

LEADING *by* EXAMPLE



**IMPROVING THE BOTTOM LINE
THROUGH A HIGH PERFORMANCE,
LESS COSTLY WORKFORCE**

CEOs on the Business Case for Worksite Health Promotion

What Do the CEOs on the Cover Have in Common?

Their organizations profit from investments in workforce health

Although developed by Partnership for Prevention, this document really is *by CEOs, for CEOs.*

The business and governmental chief executives who are contributors to this *call to action* recognize that not only the growth but, in some cases, the very sustainability of their organizations is linked to employee health. Health care costs are an increasingly heavy burden to U.S. employers.^{1,2} Focused cost-containment strategies have not yielded lasting results.

Forward-looking employers are beginning to recognize the need to transform the U.S. health system from one that spends most of its resources to treat disease into one focused on preventing disease. And that their own organizations can gain bottom line benefits from investing to keep employees healthy.

Partnership formed the *Leading by Example CEO-to-CEO* initiative in 2004, to bring effective focus, information, strategies, and direction to companies' and states' employee health policies and practices. Already, 19 CEOs, including 10 from Fortune 200 companies, are involved with *Leading by Example* and more are joining. They are participating not only in this publication but in presentations and in Partnership's CEO Roundtable on Workforce Health.

We encourage you and your management team to review the following strategies and identify those that offer the greatest potential for increasing your organization's return on its most important asset: its human capital.

Sincerely,

John M. Clymer, President

Health and productivity are synonymous

The leaders who have contributed to this report have embraced the concept that health and productivity are inextricably linked. Most business leaders are unaware that the ***indirect costs of poor health*** (e.g., absenteeism, disability, presenteeism) ***may be two to three times higher than the direct medical costs.***^{3,4,5,6} (Refer to pages 4–5.) Ongoing research indicates that the immense, yet measurable, impact of poor health on indirect costs, particularly in lost productivity on and off the job, is borne by all employers, even those who avoid direct costs by not funding health benefits.

A primary shift in focus

Enlightened organizations already are profiting from a primary shift in focus from ***the cost of health care to the total value of health.***

Yesterday's assumption: Health is a cost driver. Initiatives to improve employee health are primarily a strategy for controlling a top-line expense.

Today's reality: Health is a performance driver. Investing in health not only controls expenses, but also protects, supports, and enhances human capital. It is fundamental to a healthier bottom line.

Pioneering businesses already are profiting from a primary shift in focus from *the cost of health care to the total value of health.*

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Leading by Example provides the latest research and forward-thinking strategies in employee health management.

Key Trends in Health Care

Health care costs pose a serious threat to the competitiveness of U.S. businesses. Consider the following:

- In 2000, private business expense for health services as a percentage of profit was 40 percent before tax and 58 percent after tax.¹
- U.S. health care costs doubled from 1990 to 2001, and are projected to double again by 2012.⁷ However, senior executives expect employer costs to double within the next 5 years, compared to the wholesale price index.⁸
- In one national survey, employers reported that they can absorb only a 9 percent health care cost increase, as opposed to the expected annual increase of 14 percent.⁸
- Employees continue to demand expensive, state-of-the-art treatments, and hospital and pharmaceutical costs continue to rise.⁹

- Increases in the health risks and chronic illnesses associated with an aging workforce will increase total health care costs exponentially.¹⁰

Employers continue to pass cost increases on to workers through higher cost sharing. However, this short-term fix does not address the primary driver of soaring health costs—inadequate investment in health through primary prevention, health risk reduction, and disease management.⁹

How does your organization measure up?

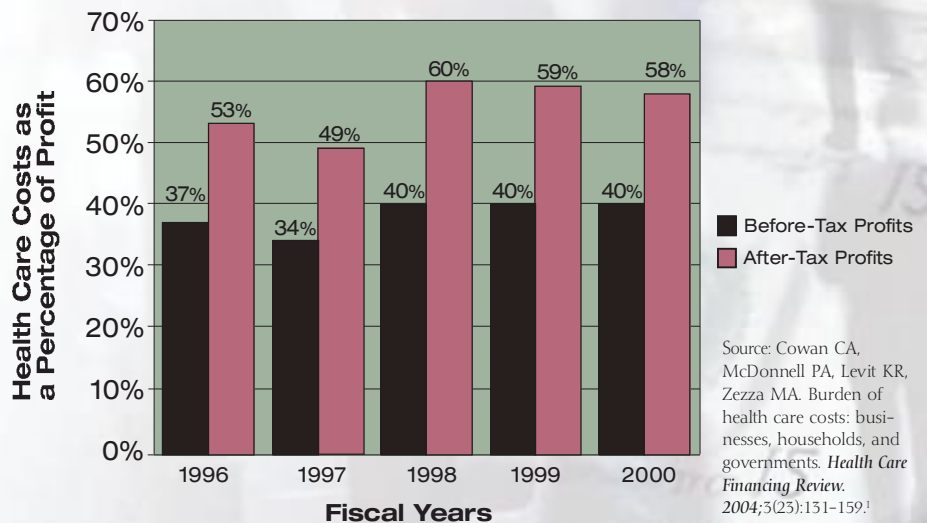
The assessment on page 3 will reveal what your organization is doing right, and what your management can do further to integrate employee health within a cost-effective business strategy. For information and action steps related to each measure, refer to the page numbers indicated.

“Annually, wellness audits are performed and scored at each facility to monitor progress for achieving a healthier and more profitable International.”



John R. Horne
Retired Chairman
Navistar
International
Corporation

HEALTH CARE COSTS AND PROFIT MARGINS



THE BOTTOM LINE

Health care costs will continue to impact an organization's bottom line.

Health Management Initiative Assessment

Please forward this assessment to your human capital and health managers.

Check the circle that best applies to your organization.

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	See Page
MISSION	<ul style="list-style-type: none"> Our senior management is committed to health promotion as an important investment in our human capital. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	14
	Our health and productivity strategies are aligned with our business goals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	8, 14
	<ul style="list-style-type: none"> All levels of management are educated regarding the link between employee health and productivity, and total economic value. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	14, 17
	Our employees are educated about the true cost and total value of personal health and its impact on business success.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	16
DATA MANAGEMENT	<ul style="list-style-type: none"> We have identified the leading physical and mental health conditions among our employees and know their related direct and indirect costs. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	4, 13
	We have integrated our data management system to capture and evaluate our direct and indirect health- and productivity-related measures in order to assess the impact on work impairment (e.g., presenteeism).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	13
BENEFIT DESIGN	<ul style="list-style-type: none"> Our health benefits support prevention, risk reduction, and disease management, and are free of barriers to evidence-based interventions. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	12
	Our incentives support consumer accountability and motivate employees to stay healthy, reduce high-risk behaviors/clinical measures, and/or adhere to disease management regimens.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	12
SUPPORTIVE ENVIRONMENT	<ul style="list-style-type: none"> To encourage employees to exercise, we provide facilities such as onsite fitness centers, walking trails, and user-friendly stairwells. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	14
	We provide healthful food selections in our vending machines/cafeteria.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	14
	<ul style="list-style-type: none"> We provide a safe and clean work environment. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	18
	An employee leadership network supports our health management programs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	14, 15
PROGRAMMING	<ul style="list-style-type: none"> We offer health risk assessments (HRAs) to all employees at least every 3 years, with appropriate follow-up and referral. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	19, 20
	We provide a variety of initiatives that support primary prevention (e.g., preventive health screenings, flu immunizations) and lifestyle management (e.g., physical activity, nutrition, stress management).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	17
	<ul style="list-style-type: none"> We provide education about medical consumerism and self-care. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	21
	We provide health risk reduction programs (e.g., weight management, smoking cessation).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	20
	<ul style="list-style-type: none"> We provide effective disease management programs targeted to conditions with high-cost productivity implications (e.g., asthma, diabetes, depression). 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	22
EVALUATION	We measure program effectiveness by stated health/productivity goals. For example: 70 percent of our workforce is categorized as low risk.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	11, 13
	<ul style="list-style-type: none"> 80 percent of our workforce has participated in at least two company-sponsored health promotion programs within the past 3 years, including an HRA and a lifestyle/risk reduction program. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	20

Based on this assessment, are there gaps in your current approaches? Refer to the pages indicated for information and resources.

