



Keeping **Healthy** People **Healthy**


The Business Case

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When employers and workers join forces to battle high healthcare costs, everyone wins. Although the challenge of controlling these costs may seem insurmountable, organizations across the US are making the effort — achieving higher productivity, lower absenteeism, and reduced claims. People who take a more active role in managing their own health enjoy the payoffs, too, in quality of life and cost savings.

Here's the fact: diabetes, heart disease, obesity, and other costly conditions can be prevented when people engage in healthy behaviors day after day, year after year. Disease management programs that focus on the high-risk population may seem like the best strategy, but research confirms that a major opportunity for economic impact is in *keeping low-risk employees from moving into higher-risk categories.*¹



“Nearly all employers (99%) report being ‘significantly or critically’ concerned about healthcare costs...”²

Population Health Management

Keeping healthy people healthy is the cornerstone of a population health strategy. Population health management seeks to improve the health of a defined group by segmenting members into health-related subsets and targeting interventions to meet the needs of each.

Emerging research revitalizes the value of prevention — that it makes good business sense to help people stay healthy. Now, HR professionals, medical directors, and health promotion practitioners are armed with evidence. A wealth of cost-effective worksite interventions — from education materials to team competitions — can support efforts to keep healthy people healthy.

Why It Pays

Research shows that as health risks increase, costs increase; as health risks decrease, costs decrease — it's that simple.^{3,4} People with 0-2 high risks (considered a low-risk group) make up the majority of worksite populations — roughly 60%. By helping people maintain low-risk status, employers can make a substantial difference in the organization's long-term physical and financial health. The following studies demonstrate the connection between lower risks and lower costs:

As health risks increase, costs increase; as health risks decrease, costs decrease.

- For each employee who loses low-risk status, health costs go up \$350/year. Every employee who regains low-risk status saves \$150/year.⁵
- High BMI individuals cost an average of \$2326 (1996 dollars) more in annual health claims compared to healthy BMI individuals.⁶
- High-risk health plan members cost approximately \$2000 over the average for annual medical claims. (Risks included high BMI, smoking, and lack of physical activity and are in 1996 dollars.)⁷
- High-risk employees (5+ risk factors) between ages 35-65 have medical claim costs of \$3007-\$4182 higher/year compared to low-risk employees in the same age group.⁸

Costs Follow Risks

The more health risk factors, the greater the annual *direct costs* (medical care and pharmacy charges) and *indirect costs* (absenteeism, presenteeism, and disability days) for that employee.⁹

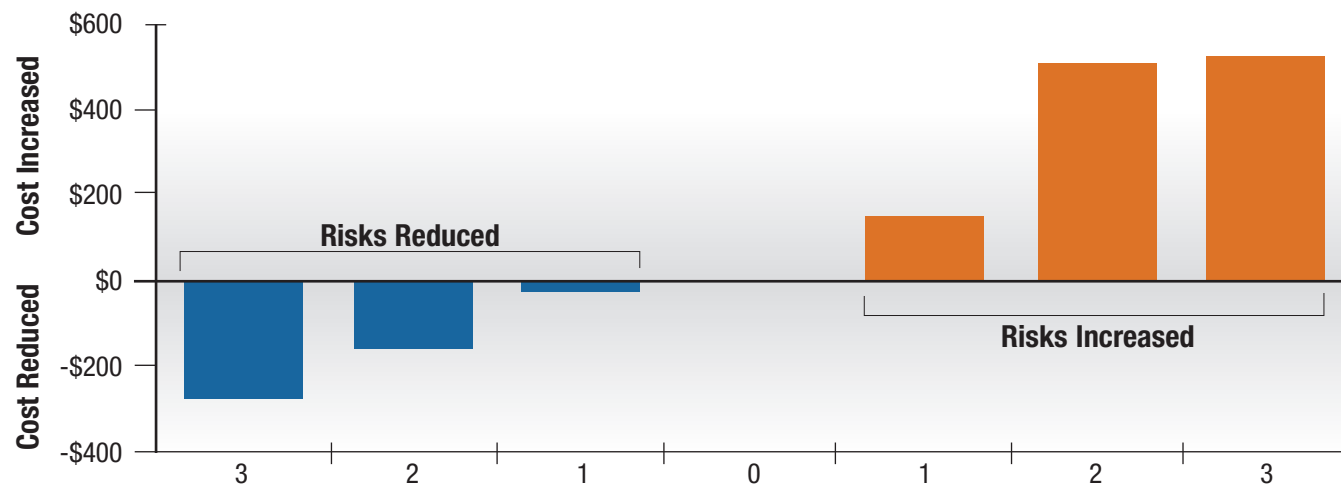
Association of Risk Levels With Several Corporate Cost Measures

