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

Slides available
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

High-Level Wellness, Energy and Vitality

Feeling OK

Chronic Signs & Symptoms

Premature Sickness, Death & Disability

Edington. Corporate Fitness and Recreation. 2:44, 1983
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

<table>
<thead>
<tr>
<th>Self-Reported</th>
<th>Health Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allergies</td>
<td>33.2%</td>
</tr>
<tr>
<td>Back Pain</td>
<td>26.9%</td>
</tr>
<tr>
<td>Cholesterol</td>
<td>16.2%</td>
</tr>
<tr>
<td>Heart Burn/Acid Reflux</td>
<td>15.2%</td>
</tr>
<tr>
<td>Blood Pressure</td>
<td>14.5%</td>
</tr>
<tr>
<td>Arthritis</td>
<td>14.5%</td>
</tr>
<tr>
<td>Depression</td>
<td>10.7%</td>
</tr>
<tr>
<td>Migraine Headaches</td>
<td>9.4%</td>
</tr>
<tr>
<td>Asthma</td>
<td>7.0%</td>
</tr>
<tr>
<td>Chronic Pain</td>
<td>6.4%</td>
</tr>
<tr>
<td>Diabetes</td>
<td>3.8%</td>
</tr>
<tr>
<td>Heart Problems</td>
<td>3.3%</td>
</tr>
<tr>
<td>Osteoporosis</td>
<td>1.8%</td>
</tr>
<tr>
<td>Bronchitis/Emphysema</td>
<td>1.7%</td>
</tr>
<tr>
<td>Cancer</td>
<td>1.3%</td>
</tr>
<tr>
<td>Past Stroke</td>
<td>0.7%</td>
</tr>
<tr>
<td>Zero Medical Conditions</td>
<td>31.9%</td>
</tr>
</tbody>
</table>

From the UM-HMRC Medical Economics Report

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

<table>
<thead>
<tr>
<th>Health Risk Measure</th>
<th>High Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Body Weight</td>
<td>41.8%</td>
</tr>
<tr>
<td>Stress</td>
<td>31.8%</td>
</tr>
<tr>
<td>Safety Belt Usage</td>
<td>28.6%</td>
</tr>
<tr>
<td>Physical Activity</td>
<td>23.3%</td>
</tr>
<tr>
<td>Blood Pressure</td>
<td>22.8%</td>
</tr>
<tr>
<td>Life Satisfaction</td>
<td>22.4%</td>
</tr>
<tr>
<td>Smoking</td>
<td>14.4%</td>
</tr>
<tr>
<td>Perception of Health</td>
<td>13.7%</td>
</tr>
<tr>
<td>Illness Days</td>
<td>10.9%</td>
</tr>
<tr>
<td>Existing Medical Problem</td>
<td>9.2%</td>
</tr>
<tr>
<td>Cholesterol</td>
<td>8.3%</td>
</tr>
<tr>
<td>Alcohol</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Zero Risk</strong></td>
<td>14.0%</td>
</tr>
</tbody>
</table>

**OVERALL RISK LEVELS**

- **Low Risk**: 55.3%
- **Medium Risk**: 27.7%
- **High Risk**: 17.0%

*From the UM-HMRC Medical Economics Report*

Estimates based on the age-gender distribution of a specific corporate employee population.
Costs Associated with Risks: Medical Paid Amount x Age x Risk

Annual Medical Costs

- Less than 45:
  - High Risk: 25.30%
  - Med Risk: 3.00%
  - Non-Participant: 9.50%

- 45 to 64:
  - High Risk: 32.00%
  - Med Risk: 10.50%
  - Non-Participant: 9.50%

- Greater than 65:
  - High Risk: 80.00%
  - Med Risk: 61.40%
  - Non-Participant: 18.60%

Risk Transitions (Natural Flow)

Time 1 – Time 2

High Risk (>4 risks)
- 2,373 (50.6%)

Medium Risk (3 - 4 risks)
- 4,691 (10.8%)
- 1,961 (18.4%)

Low Risk (0 - 2 risks)
- 27,951 (64.5%)
- 678 (14.4%)

11,495 (26.5%)

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

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%

Age Range

32.00%

Excess Medical Costs due to Excess Risks

Low Risk (0-2 Risks) - $2,199
HRA Non-Participant - $3,039
Medium Risk (3-4 Risks) - $3,460
High Risk (5+ Risks) - $5,520

Excess Costs
Base Cost

## Association of Risk Levels with Corporate Cost Measures

<table>
<thead>
<tr>
<th>Outcome Measures</th>
<th>Low-Risk</th>
<th>Medium-Risk</th>
<th>High-Risk</th>
<th>Excess Cost Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Disability</td>
<td>$120</td>
<td>$216</td>
<td>$333</td>
<td>41%</td>
</tr>
<tr>
<td>Worker’s Compensation</td>
<td>$228</td>
<td>$244</td>
<td>$496</td>
<td>24%</td>
</tr>
<tr>
<td>Absence</td>
<td>$245</td>
<td>$341</td>
<td>$527</td>
<td>29%</td>
</tr>
<tr>
<td>Medical &amp; Pharmacy</td>
<td>$1,158</td>
<td>$1,487</td>
<td>$3,696</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,751</strong></td>
<td><strong>$2,288</strong></td>
<td><strong>$5,052</strong></td>
<td><strong>36%</strong></td>
</tr>
</tbody>
</table>

Wright, Beard, Edington. JOEM. 44(12):1126-1134, 2002
The Economics of the Health Status as Paid by Companies

**Total Value of Health**
- Medical/Hospital
- Drug
- Absence
- Disability
- Worker’s Comp
- Effective on Job
- Recruitment
- Retention
- Morale
Business Concept

Change in Costs follow

“Don’t Get Worse”
Medical and Drug Cost (Paid)*

- Year 0: $1,500
- Year 1: $2,000
- Year 2: $2,500
- Year 3: $3,000
- Year 4: $3,500
- Year 5: $4,000

Slopes differ
P=0.01

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

Low or No Risks

Health Risks

Disease

Total Value of Health

Medical/Hospital
Drug
Absence
Disability
Worker’s Comp
Effective on Job
Recruitment
Retention
Morale

increase
increase
decrease
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” ...)
Integrate Health into the Culture

Healthier Person → Better Employee → Gains for The Organization

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

Lifestyle Change

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

Health Management Programs

SENIOR LEADERSHIP

Create the Vision

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

1st Fundamental Pillar
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

4th Fundamental Pillar

Reinforce Culture of Health

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