



What's Working in Employer Health and Wellness Programs?

**THE UNIVERSITY OF
MICHIGAN
HEALTH MANAGEMENT
RESEARCH CENTER**



UM-HMRC Corporate Consortium

- ✓ Ford
- ✓ Delphi
- ✓ Kellogg
- ✓ US Steel
- ✓ We Energies
- ✓ JPMorgan Chase
- ✓ Delphi Automotive
- ✓ Southern Company
- ✓ Navistar Corporation
- ✓ University of Missouri
- ✓ Medical Mutual of Ohio
- ✓ Florida Power and Light
- ✓ St Luke's Health System
- ✓ Allegiance Health System
- ✓ Cuyahoga Community College
- ✓ United Auto Workers-General Motors
- ✓ Wisconsin Education Association Trust
- ✓ Australian Health Management Corporation

- Steelcase (H)
- ✓ General Motors
- ✓ Progressive (H)
- ✓ Crown Equipment
- ✓ Affinity Health System
- ✓ SW MI Healthcare Coalition (H)

*The consortium members provide health care insurance for over two million Americans. Data are available from three to 20 years.

Meet on First Wednesday of each December in Ann Arbor

Zero Trends: Health as a Serious Economic Strategy

The Center for Studying Health System Change (HSC): What's Working in the Real World April 8, 2009

- Mission:** Change the Strategy for Health and Disability from a Health Strategy to a Business Strategy: 5
- Natural Flow of Americans:** High Risks and High Costs 5
- Business Case:** Health as an Economic Strategy 5
- Solutions:** Five Pillars to Support a Culture of Health 10



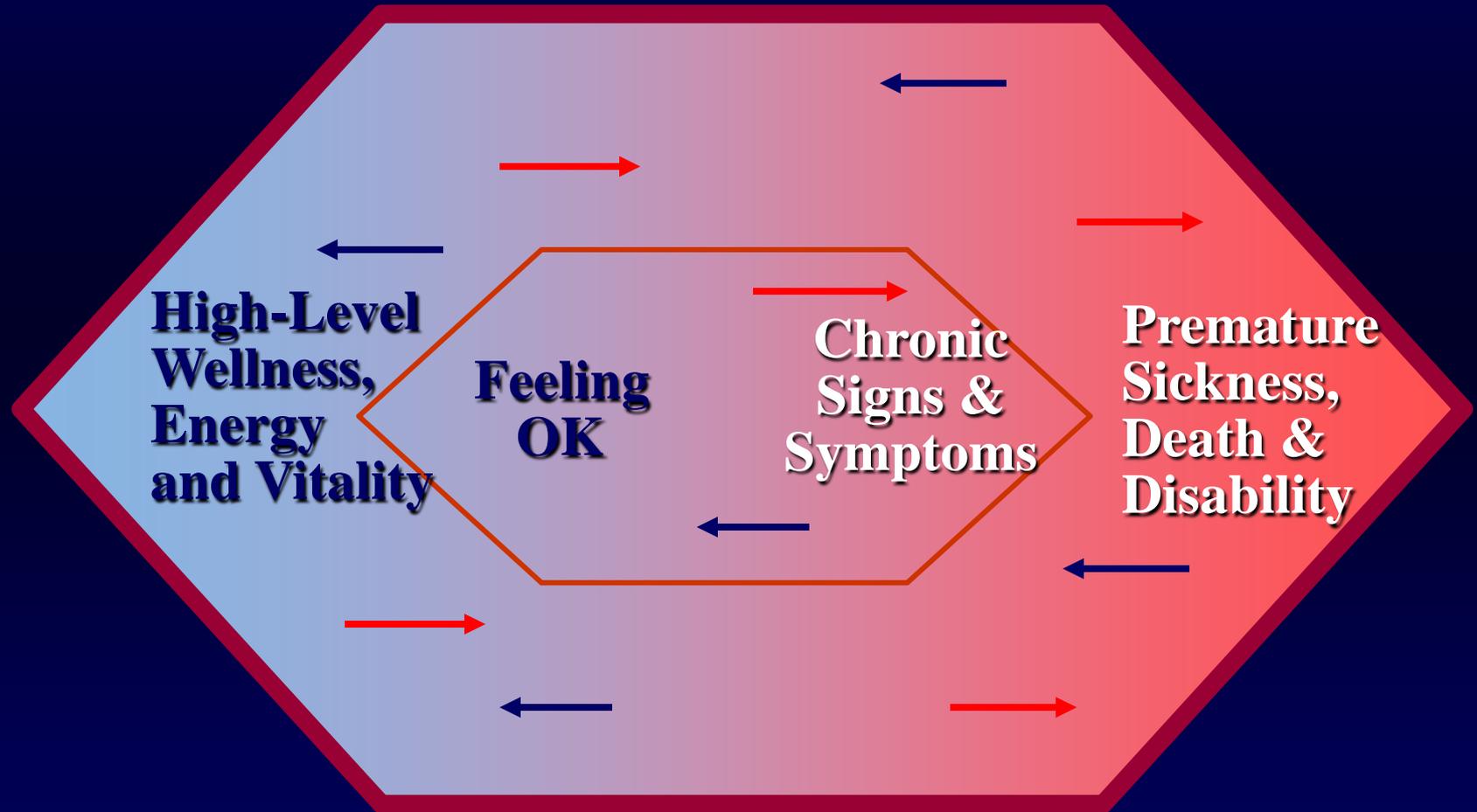
Mission

**Change the Conversation around
Health from a Healthcare Cost
Strategy**

to

**Health as a Serious Economic
Strategy**

Lifestyle Scale for Individuals and Populations: Self-Leaders





University of Michigan Health Management Research Center



Section I

The Current Healthcare Strategy

Wait for Sickness and then Treat

(...in Quality terms this strategy translates into **“wait for defects and then fix the defects”** ...)



