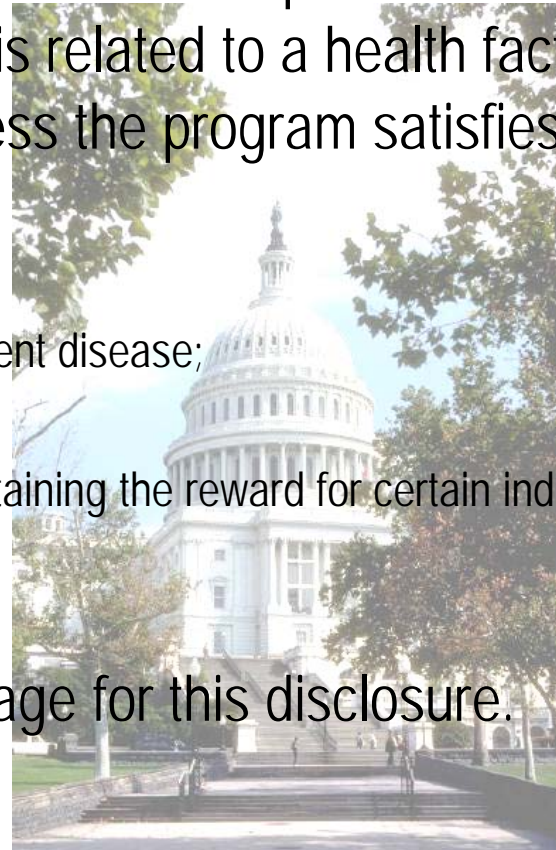


After attending the seminar, participants will be able to...

- State key Federal & State legislation around employer's role in employee health & productivity (aka wellness) programming initiatives;
- Discuss data supporting healthy lifestyles and risk reduction;
- Explain components for the next generation of employee health & productivity programming;
- Describe case studies of successful organizational change.

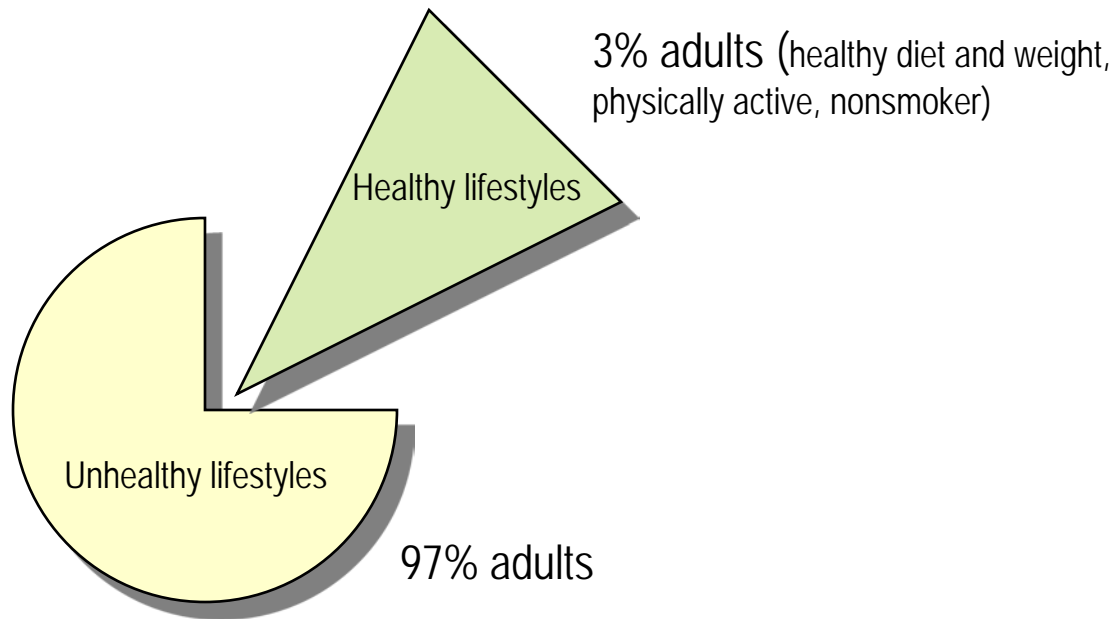
HIPAA – Wellness Programs...

- Wellness programs which offer a reward conditioned upon an individual's ability to meet a standard that is related to a health factor will violate HIPAA nondiscrimination rules unless the program satisfies a number of conditions:
 - Limit reward to 20% of cost of coverage;
 - Design to reasonably promote health and prevent disease;
 - Provide annual opportunity to qualify;
 - Provide reasonable alternative standard for obtaining the reward for certain individuals; and
 - Disclose availability of an alternative standard.
- The regulations provide safe harbor language for this disclosure.



Data supporting healthy lifestyles & risk reduction...

- According to the 2005 *Archives Internal Medicine*, 97% adults have unhealthy lifestyles and 3% adults have healthy lifestyles.



Data supporting healthy lifestyles & risk reduction... (cont.)