The Hidden Costs of Poor Health

The real burden of indirect costs

The total impact of poor employee health on organizational success is illuminated by research in health and productivity management. Emerging research is documenting that the indirect costs (e.g., absenteeism, presenteeism) of **poor health can be two to three times the direct medical costs**.^{3,4,5,6} (See chart below.) Research has linked poor health status with:^{11,12,15,14,15,16,17,18}

- Higher direct health care costs.
- Lower work output (e.g., presenteeism).
- Higher rates of disability.
- Higher absenteeism.
- Higher workers' compensation.
- Higher rates of injury.

Therefore, it is important for organizations to identify their leading health cost drivers—both direct medical costs and indirect costs—in order to understand the true cost burden of poor employee health.

Selected research findings

- In a 1997 study, workers with diabetes reported an average loss of 8.3 days from work annually, versus 1.7 days among those with no chronic conditions.¹⁹
- Sixty percent of productivity loss from employees suffering from migraines has been attributed to reduced efficiency at work.²⁰
- Workers' allergies were linked to a 10 percent decrease in presenteeism during prime pollen season, except among those taking effective medication.¹²
- Workers with flu-like illness reported reduced effectiveness at work for 3.5 days after onset.²¹
- The more chronic medical conditions a person has, the higher the probability of absenteeism or presenteeism, according to a study of more than 3,000 people.²²

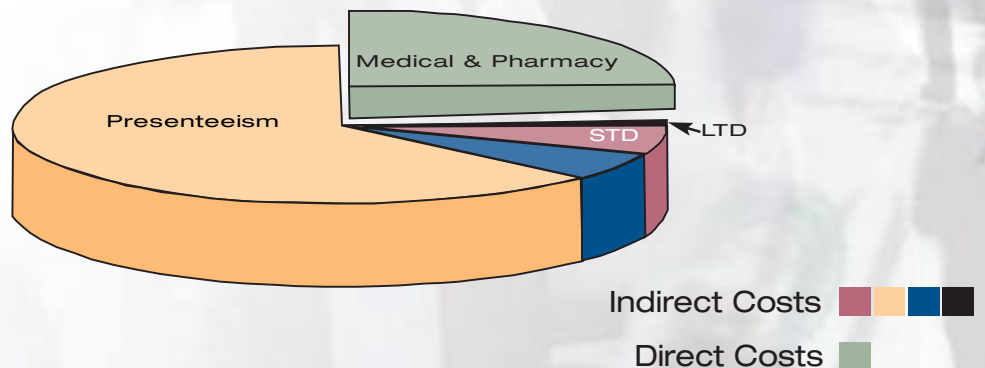
“A healthy, engaged, and productive work force is critical to maximizing business performance and driving sustainable growth.”



Dean Oestreich
President,
Pioneer Hi-Bred
International, Inc.

IS YOUR ORGANIZATION AWARE OF THE TOTAL COST BURDEN OF POOR EMPLOYEE HEALTH?

Relative Contribution of Direct and Indirect Costs Within a Large Financial Services Corporation



Source: Edington DW, Burton WN. Health and productivity. In: McCunney, RJ: *A Practical Approach to Occupational and Environmental Medicine*. Philadelphia: Lippincott Williams & Wilkins. 3rd ed. 2005:140-152.³

THE BOTTOM LINE

The true impact of indirect costs on business success is illuminated by current research in health and productivity management.

Health and Productivity

Can your organization afford an impaired workforce?



John W. Rowe, MD
Chairman and CEO
Aetna Inc.

Presenteeism refers to *diminished on-the-job performance* due to impairment by health risk factors or health problems. Unmanaged health issues, such as diabetes, migraine headaches, or asthma attacks, can damage productivity significantly when they are viewed cumulatively across an employee population.^{3,4,5,6,22}

Quantifying presenteeism

Different variables are used to define and measure presenteeism within different job classifications. For example:

- Specified production standards may not be met by a physical laborer with low back pain that stems from poor lifting habits.
- Data entry output may be measurably slowed when a keyboard operator suffers from untreated carpal tunnel syndrome.
- Telephone on-hold times may be exceeded when a customer service representative suffers from unrecognized, untreated clinical depression.

When a job presents no measurable productivity variables, as in the case of most white-collar or knowledge workers, self-reported survey instruments can provide useful, reliable data for informed decision making, according to Ronald C. Kessler, Ph.D., professor of health care policy at Harvard Medical School. For example, the World Health Organization's Health and Work Performance Questionnaire (HPQ)^{22,25} is one of many such tools available for tracking the effects of health problems on work performance.^{4,5,6,24,25}

Productivity losses related to personal and family health problems cost U.S. employers \$1,685 per employee per year, or \$225.8 billion annually.²⁶

“**E**ncouraging a healthy lifestyle makes sense for everyone.

At Aetna, it's our business to invest in programs to help employees stay healthy and be their best, at work and at home.

“It starts with consumer-directed health plans such as *Aetna HealthFund*[®], which covers preventive care at 100 percent. We then integrate tools and programs—as well as financial incentives—to help employees take control of their health.

“One great example is *Simple Steps To A Healthier Life*[®], which is part of our *Healthy Lifestyles* program. It incorporates a health risk assessment and a host of healthy living programs that help employees better understand how their lifestyles can affect their overall health. It also provides a plan of action and a variety of incentives to help them make positive changes.

“We believe programs that help reduce health risks can yield valuable benefits. For example, we've found that individuals who improved just one risk factor improved their presenteeism by 9 percent and reduced absenteeism by 2 percent. It's clear that encouraging a healthy lifestyle makes good business sense.”

THE BOTTOM LINE

Poor health impacts the most precious resource of the organization—the effectiveness and performance of its human capital.

Building the Business Case

Improving your market share and competitive advantage

Businesses value their existing customer base, because maintaining loyalty can be far less expensive than mass marketing to prospective buyers. **Similarly, low-risk employees** (e.g., 0 to 2 lifestyle-related risks such as obesity, smoking, etc.) who already **have and maintain good health** can be viewed as an **employer's existing market share**. If their continued buy-in is not maintained through relatively low-cost awareness campaigns and other health promotion strategies, research indicates that many of these low-risk employees inevitably join the ranks of the higher-risk/higher-cost employees.