Estimated Health Problems

Self -Reported

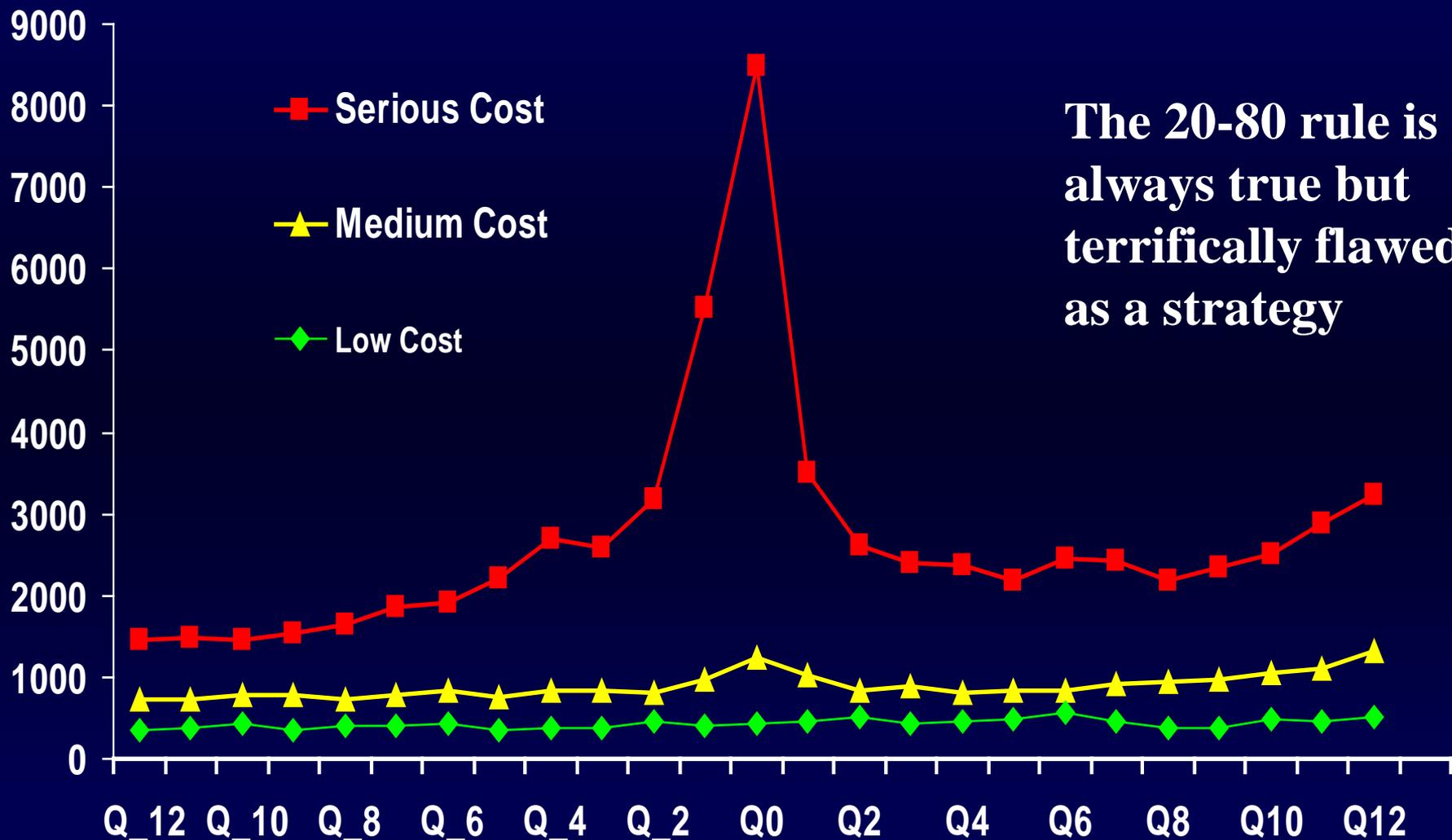
Health Problems

Allergies	33.2%
Back Pain	26.9%
Cholesterol	16.2%
Heart Burn/Acid Reflux	15.2%
Blood Pressure	14.5%
Arthritis	14.5%
Depression	10.7%
Migraine Headaches	9.4%
Asthma	7.0%
Chronic Pain	6.4%
Diabetes	3.8%
Heart Problems	3.3%
Osteoporosis	1.8%
Bronchitis/Emphysema	1.7%
Cancer	1.3%
Past Stroke	0.7%
Zero Medical Conditions	31.9%

From the UM-
HMRC Medical
Economics Report

Estimates based on
the age-gender
distribution of a
specific corporate
employee
population

Total Medical and Pharmacy Costs Paid by Quarter for Three Groups



The 20-80 rule is always true but terrifically flawed as a strategy

The Economics of Health as Paid by Companies

▲
Disease



Total Value of Health

- **Medical/Hospital**
- **Drug**
- **Absence**
- **Disability**
- **Worker's Comp**
- **Effective on Job**
- **Recruitment**
- **Retention**
- **Morale**



**The world we have made as a result of the
level of thinking we have done thus far
creates problems we cannot solve
at the same level of thinking
at which we created them.**

- Albert Einstein



Estimated Health Risks

Health Risk Measure

High Risk

Body Weight	41.8%
Stress	31.8%
Safety Belt Usage	28.6%
Physical Activity	23.3%
Blood Pressure	22.8%
Life Satisfaction	22.4%
Smoking	14.4%
Perception of Health	13.7%
Illness Days	10.9%
Existing Medical Problem	9.2%
Cholesterol	8.3%
Alcohol	2.9%
Zero Risk	14.0%

From the UM-HMRC Medical Economics Report

Estimates based on the age-gender distribution of a specific corporate employee population