- Healthy employees may not remain healthy without programming; research shows that 20% of low risk employees will move to higher risk category within one year. This translates to an additional cost of \$350/year. When employees drop back to low risk status, they decrease in cost to \$150/year.

higher risk = + \$350/yr

back to low risk = \$150/yr



(source: University of Michigan Research Center)

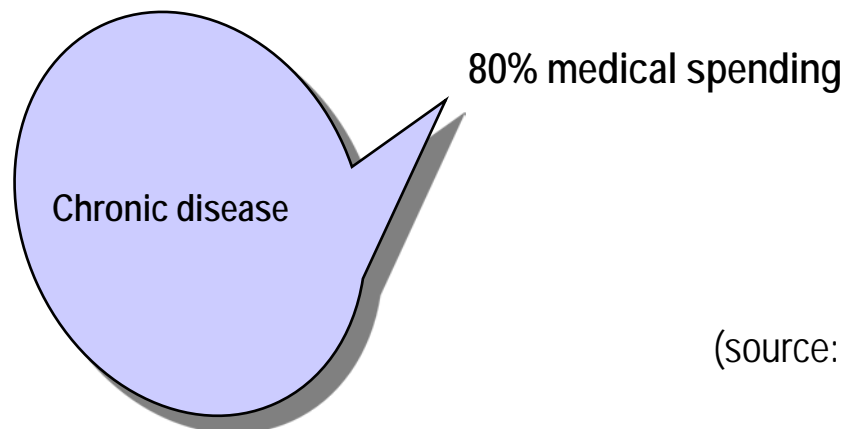
Data supporting healthy lifestyles & risk reduction... (cont.)

- Average health care costs will increase 6% in 2009; gross health care expenditure will rise by average of \$532/employee to be an average cost of \$9,552.



Data supporting healthy lifestyles & risk reduction...(cont)

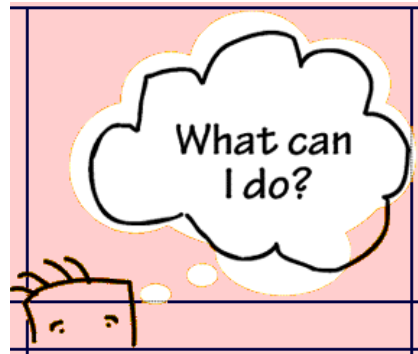
- According to the CDC National Center for Chronic Disease Prevention and Health Promotion, in 2005 133 million Americans (almost 1 out of every 2 adults) had at least one chronic disease.
- 80% of medical spending goes towards care for chronic conditions.
- Overall health of population appears to be declining due to chronic disease such as diabetes and heart disease – poor lifestyles.



(source: Centers for Disease Control – CDC)

Data supporting healthy lifestyles & risk reduction... (cont)

- Addressing lifestyle changes (healthy eating, active living, not using tobacco and increasing exercise) at work will help individuals start making meaningful behavior changes.



(source: Centers for Disease Control)

Data supporting healthy lifestyles & risk reduction...(cont)

- According to Dee Edington, “the lion’s share of attention has to be centered on keeping the low-risk people at low-risk status.”

low-risk people at low-risk status...



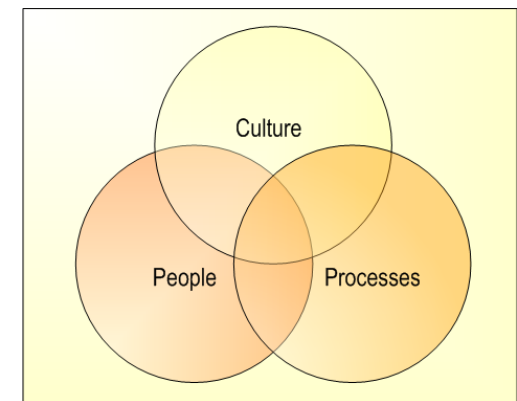
Data supporting healthy lifestyles & risk reduction...(cont)

- In addition, tackling the chronic disease problem requires emphasis on chronic disease prevention care and a closer look at major conditions namely, heart disease and stroke, cancer, diabetes, obesity & respiratory diseases.



Time for change (next generation of employee health & productivity programming...

- *From health as the absence of disease to health as vitality and energy;*
- *From caring for the sick to enabling healthy people to stay healthy.*
- *From the cost of healthcare to the total value of health.*
- *From individual participation to population participation.*
- *From behavior change to culture of health.*



(source: University of Michigan Health Management Research Center)

Five pillar design strategy focus is...



- (1) to drive the vision from senior & strategic leadership level;
- (2) to create a supportive environment via the operations leadership;
- (3) to formulate the objectives through employee self-leadership;
- (4) to reward & encourage positive actions promoting health management; and
- (5) to provide quality assurance measures for the purpose of assessing & improving the success of the effort.

The goal is to create a culture of health within the company

(adapted source: University of Michigan Health Management Research Center)

1st Pillar...