The advantages of keeping healthy employees healthy are underscored by these key research findings, according to Dee W. Edington, PhD, director of the University of Michigan Health Management Research Center:

Risk is not static. From 2 percent to 4 percent of an employee population is likely to migrate from low-risk status to higher risk within one year in the absence of preventive programs to help low-risk individuals maintain their low-risk status.¹⁶

Health risks drive health costs. "The most important piece of knowledge that has come from the field of worksite health management is that **changes in health costs follow changes in health risks,**" Edington notes.^{14,15,16} Research has uniformly demonstrated that as risks increase—even single risks—costs increase. When productivity measures are factored in, the costs are doubled or tripled.^{3,4,5,6,24}

Maintaining low risk may be at least as cost-effective as addressing high risk, depending on the needs of a given population. The potential savings from average **risk reduction is \$153** per person per year, compared to a savings of **\$350 from risk avoidance** (e.g., prevention).^{14,15}

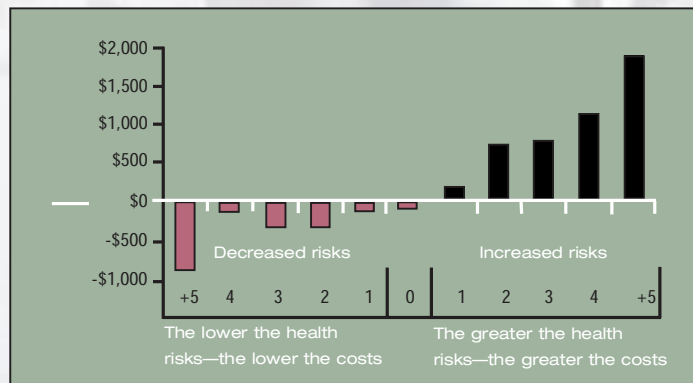
"Health is CIGNA's business. We offer our employees and their families the same health and wellness programs we bring to the marketplace."



H. Edward Hanway
Chairman and CEO
CIGNA Corporation

HEALTH COSTS FOLLOW CHANGES IN HEALTH RISKS

An integrated health management strategy needs to address all levels of risk without ignoring the majority of your employees—those at low risk. This approach lowers total cost trends, including direct and indirect expenditures.



Adapted from: Musich S, McDonald T, Hirschland D, Edington DW. Examination of risk status transitions among active employees in a comprehensive worksite health promotion program. *J Occup Environ Med.* 2005; 45:395-399.¹⁶

THE BOTTOM LINE

Reducing or preventing one health risk increases a person's productivity and reduces absenteeism, disability, and future health care utilization.¹⁶

Implications for Employers and Employees

Understanding your population, understanding your risks

It is important that organizations understand fully that the risk status of their populations is not static. **A low-risk individual today can become high risk tomorrow.**^{14,15,16}

Two crucial steps in acquiring a clear view of the total risk picture are to:

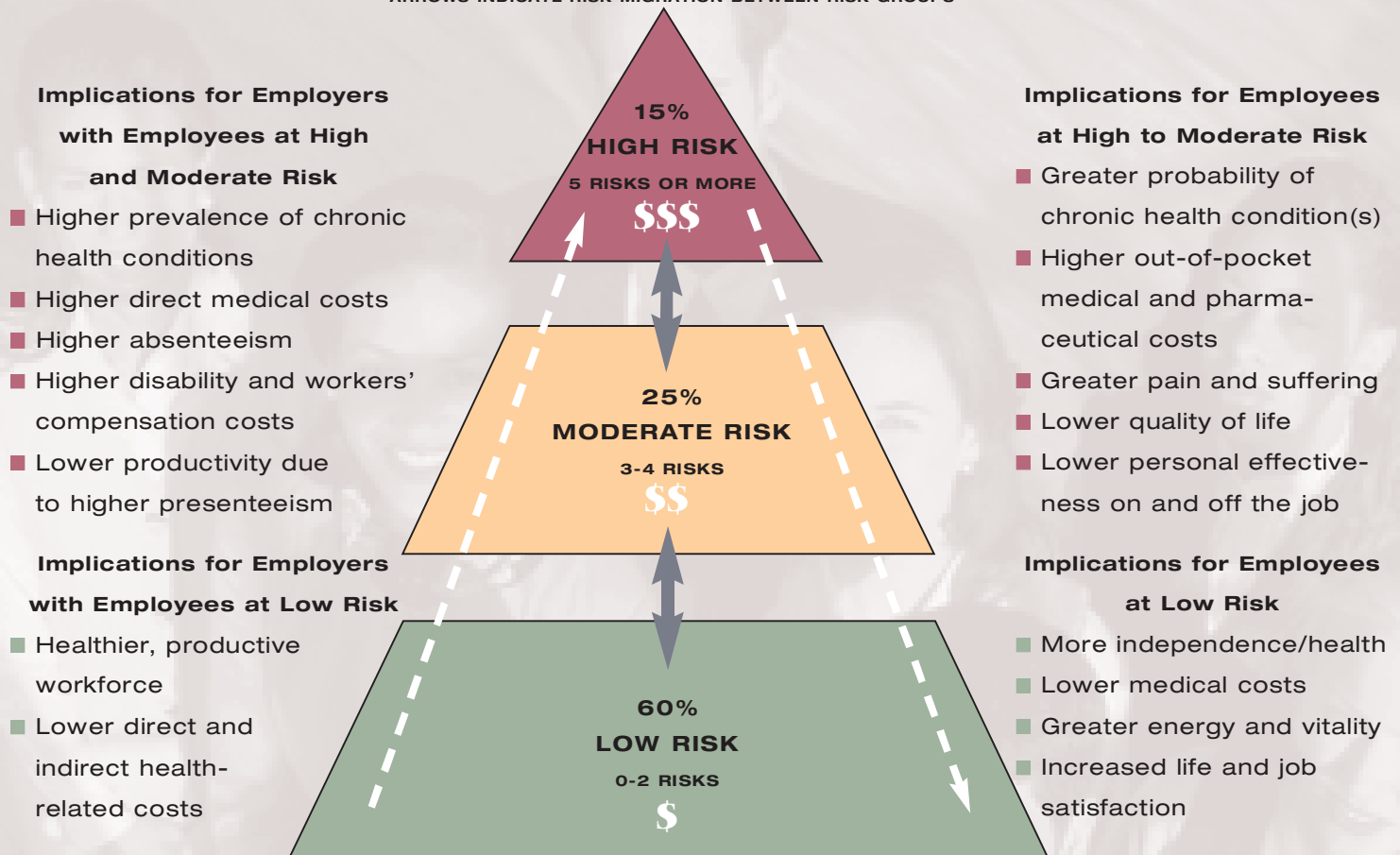
1. Establish baseline benchmarks for defining risk distribution.
2. Observe the migration (churn) between risk groups. (See chart below.)

The chart below illustrates the common distribution of an employee population and its implications for employers and employees alike. Consider these questions:

- What is the risk profile (distribution) of your organization?
- What percentage is classified as low risk?
- What are the most prevalent risks (e.g., obesity, low physical activity, high cholesterol)?
- Can you identify the related costs?

DISTRIBUTION AND MIGRATION OF EMPLOYEES ACCORDING TO NUMBER OF HEALTH RISKS

ARROWS INDICATE RISK MIGRATION BETWEEN RISK GROUPS



Adapted from: Musich S, McDonald T, Hirschland D, Edington DW. Examination of risk status transitions among active employees in a comprehensive worksite health promotion program. *J Occup Environ Med.* 2005; 45:395-399.¹⁶

THE BOTTOM LINE

When it comes to employee health, it is important for organizations to understand their total risk picture.



Mindy Meads
President and CEO
Lands' End

“For more than 40 years, wellness has been a fundamental part of the Lands' End culture. Taking care of our employees by promoting good health is essential to making Lands' End a great place to work.

“A cornerstone of our extensive health promotion program is our 80,000 square-foot Activity Center. All employees, their families, and retirees can take advantage of wellness activities to help them live healthy, balanced lives.

“Lands' End also offers onsite services including a medical clinic, physical therapy, registered dietitian, and monetary reward programs for tobacco cessation and healthy weight management. Other popular programs include screenings, support groups, prenatal classes, and massage therapy. During our peak season, we offer incentives to employees who exercise daily with co-workers—we call it ‘partners in peak.’ We also make healthy snacks available throughout our campus.