OVERALL RISK LEVELS

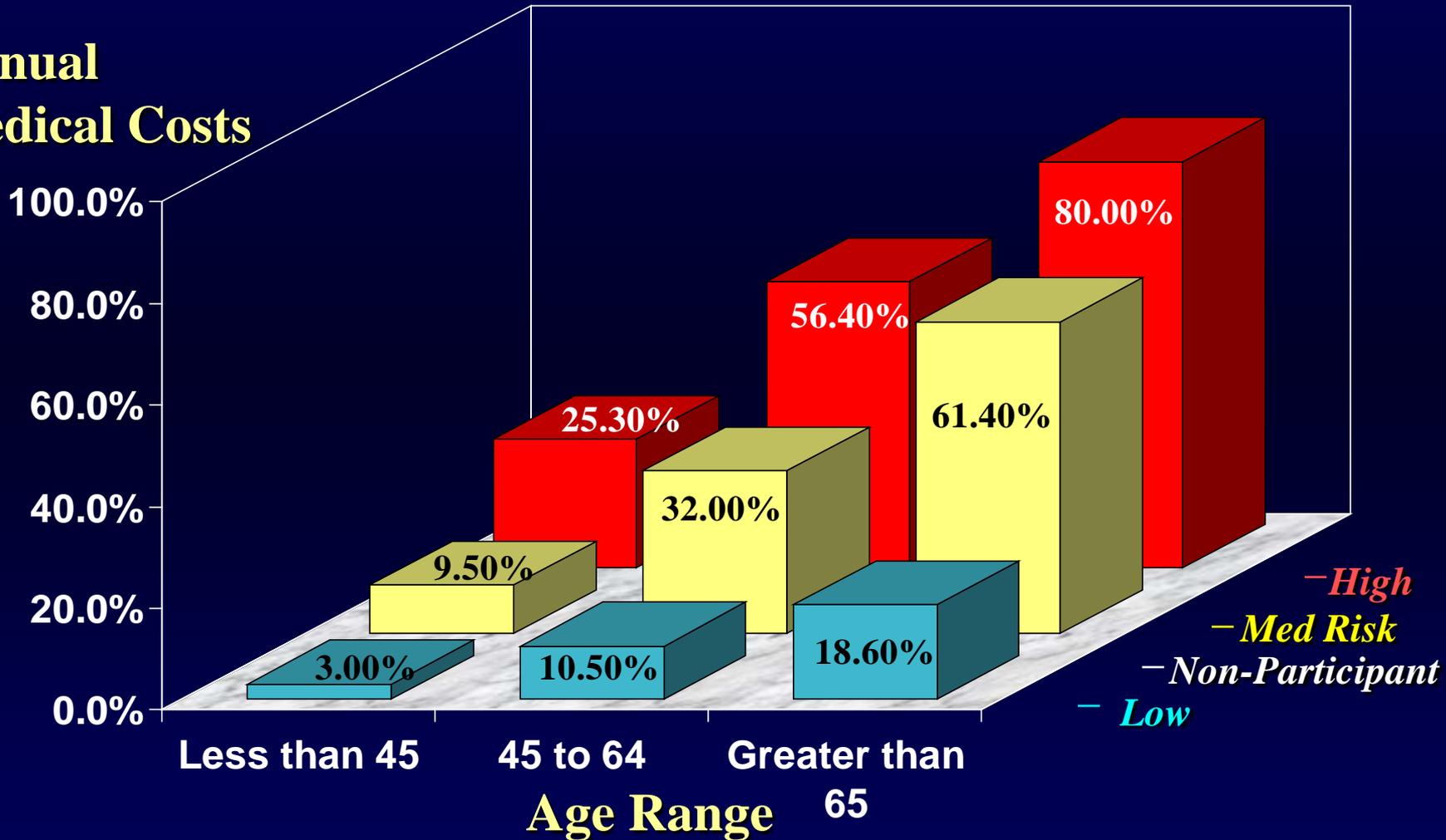
Low Risk	55.3%
Medium Risk	27.7%
High Risk	17.0%



Costs Associated with Risks

Medical Paid Amount x Age x Risk

Annual
Medical Costs

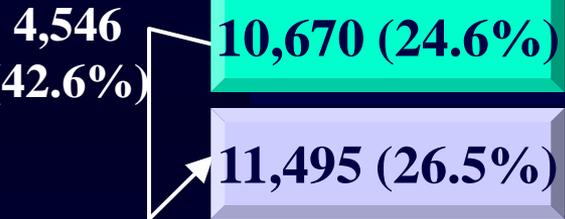


Risk Transitions

(Natural Flow)