- Senior leadership (creates the vision)
 - commits the company to a healthy culture;
 - connects the healthy culture to the company's business strategy;
 - communicates and engages all leadership in the healthy culture;
 - decides on reward (incentives).



2nd Pillar...

- Operations leadership (aligns worksite with the vision)
 - brands health management strategies;
 - communicates the healthy culture and engages employees;
 - integrates benefits, policies & procedures into the healthy culture;
 - leadership and management of the company and union become the “cheerleaders” for the healthy culture.



3rd Pillar...



- Employee self-leadership (creates winners)
 - keep healthy employees healthy and those with chronic disease from getting worse;
 - decide direction want to face on the health continuum (death/disease vs healthy vitality & energy;)
 - participate in improvement & maintenance strategies;
 - set small attainable goals; practice self-efficacy (belief can succeed.)

(adapted source: University of Michigan Health Management Research Center)

Framework for ensuring programming works...

- To be successful in helping people practice healthy lifestyle, four points are needed:
 - ▶ Awareness;
 - ▶ Motivation;
 - ▶ Skills;
 - ▶ Opportunity.



Awareness...



- Health education assists people in awareness of unhealthy behavior risks and the benefits of positive behaviors.
- Education is not enough to change behavior for most people.
- Education plays two roles:
 - Campaigns assist people in awareness of health risks and health improvement opportunities;
 - Campaigns can mobilize company efforts by building group support for an idea or plan.
- Tailor messages and content through multiple formats:
 - Lecture, print, audiotape, Internet, email;
 - Data management.

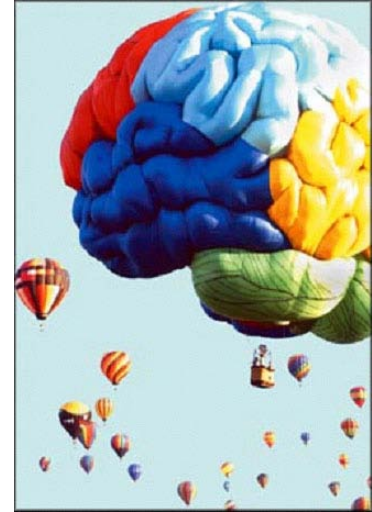
Motivation...

- Motivational readiness-to-change
 - Pre-contemplation (no interest in change;)
 - Contemplation (thinking about changes;)
 - Preparation (getting ready to make changes;)
 - Action (making changes;)
 - Maintenance (maintaining changes.)
- Improving health may not be the motivation for making change; need to understand employee passions, long-term goals and current priorities.
- Motivational interviewing.
- Self-efficacy – belief can do it.



Skill building...

- Skill building shows employees HOW to:
 - Perform actual behaviors;
 - Integrate behaviors into lives;
 - Change environment & surrounding to create opportunities to practice behaviors.
- Skill building teaches strategies to overcome barriers to making behavior changes:
 - Time;
 - Social influences;
 - Lack of knowledge;
 - Limited financial resources;
 - Poor access to exercise facilities or healthy food and other barriers.



Opportunity...

- Supportive environments in the worksite include:
 - Physical environments (healthy food in cafeteria & vending machines; smoke-free environment; ergonomically sound furniture; physical activity;)
 - Organizational policies (preventive services; absenteeism policy reward being healthy; flexible benefits and flextime;)
 - Company culture (healthy role models; incentive systems; peer support;)
 - Ongoing programs and structures (departments; coaching/mentoring; employee assistance program;)
 - Employee ownership and involvement (program design, promotion, delivery, leadership, evaluation.)

4th Pillar...

- Reward positive behaviors (reinforce healthy culture)
 - reward employee champions;
 - provide incentives for healthy choices;
 - reinforce at every touch point.



5th Pillar...

- Quality assurance systems (allows outcomes to drive strategy)
 - integrate all resources;
 - measure outcomes;
 - make it sustainable.



Case study...(2006 Wellness Councils of America www.welcoa.org)

■ Demographics

- Cianbro Corp. (ME); employee owned construction & service solutions company serving 15 states on the eastern seaboard; 2500 employees; average age is 41; average health problems heart attacks, strokes and cancer; wellness program patterned after safety program; create a culture focused on health & safety.

■ Program

- Medical plan focuses on claims prevention rather than claims paying; Cianbro wants to be the healthiest company in America; the Healthy Lifestyle Program assists employees in achieving a healthy lifestyle through education & coaching on major preventable health risk behaviors; credits are earned through participation and meeting three of four health risks; credits are applied to saving money on medical premiums.

■ Results

- Employees in medium risk category has reduced; low risk category has increased; 2009 yielded no healthcare rate increase; this is a result of their Healthy Lifestyle Program.



Final thought...

- What an employer could do to maximize their investment in employee health
 - Purchase what works – proven preventive services;
 - Eliminate employee barriers of money, time & distance;
 - Partner with their health plan(s);
 - Promote information about preventive services WHY and HOW;
 - Track and measure initiatives.