“Lands' End is committed to wellness—what is good for our employees is good for Lands' End.”

Shifting Your Health Strategy

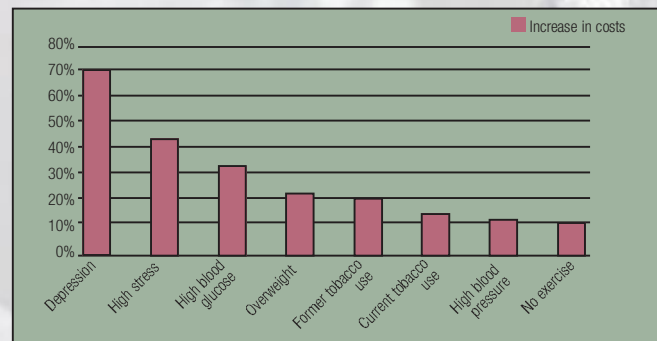
From managing illness to managing human capital

The percentage of the employee population that is at low risk should serve as a gold standard for success in building healthy human capital.¹⁶ Edington advises employers to:

- **Shift their planning focus from the cost of health care to the total value of health.**
- Aim to **increase the percentage of low-risk employees (market share) to more than 70 percent.** Keeping healthy employees healthy, while increasing market share, also will lower total cost trend.
- Understand that **your investment in health is free.** The resources your company invests in health management will likely be matched by the return in lower health care utilization, pharmaceutical costs, absenteeism, and presenteeism—similar to quality and safety initiatives.

HEALTH RISKS INFLUENCE EXCESS HEALTH COSTS

The Health Enhancement Research Organization (HERO) identified seven risk factors associated with excess health care costs. For example, depression and stress had the greatest correlation with higher costs. Some combinations of multiple risk factors showed double the costs of low-risk individuals.



Source: Goetzel RZ, Anderson DR, Whitmer RW, Ozminkowski RJ, Dunn RL, Wasserman J. The relationship between modifiable health risks and health care expenditures. *J Occup Environ Med.* 1998; 40:845-854.¹⁷

THE BOTTOM LINE

Investment in employee health is free when improved productivity measures are factored into the total cost equation.

Health Promotion Works

Protecting your bottom line

William C. Weldon, Chairman
Board of Directors and CEO
Johnson & Johnson



“**S**hifting your health management strategy from an illness model to a productivity model is grounded by a wealth of research that demonstrates the efficacy of worksite health promotion,” says Steven G. Aldana, PhD, Professor of Lifestyle Medicine, College of Health and Human Performance, Brigham Young University.

Research supports the benefits of worksite health promotion programs as summarized below. In the remainder of this report you are invited to:

- Review key employer- and employee-oriented concepts and strategies that address worksite health and productivity.
- Accept the challenge to champion your organization’s health promotion efforts.

SAVINGS PER DOLLAR INVESTED IN WORKSITE HEALTH PROMOTION PROGRAMS

From a review of 73 published studies of worksite health promotion programs²⁷

- Average \$3.50-to-\$1 savings-to-cost ratio in reduced absenteeism and health care costs

From a meta-review of 42 published studies of worksite health promotion programs²⁸

- Average 28% reduction in sick leave absenteeism
- Average 26% reduction in health costs
- Average 30% reduction in workers’ compensation and disability management claims costs
- Average \$5.93-to-\$1 savings-to-cost ratio

A comprehensive health management program at Citibank²⁹

- \$4.56-\$4.73-to-\$1 savings-to-cost ratio in reduced total health care costs

“**A**n important part of our Credo responsibility to our employees is providing them with resources to lead healthier lives. Good health is important to all of us. Good health is also good business.

“For more than 20 years, Johnson & Johnson has helped employees recognize and change behaviors that threaten their health. Our next generation health and wellness program strategy is the *Healthy People* program that sets numerical targets to measure our success in helping our employees improve and maintain their health. Our current targets focus on tobacco use, cholesterol and blood pressure reduction, and increasing physical activity. The Health Profile results will provide baseline data for each operating company and will be used to measure our progress against these targets.

“*Healthy People* is all about our employees—our greatest asset. Their actions can improve their own health and serve as an example to their colleagues. Their efforts will result in the success of this program and its ability to achieve long-term health improvements and to create a motivated and productive workforce.”

THE BOTTOM LINE

The cost benefit of worksite health promotion has been well documented over the past two decades.

“As a company, we are committed to preserving a healthy workplace for our number one resource, our goal-driven associates.”



Robert L. Nardelli
Chairman, President,
and CEO
The Home Depot

What Is Health Promotion?

Supporting your work initiatives

Health promotion is a multidisciplinary field that relies on education and targeted interventions to help change behaviors and environments in ways conducive to health.

Primary goals are to reduce health risks and **optimize health and productivity while lowering total health-related costs**. At its best, worksite health promotion creates an organizational culture that fosters vitality, motivation, and overall effectiveness of human capital. In this sense, health promotion can have a positive impact on policies and practices that support profitability for the organization and employability for the individual.⁵⁰ (See below.)

Common Program Elements

Effective worksite health promotion programs begin with **benchmarking** and incorporate an **evaluation system** that measures process and outcome variables. Additional program elements include:⁵¹

- 1. Health education.** Programs that focus on skill development and **lifestyle behavior change**.
- 2. Supportive environments** in which organizational values, norms, policies, and initiatives reinforce and support a **healthy work culture**.
- 3. Integration.** **Embedding health promotion** effectively within the organizational structure.
- 4. Linkage.** Link health promotion **cross-functionally** with **other employee support services** (e.g., benefits, EAP, work/life) to optimize reach and effectiveness.
- 5. Health screening.** Programs that help employees **assess health risks**. Ideally, they are linked to the health benefit plan to provide **appropriate medical follow-up and treatment**.

HEALTH PROMOTION: PROTECTING, SUPPORTING, AND ENHANCING YOUR HUMAN CAPITAL



Source: Pfeiffer GJ. Improving the organization through the work promotion model. Cox C, ed. *ACSM's Worksite Health Promotion Manual*. Human Kinetics. Champaign, IL;2005:115-121.⁵⁰

THE BOTTOM LINE

Worksite health promotion is not only targeted interventions to reduce health costs, it is also a strategy to create a dynamic work environment.

What Is Health and Productivity Management?

Andrew N. Liveris
President and CEO
The Dow Chemical Company



Health and productivity management (HPM) is defined by the Institute for Health and Productivity Management as “the integrated management of data and services related to all aspects of employee health that affect work performance, [including] measuring the impact of targeted interventions on both health and productivity.”⁵²

This emerging business strategy makes measurement a science, combining decades of knowledge about worksite health promotion with more recent findings that demonstrate the integral relationship between health and productivity. Therefore, HPM provides the ability to develop and monitor “dashboard” metrics that are synergistic with the organization’s business goals and objectives.

In practical application, HPM involves three essential functions:

1. Assembling and working with reliable actionable data
2. Ascertaining the greatest risks to the organization in terms of people, programs, and costs
3. Designing and implementing targeted solutions

Through each stage of application, HPM requires working with a coordinated, common set of objectives across departments and organizational functions. A comprehensive HPM strategy will focus simultaneously on many, if not all, of the components listed in the chart on page 10.

“I believe that we need a sustained focus on prevention to maintain and improve the health of our people. Prevention has the power to make a real and lasting difference in our individual quality of life.

“At Dow, our analysis shows that prevention can improve both our direct and indirect health-related costs. Our profit potential is inextricably linked to the capability and performance of our employees.