Time 1 – Time 2

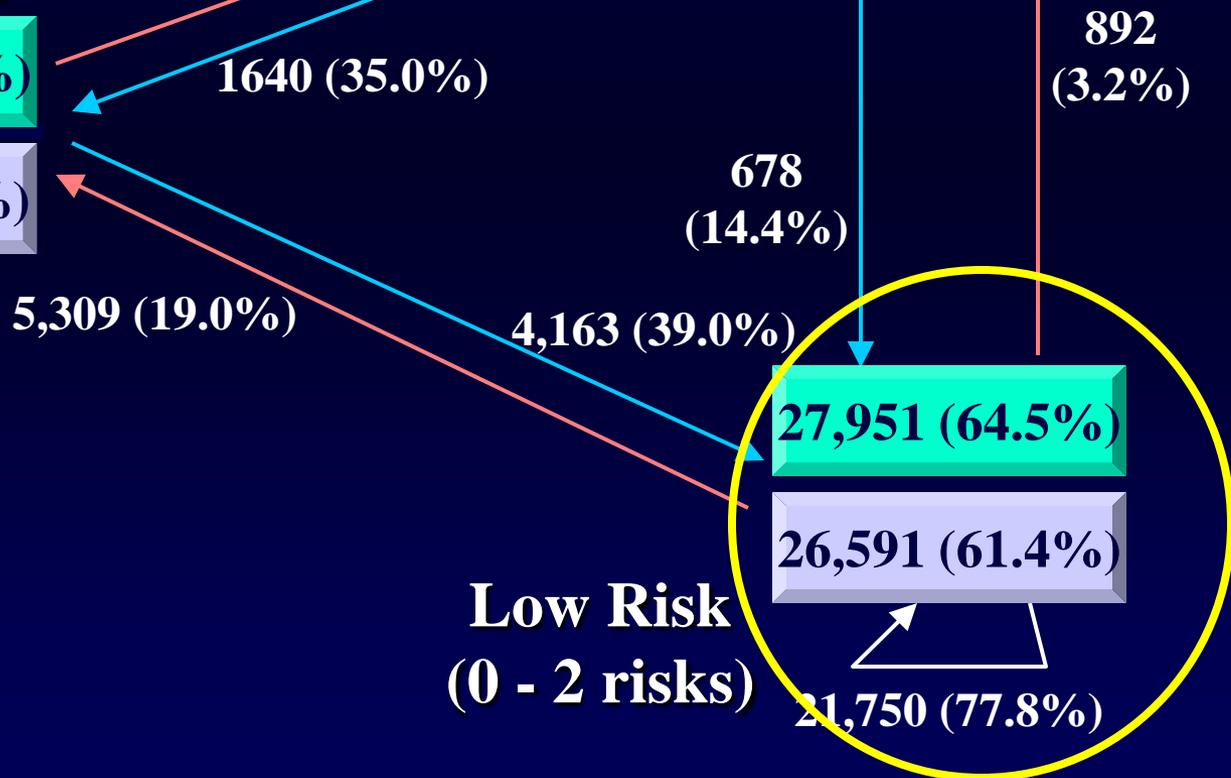
Medium Risk
(3 - 4 risks)



High Risk
(>4 risks)



Low Risk
(0 - 2 risks)

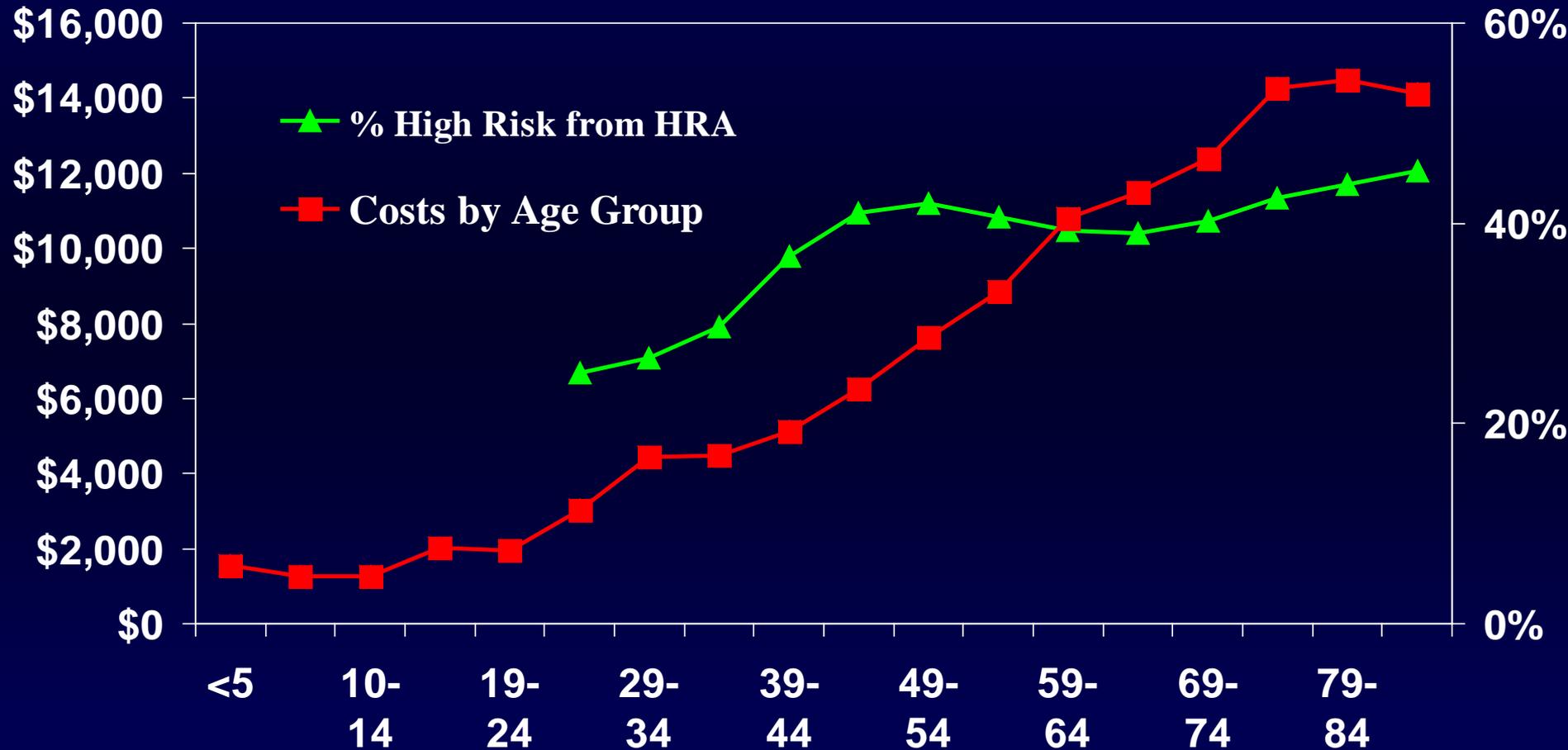


Average of three years
between measures

Distribution: Age, Costs, & Risk Status

% of Population and Costs (All Covered Lives)

% High Risk (>2 risks)



N=1.2M individuals in total UM-HMRC population.

N=300K in risk population



Section II

**Build the Business Case for the
Health as a Serious Economic
Strategy**

**Engage the Total Population to get
to the Total Value of Health**

**Complex Systems (Synergy and
Emergence) versus Reductionism (Etiology)**



Business Concept

**Health Risks are Associated
With Disease and Costs**

Excess Self-Reported Major Diseases Associated with Excess Risks

Percent with
Disease

5.30%

— High

— Med Risk

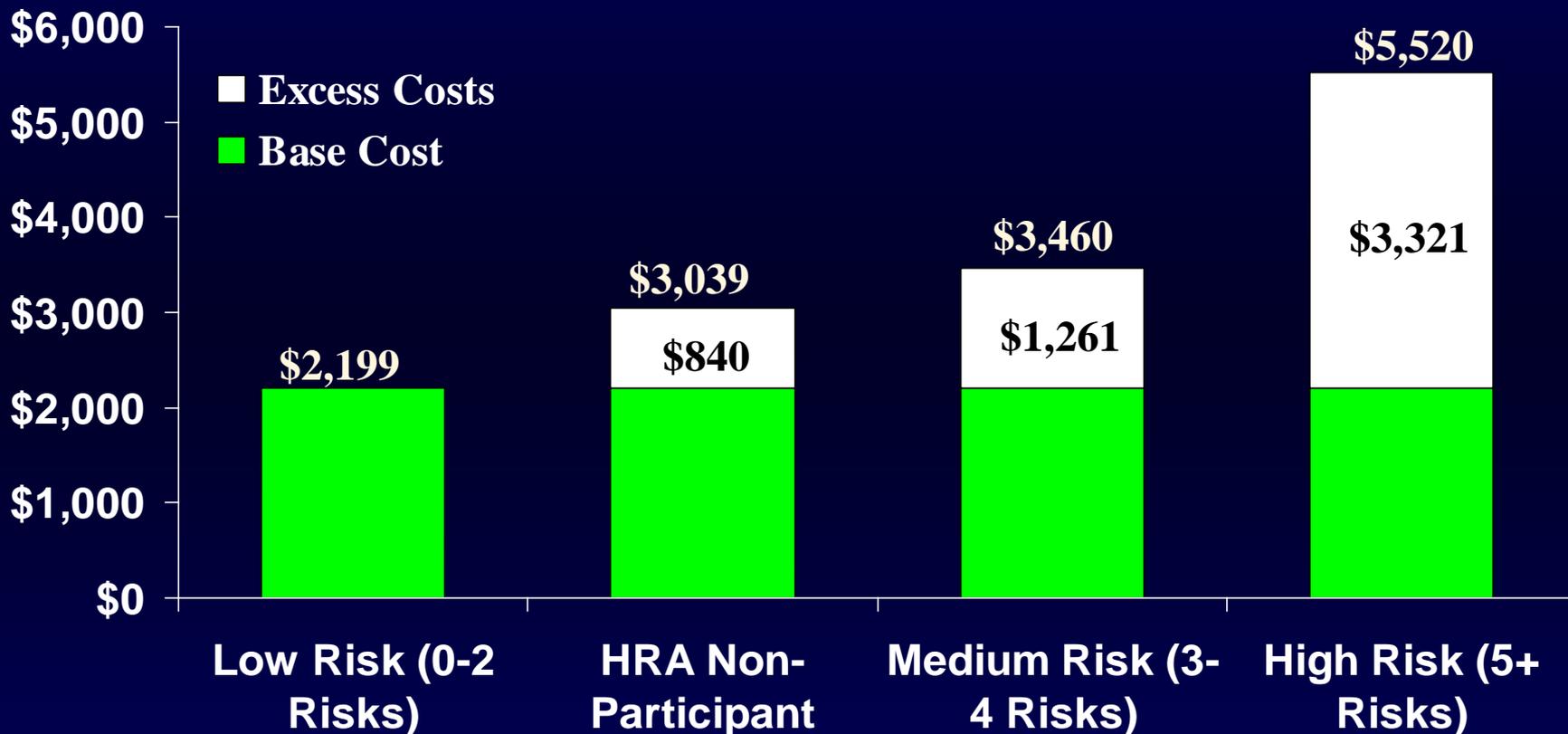
— Low Risk

Age Range

32.00%



Excess Medical Costs due to Excess Risks



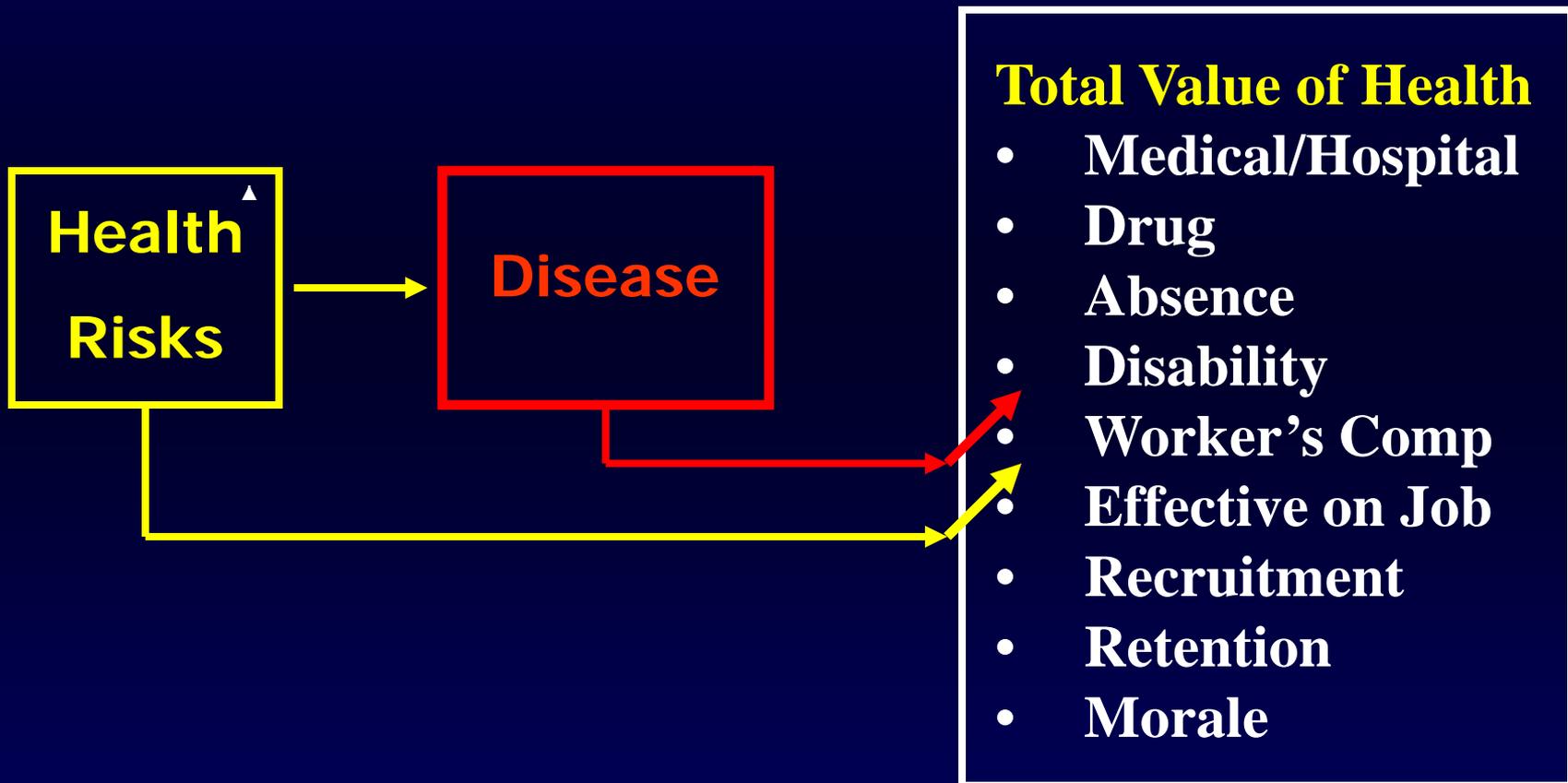
Edington, AJHP. 15(5):341-349, 2001



Association of Risk Levels with Corporate Cost Measures

Outcome Measures	Low-Risk	Medium-Risk	High-Risk	Excess Cost Percentage
Short-term Disability	\$ 120	\$ 216	\$ 333	41%
Worker's Compensation	\$ 228	\$ 244	\$ 496	24%
Absence	\$ 245	\$ 341	\$ 527	29%
Medical & Pharmacy	\$1,158	\$1,487	\$3,696	38%
Total	\$1,751	\$2,288	\$5,052	36%