“Our actions demonstrate Dow’s strong commitment to prevention and to the health of our employees and retirees, their families, and ultimately, the community. Our efforts include preventive-focused company policies, a comprehensive health promotion program, a health care benefit plan which supports preventive care, and collaborations with external partners.

“We have recently strengthened our commitment to this effort by adopting a Dow health strategy with prevention as a major pillar in the overall plan.”

To quantify the impact of employee health on overall organizational performance requires shifting the value proposition from the cost of human capital to the value of human capital in sustaining growth and profitability.

THE BOTTOM LINE

Health and productivity management provides tools to assess the true cost burden of poor employee health and opportunities to manage these costs.

Leveraging Benefit Design and Incentives

Skillful design of employee health benefits can satisfy three key organizational goals:

- 1. Improve quality of care.** Purchasing health care based on value (i.e., best outcome for the price) is likely to be more cost effective than purchasing based on cost alone. Benefit decisions that encourage total value:³⁵
 - Create productive health care competition through “pay for performance” initiatives that reimburse providers at higher rates when they comply with certain medical care standards.³⁴
 - Review potential barriers to appropriate treatment and their impact on access, utilization, cost, and quality of care.³⁵
 - Review potential barriers to evidence-based treatments (e.g., pharmaceuticals), especially in the area of disease management.^{35,35}

- Build benefit education into plan design to empower employees’ access to effective, appropriate treatment.³⁶

2. Reduce costly purchasing behaviors.

- Involve employees in understanding the true cost of health care. Consumer-driven health plans are one example of benefits that make employees more accountable for purchase decisions.
- Help employees make informed health care decisions through decision-support practices that explore treatment options and their relative benefits, risks, and costs.

3. Encourage healthy lifestyle practices.

- Design benefits to reward participation in health risk assessments (HRAs) and intervention programs, fitness facilities use, tobacco cessation, or improved clinical measures (e.g., blood glucose). Consider requiring completion of a periodic HRA to retain eligibility for benefit coverage or premium discounts.

“With financial incentives in place for participating and improving health status, our employees are working on a long-term approach to better health.”



John P. McConnell
Chairman and CEO
Worthington
Industries, Inc.

INCENTIVES FOR GOOD HEALTH

- Pitney Bowes lowered coinsurance for all asthma and diabetes drugs to 10%, compared with 30% to 50% for other, brand-name drugs. A preliminary evaluation showed that within 2 years, overall disease-related costs for asthma and diabetes dropped 12% and 15%, respectively, with a decrease in hospital admissions, office visits, and pharmacy costs.³⁷
- Worthington Industries pays a health benefits premium credit (up to \$600 per year) to employees participating in its *Healthy Choices Wellness Program*.³⁸
- In General Motors Corporation’s *LifeSteps* program, employees with three or more health risk factors received vouchers that paid for the cost of two doctor visits; usually not covered under the existing benefit plan.³⁸

THE BOTTOM LINE

Creative health benefit design, including incentives, has been shown to improve employee health and manage costs.

Optimizing Health Data



Michael J. Critelli
Chairman and CEO
Pitney Bowes

“You can’t manage what you can’t measure,” says Ron Z. Goetzel, PhD, Director, Institute for Health and Productivity Studies, Cornell University Institute for Policy Research, and Vice President, Consulting and Applied Research, Medstat, Washington, DC. Goetzel notes, using a good data management system, an employer can.³⁹

- Truly **understand the total indirect and direct costs** of poor health to the organization.
- Effectively **identify and manage high-risk/high-cost conditions** while proactively keeping low-risk workers at low risk.
- **Measure program results against benchmarks** to evaluate the impact on health and productivity.

Integrated Data Management

Larger organizations are moving to integrated data management systems. The most basic of these systems rely on analytical software to link a series of separate, health-related databases and identify meaningful correlations.

For example, the medical cost data for an employee with diabetes may appear in one database; absenteeism records in another; and pharmaceutical expenses in yet another. Integrating these data enables a far more realistic analysis of the cost of diabetes than does viewing each separately.

Data integration can provide answers to questions such as:

- Does chronic disease contribute to the greatest number of sick days?
- How does treatment noncompliance impact absenteeism?
- What is the total cost experience of employees on disability compared to those not on disability?
- What is the break-even point? For example, based on integrated data related to health risks and medical expenditures, Motorola determined that its employees would need to reduce their lifestyle-related health risks by 1.08 percent to 1.42 percent per year for health promotion programming to break even.⁴⁰

“Having a culture of health at Pitney Bowes has been my passion throughout my 16 years as a senior leader at the company. As an employer, we can have a major impact on the health and well-being of our employees, and we have systematically acted to achieve that goal since 1990.

“Investment in health delivery is consistent with a long-term view of maximizing return on human capital. However, prioritizing health-related investments is key.

“A fundamental component to maximizing health is employee engagement. The first step in patient self-management is an aggressive health program that includes patient education and awareness; lifestyle management; health risk assessment; preventive screenings; immunizations; and holistic health.

“Managing health also includes removing barriers to effective treatment. As such, we have addressed high-cost areas, specifically diabetes and asthma, and have reduced co-insurance for specific medications. The bottom line? An overall reduction in prescription medication costs, better adherence, and fewer adverse events within these groups.”

THE BOTTOM LINE

Integrating health- and productivity-related data defines the true cost of ill health and unhealthy behaviors, rather than optimum health, to an organization.

Building a Supportive Environment

Creating a **true culture of health** in an organization can dramatically increase participation rates in health promotion programs and establish the organization as an “employer of choice.” Here, employees see health promotion as the acceptable norm, and good-health values are reinforced in all day-to-day interactions.”⁴¹

To build a supportive environment:

1. Proclaim visibly that health is an important value and objective for the organization, while also explaining the steps it will take to address poor health and health risks. This is a critical first step by top management.
2. Hold managers at all levels accountable and reward them for facilitating a healthy work setting for their people.
3. Ensure that supervisors know their responsibility to avoid creating a high-stress, toxic work environment, and see that they receive training in leadership and stress management.
4. Create employee peer support teams.
5. Create a health- and fitness-friendly environment by offering exercise options such as fitness facilities, walking paths, showers, low-fat cafeteria/vending selections, and “quiet rooms.”
6. Institute tobacco, safety belt, or other health and safety policies.
7. Provide abundant opportunities to participate in health promotion programs.
8. Design benefits that encourage appropriate treatment and prevention as well as participation (see page 12). Educate employees about the availability and use of these benefits.
9. Conduct ongoing awareness and reinforcement campaigns using common and popular communication channels.

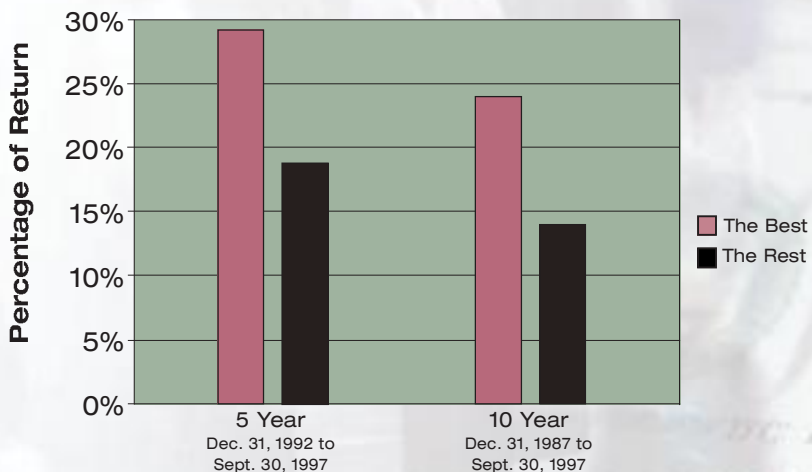
“As a society, we have spent years punishing people for bad health behavior, but we have never really rewarded people for good health choices.”



Arkansas Governor
Mike Huckabee

COMPARING FORTUNE “100 BEST COMPANIES TO WORK FOR” TO THE REST

\$1,000 invested 10 years ago in the “100 Best” companies returned \$8,188 compared to a return of \$3,976 for \$1,000 invested in the Russell 3000.



Source: Franklin Research & Development. Great Places to Work Institute, Inc. www.greatplacetowork.com/great/graphs.php.⁴²

THE BOTTOM LINE

A meaningful work environment that supports health and safety practices usually equates to an employer of choice.

Teaming Up

Getting support from health plans and the community



Bob Taft
Governor
State of Ohio

Beginning with a small staff and teaming up with internal and external resources, organizations can develop effective health management programs that will result in a positive return on investment. Teams can include the following:

Internal resources. An interdepartmental human capital team can include members who represent:

- Health promotion
- Human resources (personnel, training/development, benefits)
- Employee assistance
- Occupational health and safety
- Work-life initiatives
- Workers' compensation/disability management
- Medical and health services

External resources. Health plans and other outside organizations already may offer data management, health risk assessment, and targeted interventions. Third-party organizations include:

- Employee assistance programs and work/life consultants
- Physicians, hospitals, and managed care organizations
- Pharmaceutical representatives
- Health promotion/disease management vendors
- Colleges and universities
- Not-for-profit organizations, such as the American Heart Association or American Diabetes Association
- Business health coalitions
- Governmental agencies such as NIH and CDC

Duke University encouraged physicians to refer high-risk patients to its worksite health promotion program.⁴³

“As Governor, I am concerned about the health of Ohioans. In 2001, Ohio had the fifth highest adult smoking rate in the nation, more than 57 percent of our adults were overweight, and more than 30 percent participated in no physical activity.

“In response, we created *Healthy Ohioans* with elements focusing on schools and communities, and a two-pronged workforce effort reaching Ohio employers and state employees.

“Sixteen exemplary Ohio businesses were appointed to the Healthy Ohioans Business Council (HOBC) to spearhead our worksite health promotion efforts. In 2004, the HOBC released a guide to developing workplace wellness programs, and five regional business councils are planned in 2005.

“Today, state employees can access a variety of health enhancement opportunities. We annually recognize state employees who have adopted a healthier lifestyle and state agencies that have developed exemplary wellness plans. The bottom line of these efforts is to reduce Ohio's chronic disease rates and the cost of health care.”

THE BOTTOM LINE

The fragmentation and complexity of the health care system requires a collaborative effort among key stakeholders.

Reinforcing Personal Responsibility in Health

Health is a shared responsibility. Although the employer bears the primary responsibility for transforming an unhealthy organization, much of the investment in health and productivity management will go to waste if employees themselves do not understand and assume personal responsibility.

Personal responsibility is the **cornerstone** of:

- **Primary prevention:** staying physically active, eating healthfully, managing stress, and following preventive screening recommendations.
- **Risk management:** reducing lifestyle-related risk factors such as obesity or using tobacco.
- **Medical consumerism:** adherence to cholesterol- or blood pressure-lowering medications or other prescribed treatments, shopping for appropriate health care, partnering with physicians, and using health resources appropriately.

New Tools, New Responsibilities

Based on a recent survey by Hewitt Associates, employees are ready to assume responsibility but have not yet received clear, targeted messages from their employers that encourage them to act.⁴⁴

Ninety-three percent of 39,000 workers surveyed said they were comfortable about taking on more responsibility for their health care decisions. Yet:

- More than 80 percent do not estimate their health care expenses each year.
- Nearly 80 percent do not believe they can personally take action to help control these costs.
- More than half (57 percent) never have researched provider costs or quality.
- 24 percent never have inquired about prescription drug options.

Therefore, providing employees with appropriate communications improves consumer behaviors and ultimately influences health care utilization.

“Our philosophy of employee productivity is rooted in choice and individual development. People who make better choices in their own lives will make better decisions on the job.”



*Duncan Highsmith
Chairman
Highsmith Inc.*

DRIVING HOME THE KEY MESSAGE

When delivering a message of personal responsibility, help employees understand that good health is a win-win proposition:

- Good health benefits them not only physically and mentally, but also by lowering *their* out-of-pocket medical expenses.
- Personal health also may assure them of more reliable compensation, because employee health can have a direct bearing on the organization’s financial health. For example, savings from appropriate management of health care resources can free up more corporate funds for marketing or research and development.
- Personal health improves one’s chances of having a better quality of life and less pain and suffering.

THE BOTTOM LINE

Personal responsibility is the cornerstone of health management.

Keeping Employees Low Risk

Mark R. Warner
Governor
Commonwealth of Virginia



To achieve an effective health promotion program that maintains both high participation rates and a low-risk population, **an organization needs to provide support across all levels**—from the top down, as well as from the bottom up. To empower employees, Dee W. Edington, PhD, director of the University of Michigan Health Management Research Center, advises employers to:

- Create accountability. Through clear performance objectives, management at all levels acknowledges the importance of employee health, promotes a supportive environment, and encourages participation in health-enhancing activities (page 14).
- Help workers to recognize the health issues that drain their vitality and work performance by providing a health risk assessment (HRA) to each member of the organization (page 19).
- Provide an advocate (one for every 400 people) to help employees learn how to access benefit programs.
- Provide incentives for health promotion program participation (page 12). For example, offer a \$200 benefit credit for participating in a health risk assessment, meeting with a counselor to discuss its results, and participating in one or two additional health promotion activities during the year.³⁸

“I was a businessman before entering politics and brought those values with me when I was elected Governor in 2001. In my campaign, I pledged to run government like a business, introducing new efficiencies and always, always focusing on the bottom line.

“For 17 years, the *CommonHealth* program has helped our state workforce establish and/or maintain a healthy lifestyle through exercise, smoking cessation programs, health screenings, and providing flu shots.

“We know the results because we measure them. In just the past year, workers have lost 8 tons of weight and 14,000 state workers received flu shots. And over 350 of my state employee colleagues quit smoking or using tobacco, extending their lives and productivity in the process.

“These programs benefit the Commonwealth’s bottom line, saving taxpayer dollars through reduced health care expenses and less absenteeism due to illness. That peoples’ lives have changed for the better is perhaps the most important outcome.”

Research has demonstrated potentially greater cost savings from keeping low-risk employees at low risk and healthy, than from focusing exclusively on high-risk populations.^{14,15,16}

THE BOTTOM LINE

Keeping employees at low risk through ongoing health promotion initiatives should be a major objective of an organization’s health management strategy.

Maintaining a Safe Work Environment

Maintaining safety at work is intrinsic to maintaining a healthy, productive workforce. For example, the indirect cost of injuries (e.g., accident investigation, low morale, production delays, repairs) may be 20 times the direct costs.⁴⁵ In a study of large employers, workers' compensation costs accounted for 3 percent of total health- and productivity-related costs.⁴⁶ Thus, injury prevention and aggressive return-to-work initiatives are key elements of an integrated approach to health and productivity management.

Five essential components of a workplace safety program are:

1. Management commitment. An organization cannot create a culture of safety without true commitment from upper management. Management must investigate and address safety problems actively and provide support and follow-up.

2. Active participation by workers. Employees are not only responsible for adhering to safety rules, but they also should be involved in developing the program so they gain ownership. Seek their input regarding existing work hazards.