The Economics of the Health Status as Paid by Companies





Business Concept

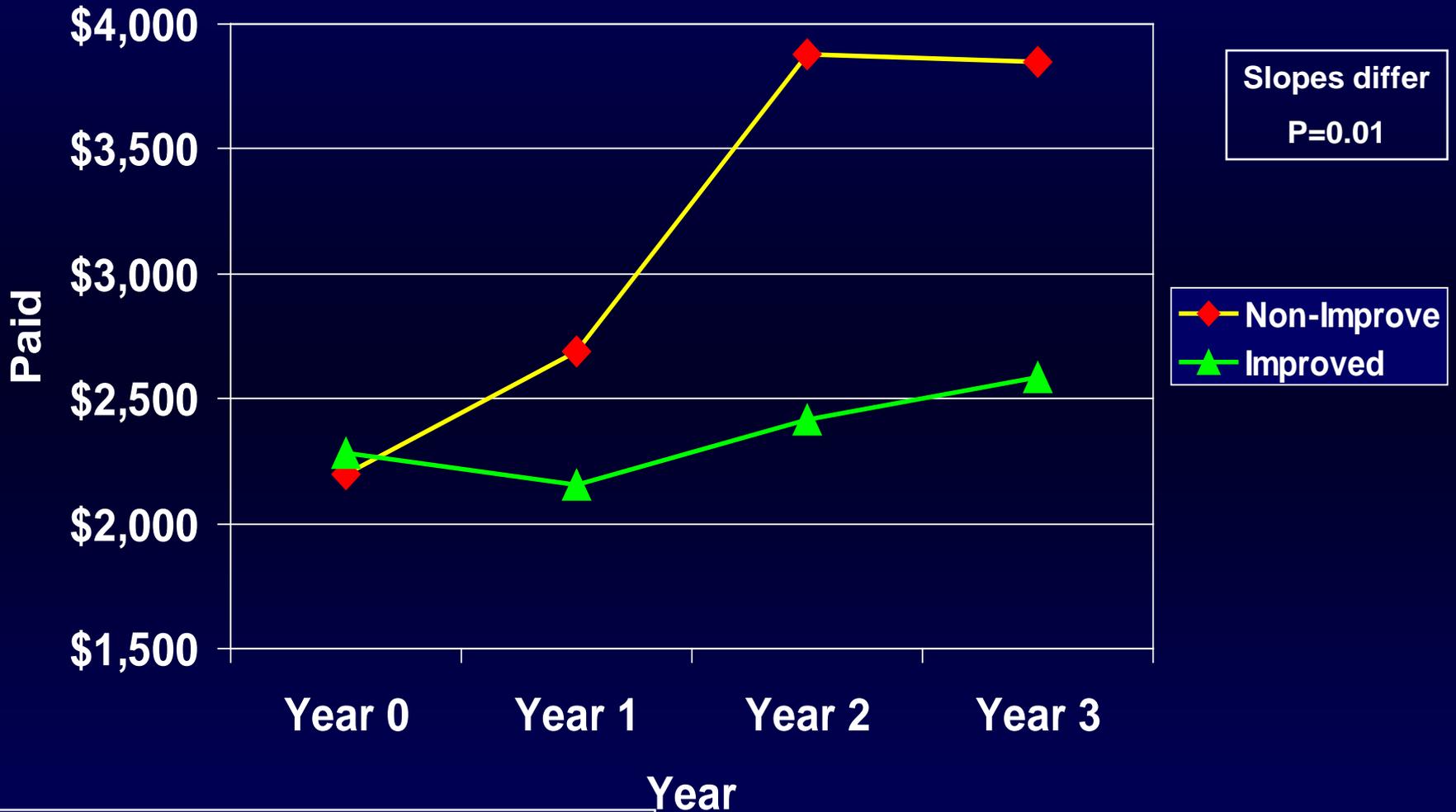
Change in Costs

follow

“Don’t Get Worse”