3. Effective incentives. Recognize individuals and teams who demonstrate safe behaviors (as opposed to rewarding a lack of lost-time injuries). This helps improve safety performance and reinforces the organization's emphasis on safety.

4. Equipped employees. Ensure that all workers have the appropriate personal protective equipment; the right tools, necessary training, and education for the job; clearly documented safety procedures and work rules; methods to assess safety performance or knowledge; and opportunities to offer their input.

5. Safety analysis. Assess the root causes of any incidents. In addition, apply job-hazard analysis to identify potential accidents, institute necessary controls, and assess program effectiveness.

“We have seen good results from our wellness program and safety initiatives, including a 10 percent reduction in lifestyle-related health care claims.”



*Dick Davidson
Chairman, President,
and CEO,
Union Pacific
Corporation*

THE EFFECTIVENESS OF SAFETY PROGRAMS

The American Society of Safety Engineers report in a white paper addressing the return on investment for safety, health, and environmental management programs⁴⁵

■ For every \$1 an employer invests in an effective workplace safety program, \$4 to \$6 may be saved in reduced illnesses, injuries, fatalities, medical costs, workers' compensation claims, and increased productivity.

An “Industrial Athlete” stretch program at Applied Materials⁴⁷

■ A 58 % reduction in strains and sprains per month.

THE BOTTOM LINE

Creating and maintaining a safe work environment calls for active collaboration between management and employees.

Identifying Health Risks

Using health risk assessments



Rick Wagoner
CEO
General Motors

A health risk assessment, or health risk appraisal (HRA), typically serves as a **core measurement** and **intervention tool** when combined with **appropriate follow-up and referral**.

The primary goals of an HRA are to:

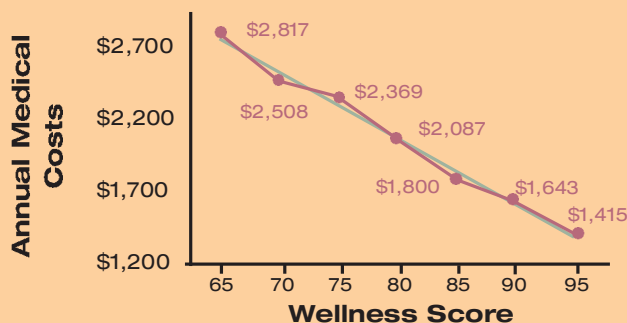
- Raise employee awareness about the association between health practices/measures and future health problems.
- Motivate employees to seek appropriate interventions and reinforce progress through follow-up assessments.
- Identify the distribution of risks (e.g., percentage of low-risk employees) across the population.
- Serve as a benchmarking, planning, and evaluation tool.

HRA participation by employees also has been linked to health care cost moderation.^{14,15,48}

Many HRA programs are combined with health screenings; provide personalized “wellness scores” and health reports that recommend action steps for risk reduction; or are accompanied by health education materials or in-person or telephonic counseling to reinforce healthful behavior change.^{14,15,48,49}

MEDICAL COSTS AND WELLNESS SCORE

Research conducted at General Motors by the University of Michigan has demonstrated the inverse relationship between a health risk appraisal’s “wellness score” and annual medical expenditures. As the “wellness score” increased, health care costs decreased.



Source: Yen L, McDonald T, Hirschland D, Edington, DW. Association between wellness score from a health risk appraisal and prospective medical claim costs. *J Occup Environ Med.* 2003;45(10):1049-1057.⁵⁰

“At General Motors, we believe that a strong company requires a healthy workforce. In 1996, along with the United Automobile Workers (UAW) and the International Union of Electrical-Communications Workers of America (IUE-CWA), we supported this belief by launching *LifeSteps*, a comprehensive health and wellness program for GM’s 1.1 million employees, retirees, and dependents.

“*LifeSteps* has a two-pronged approach. It not only focuses on reducing health risks, but also encourages those within the low-risk group to continue their healthy behaviors. Healthy lifestyles are the most cost-effective alternative.

“It offers personal health risk appraisals; onsite health fairs, screenings, and wellness support programs; health-related news and publications, and much more.

“Since 1996, *LifeSteps* has led to more than 1 million health risk appraisals and the reduction of more than 185,000 specific health risks. Within GM, *LifeSteps* has improved productivity and employee morale. Especially important given today’s skyrocketing health care costs, *LifeSteps* has shown that we all can improve the health care system by taking better care of ourselves.”

THE BOTTOM LINE

A health risk assessment system, integrated with other health and productivity-related measures, provides meaningful benchmarking data.

Addressing At-Risk Populations

The more high-risk behaviors an individual has, the higher his or her health care costs and the greater the probability of future health problems.^{14,15,17,18} To succeed in moving 70 percent of your people to low-risk status, Edington advises aiming to **have 80 percent of the population participate in a HRA or other health promotion intervention at least once over 3 years**, and to have 60 percent and 40 percent participate at least two and three times, respectively, over a 3- to 5-year period.^{48,49} Participation may involve:

- Preventive screenings, such as cholesterol, body fat, blood glucose, or blood pressure checks.
- Targeted risk reduction (e.g., weight management, smoking cessation, prenatal care, stress management, physical activity programs).

- One-on-one health coaching: personal, telephonic, or online.
- Health and safety programs.
- Disease management programs (see page 22), targeting chronic illness such as diabetes, asthma, and high blood pressure.⁵¹

Bolster participation with general awareness strategies (e.g., newsletters, bulletin boards, e-mail), and other efforts that support healthful culture change.

Each of these proven strategies and interventions contributes to a total picture of employees who are more informed about their health risks and more motivated to take an active role in managing them.

THE EFFECTIVENESS OF RISK REDUCTION PROGRAMS

An evaluation of organizations that combined elements of worksite health programs to identify individuals at high risk and provide appropriate interventions⁵²

- Cost-to-benefit ratios ranged from \$5.47-\$6.47 for each dollar spent for programming

A review of 12 comprehensive, multifactorial cardiovascular risk management worksite programs⁵³

- Favorable clinical and cost outcomes
- Chronic disease prevention requires an extended time horizon of at least 3 to 5 years

A smoking cessation program using counseling and medication at Union Pacific Railroad⁵⁴

- 29% total quit rate after 6 months

A blood pressure control program conducted by General Motors⁵⁵

- \$3.10-to-\$1.00 in reduced absenteeism (year 2)
- \$3.90-to-\$1.00 in reduced absenteeism (year 3)

THE BOTTOM LINE

Supporting Medical Consumerism

Anne M. Mulcahy
Chairman and CEO
Xerox Corporation



Medical consumerism education empowers individuals to improve their decision-making skills in the appropriate use of medical services and to understand the importance of self-management practices. In such programs, employees learn how to select a physician, partner and communicate with medical care providers, manage medications, comply with recommended schedules for preventive examinations, and assess treatment options based on relative benefits, risks, and costs.

Medical self-care is one strategic component of programs that promotes medical consumerism. It provides decision-support tools for determining the appropriate and necessary use of emergency and outpatient services. A typical medical self-care program includes a self-care reference book or online option, combined with training and awareness campaigns and, sometimes, a 24-hour nurse line.

Medical self-care programs have been shown to provide a significant return on investment—averaging double or triple the savings for each dollar invested—within a time span of 12 months.^{56,57} In addition, they create a foundation for developing the more complex decision-making skills employees need when they face major health events.