Medical and Drug Cost (Paid)*

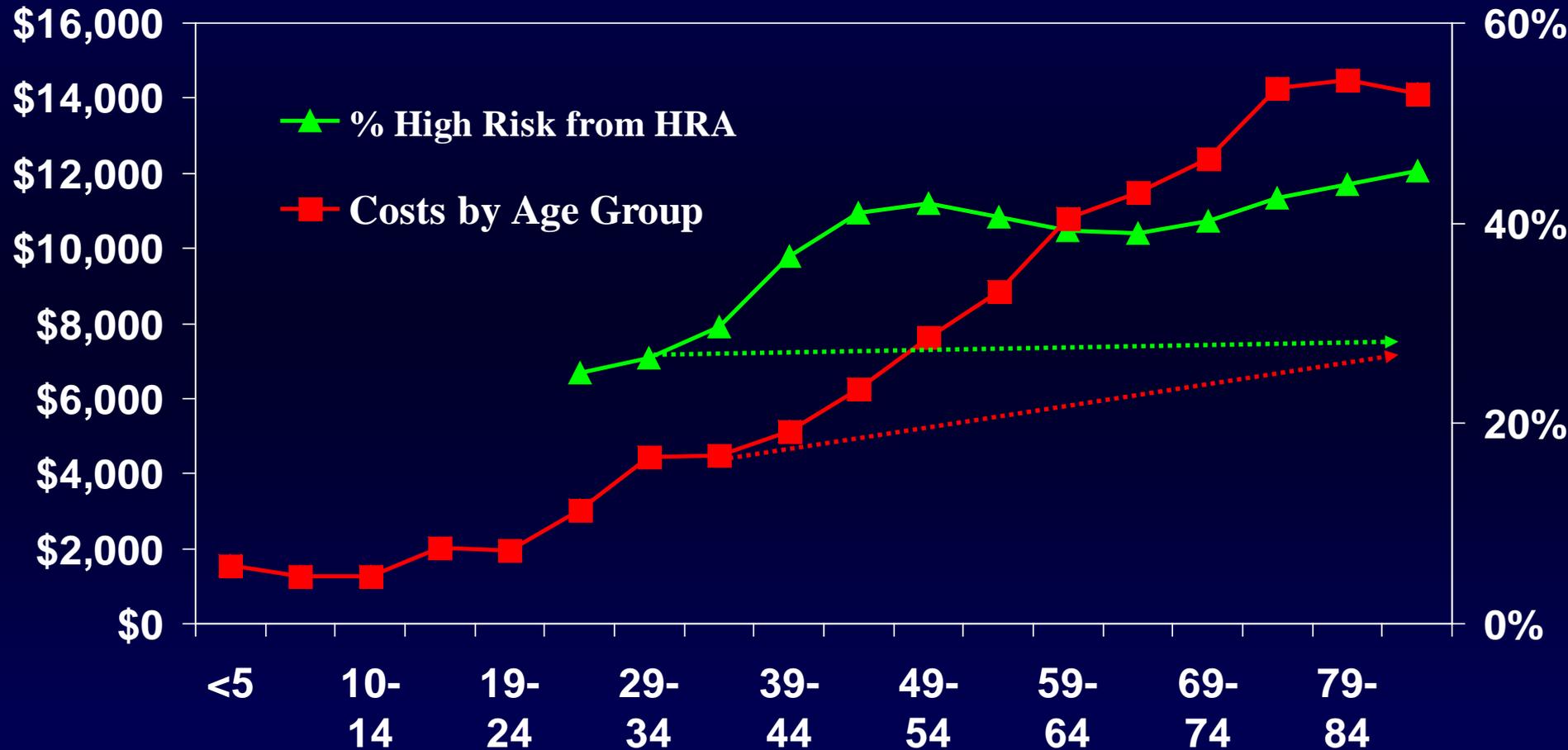


Improved or not get worse=\$117/yr
Not improved=\$614/yr

Distribution: Age, Costs, & Risk Status

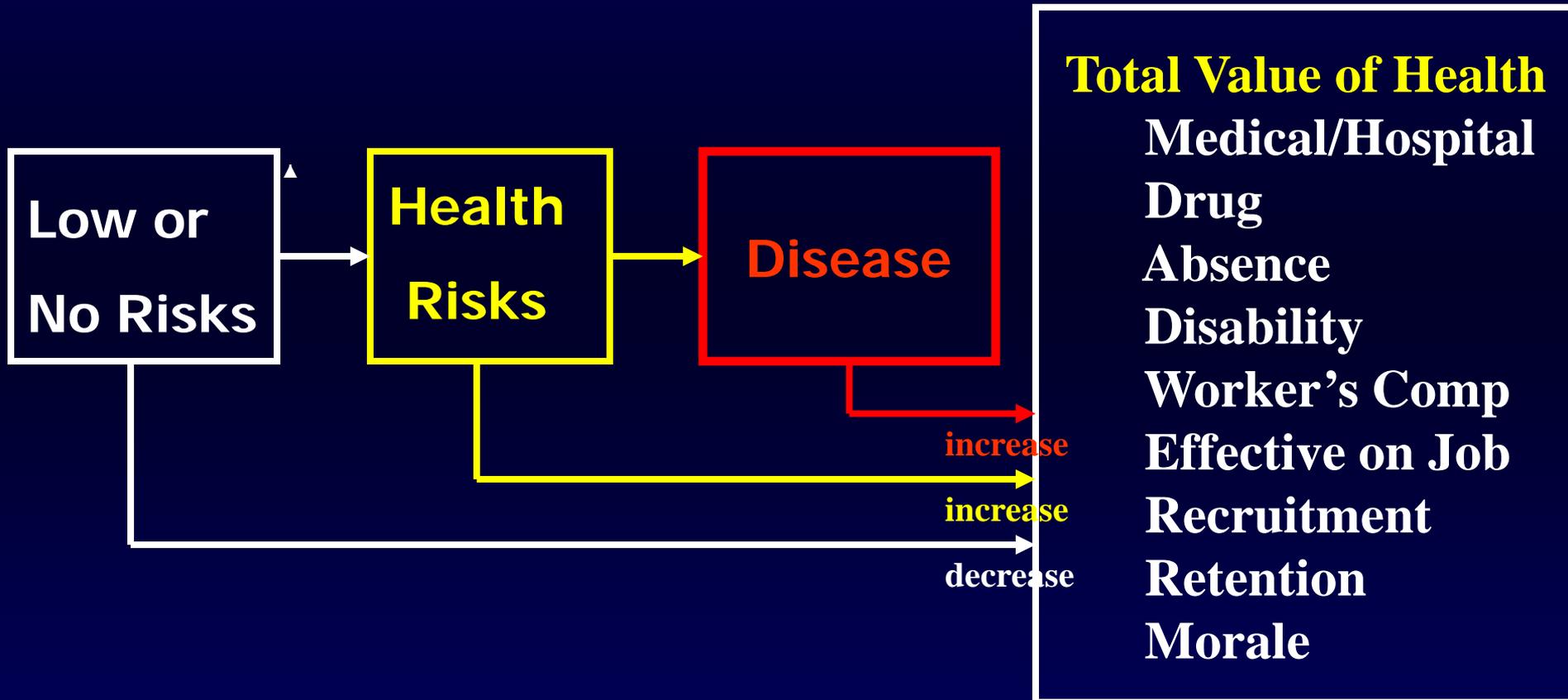
% of Population and Costs (All Covered Lives)

% High Risk (>2 risks)



N=1.2M individuals in total UM-HMRC population.
N=300K in risk population

The Economics of Total Population Engagement and Total Value of Health



Where is the Investment?



Section III

The Evidence-Based Solution:

Integrate Health into the Culture

(...in Quality terms this strategy translates into **"...fix the systems that lead to the defects" ...**)

Health Management Strategy

Sickness Management Opportunity

Condition Management Opportunity

Wellness Management Opportunity



Medical and Drug Costs only

M Integrate Health into the Culture

**Healthier
Person**

**Better
Employee**

**Gains for The
Organization**

**Lifestyle
Change**

**Health
Management
Programs**

Company Culture
Senior Leadership
Operations Leadership
Self-Leadership
Reward Positive Actions
Quality Assurance

1. Health Status
2. Life Expectancy
3. Disease Care Costs
4. Health Care Costs
5. Productivity
 - a. Absence
 - b. Disability
 - c. Worker's Compensation
 - d. Presenteeism
 - e. Quality Multiplier
6. Recruitment/Retention
7. Company Visibility
8. Social Responsibility



SENIOR LEADERSHIP

Create the Vision

- Commitment to healthy culture
- Connect vision to business strategy
- Engage leadership in vision

1st Fundamental Pillar



OPERATIONS LEADERSHIP