A medical self-care (demand management) program at Union Pacific Railroad produced a 12.5% reduction in unnecessary physician visits and a return on investment of \$2.78 to \$1 in reduced outpatient costs.⁵⁷

“**L**ike most corporations, Xerox is too familiar with the spectre of ever-increasing health care costs. But companies can’t solve the problem alone. Our health care business strategy today—evolved from our long history of supporting a healthy workforce and workplace—is built on further strengthening the employee value proposition and specifically, investing in tools that help guide employees to actively manage their health.

“For example, guides such as a four-part toolkit are designed to help people better understand and navigate the often complex U.S. health care system. An online health assessment helps people identify critical risk factors that may lead to poor health—and more importantly, how to fix them. In the 9 months following the assessment’s launch, 60 percent of employees whose risk factors made them eligible to work with a free health coach took advantage of the coaching. Nearly 20 percent of those people reduced or eliminated at least one of their risk factors.

“That’s good progress. We anticipate more. And we believe continued education and empowerment will ultimately translate to lower costs for us all—and better health for our people.”

THE BOTTOM LINE

Medical self-care programs provide significant cost benefits within 12 months of implementation.

Managing Disease

With the aging of the workforce, both the prevalence and associated costs of chronic health conditions will continue to rise.

In partnership with their health care plans, employers are addressing these major cost drivers through targeted disease management programs.

Disease management is defined as “a system of coordinated health care interventions and communications for populations with conditions in which patient self-care efforts are significant.”⁵⁸ Disease management programs typically address chronic illnesses such as high blood pressure, asthma, or diabetes.

These programs tend to follow the clinical process from diagnosis to aftercare. They emphasize evidence-based practice guidelines, primary prevention, patient empowerment, and outcome evaluation.

Assessing Barriers to Effective Care

Employers may gain from re-examining benefits design to identify potential barriers (e.g., cost, access) to effective treatments for illnesses that have high cost and impaired productivity implications, such as asthma, depression, diabetes, and migraine.

An employer’s medical or pharmaceutical costs may rise at first with improved access to treatment, but be offset over time by decreased disability, sick days, presenteeism, and overall medical care. For example, a person with migraine who complies with a newer class of migraine medication (i.e., triptans), will likely have less absence due to a migraine attack, and lower presenteeism (e.g., less impairment) when symptoms are present.⁵⁹

Finally, there is emerging evidence that a range of pharmaceutical approaches reduce productivity losses for such conditions as asthma, respiratory illnesses, diabetes, depression, and dysmenorrhea.⁵⁹

“We provide our employees with the tools they need to make decisions that will help them live healthier lives.”



*George DeVries
Chairman, President,
and CEO
American Specialty
Health (ASH)*

THE EFFECTIVENESS OF DISEASE MANAGEMENT

Bank One—asthma management program⁶⁰

- Increased use of controller medications rather than rescue medications. Significant improvement in asthma assessment index scores indicating better self-management. Lower absenteeism.

Maine employers—HMO-based depression management program⁶¹

- 63% of patients reduced their depression scores by an average of 50%. Average productivity savings of \$2,599 per treated patient.

The City of Asheville—diabetes management program⁶²

- Improved control of A1c levels. Reduced direct medical costs and sick time. \$18,000 aggregate annual savings in productivity.

THE BOTTOM LINE

Disease management programs have shown positive returns in reducing productivity losses.

State of Delaware

Health Rewards

Ruth Ann Minner
Governor
State of Delaware



Program Overview

- Number of Employees: 30,500 (1,500 program participants)

Program Goals

- Introduce consumerism and empower employees to be proactive in assessing and managing their health.
- Educate employees about unknown risks factors through health screenings, and how appropriate lifestyle changes can help them avoid chronic or serious health conditions.
- Encourage preventative care; reduce health benefit claims.

Program Components

- Comprehensive health assessment including resting and exercise EKG, blood pressure, simple blood tests for cholesterol and glucose, smokerlyzer[®] for carbon monoxide (CO) levels, body mass index (BMI), strength testing, and lower back screening.
- "Fit Stops" that allow employees to reassess and/or improve their results.
- Incentives provided to each of three groups to determine what drives changes in behavior/lifestyle.
- Follow-up assessments after one year.
- Analysis of the data and evaluation of findings, noting risks, changes in health conditions, and plan cost savings.

Key Findings

- Self-reported data determined that 50 percent of the participants had three or more risk factors.
- 70 percent of participants had a body mass index (BMI) greater than 25.
- Positive feedback and testimonials on how the program significantly changed diet and exercise behavior.
- Analysis due by mid 2006 will determine cost savings and changes in hospitalizations, ER visits, office and specialist visits, drug utilization, and ancillary services.

“Employee health and wellness is a critical component of an efficient and productive workforce. Delaware’s state government is one of the state’s largest employers, and we are working hard to find creative solutions that motivate employees to take charge of improving their overall health and address rising health care costs.

Delaware’s Health Rewards program educates and encourages state employees to take a proactive approach to their health decisions with the ultimate goals of improving health outcomes for the employees and reducing the costs of their claims.

I am very excited that we are able to offer the *Health Rewards* pilot program to our state employees. This program is a continuation of our long-standing commitment to preventive medicine as a way to save health care dollars.”

THE BOTTOM LINE

“Delaware’s Health Rewards program educates and encourages state employees to take responsibility for their health decisions, which results in healthier employees and lower costs to the State.”



Summing Up

Hank McKinnell
Chairman of the Board and CEO
Pfizer



As this report reveals, the short- and long-term profitability of your organization is linked to the physical and mental health of your employees.

To assess your organization's current efforts to manage employee health, consider the following components and how they fit into your total health management strategy:

- Supportive environment
- Data collection
- Benchmarking
- Benefits design
- Incentives
- Understanding the true cost burden (direct and indirect) of employee health
- Opportunities for confidential health risk assessment
- Support for maintaining good health practices and avoiding risk migration through primary prevention initiatives
- Opportunities for interventions tailored to employee needs
- Support and reinforcement for personal responsibility regarding health decisions
- Collaboration with key stakeholders
- Health purchase decisions based on value rather than strictly on cost
- Disease management emphasizing evidence-based medicine and defined outcomes

The solution starts at the top. As a first step, forward this report to key managers, health management coordinators, and other members of your organization's human capital team.

“As a health care company, Pfizer has had unique opportunities to learn critical lessons about managing health. Over the past 2 years, we have partnered with the state of Florida in the innovative *Florida: A Healthy State* program.

“Under this program, high-risk Medicaid recipients and health care providers use tools and incentives to focus on disease management and prevention in order to improve their health and reduce the massive costs of catastrophic health events. The program has already changed the lives of 150,000 Medicaid beneficiaries and realized cost savings of more than \$60 million.

“Now, Pfizer is applying these lessons to our own employee health program. While this initiative is still in its first stages, we are confident that it will lead to a more empowered, healthier workforce for Pfizer, and allow the company to maximize its health care investment.”

THE BOTTOM LINE

Positioning employee health as a total productivity management strategy requires a cross-functional approach starting at the top.

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A Call to Action: Leading by Example

*The individuals highlighted on the enclosed profiles lead organizations committed to improving the health and well-being of their workforces, and are participants in the **Leading by Example** initiative.*



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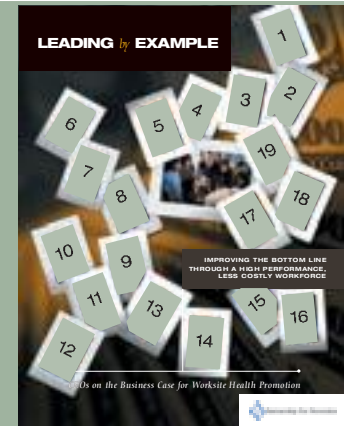
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