Align Workplace with Vision

- Engage everyone
- Brand health management strategies
- Integrate policies into health culture

2nd

Fundamental



SELF LEADERSHIP

Create Winners

- Help employees not get worse
- Help healthy people stay healthy
- Provide improvement and maintenance strategies

3rd Fundamental
Pillar

REWARD POSITIVE BEHAVIORS

Reinforce Culture of Health

- Reward champions
- Set incentives for healthy choices
- Reinforce at every touch point

4th Fundamental
Pillar



QUALITY ASSURANCE

Outcomes Drive Strategy

- Integrate all resources
- Measure progress towards goals in the first four Pillars
- Make it sustainable

5th Fundamental
Pillar

The Challenge

Expand the Health Status Strategy
from a singular focus on
Sickness and Precursors to Disease
to include a focus on
Wellness and Precursors to Health

(from a 97 to 3 resource allocation ratio
to a 80 to 20 ratio)



Implications for Public Policy

What can Americans Do?

Federal Government: provide incentives for companies to improve the health component of their products

State Governments: provide incentives for companies and communities to move to towards healthy cultures

Local Communities: form coalitions of stakeholders to create a community culture of health

Employers: install the five fundamental pillars of health management to move to a champion company

Individuals: stop getting worse as a first step to becoming a self-leader



Thank you for your attention.

Please contact us if you have any questions.

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