Outcome Measure	Low-Risk (N=671)	Medium-Risk (N=504)	High-Risk (N=396)	Excess Cost Percentage
Short-Term Disability	\$120	\$216	\$333	41%
Workers' Compensation	\$228	\$244	\$496	24%
Absence	\$245	\$341	\$527	29%
Medical & Pharmacy	\$1158	\$1487	\$3696	38%
Total	\$1751	\$2288	\$5052	36%

Wright, Beard, Edington. JOEM. 44(12):1126-1134, 2002

The most effective way to increase the proportion of employees in the low-risk category is to keep them from developing risk factors.

Change in Costs Follows Change in Risks



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

Overall: Cost/risk reduced: \$215; cost/risk avoided: \$304

Actives: Cost/risk reduced: \$231; cost/risk avoided: \$320

Retirees <65: Cost/risk reduced: \$192; cost/risk avoided: \$621

Retirees >65: Cost/risk reduced: \$214; cost/risk avoided: \$264

Promoting Health and Preventing Disease

Wellness programs that include health promotion and disease prevention offer employees opportunities to live healthier, emphasizing the benefits of physical activity and smart food choices. These programs provide support and guidance for employees ready to make healthy changes as well as positive reinforcement for those who want to maintain healthy habits. A variety of workplace wellness services, aimed at lowering high risks and maintaining low risks, supports improvements:

- Programs that motivate individuals to increase physical activity save organizations approximately \$900/person/year in direct medical costs.¹⁰
- A balanced diet that includes over 5 fruit and vegetable servings a day can help lower the risk for diabetes, heart disease, high blood pressure, stroke, and some types of cancer.¹¹
- Regular physical activity can reduce medication use, hospitalizations, and unnecessary physician visits.¹²
- When detected early, risk factors associated with metabolic syndrome can be reversed with regular endurance exercise — avoiding the more deadly and costly consequences (see related sidebar).¹³
- Preventive strategies for back pain and other musculoskeletal disorders — including education, training, and workstation redesign — contain costs, which can otherwise skyrocket.¹⁴
- Healthcare costs for people with stress or depression symptoms are 147% higher.¹⁵ Stress management programs have proven effective to limit the cost impact and recurrence of stress-related disability.¹⁶

Encouraging physical activity and balanced nutrition, along with other healthy behaviors, is central to any health promotion program. The most effective way to increase the proportion of employees in the low-risk category is to keep them from developing risk factors — the key to success in maintaining lower healthcare costs.¹⁷

Metabolic Syndrome

Metabolic syndrome is a relatively new way to identify people at high risk for diabetes, heart disease, and stroke.

- 23% of adults have metabolic syndrome.¹⁸
- It's represented by a cluster of risk factors including obesity, elevated blood pressure, insulin resistance, and high cholesterol.
- Individuals with metabolic syndrome have a 5 times greater risk of diabetes and 2 times the risk of heart disease.¹⁹
- Wellness programs and lifestyle coaching as well as pharmaceutical and surgical interventions may help employees reduce or prevent metabolic syndrome risk factors.

Cultivating a Healthy Workforce

Because employees spend a significant portion of their waking hours on the job, employers are in a position to positively influence lifestyles. People often know *what* they should do; *skills*, *motivation*, and *opportunity* are the missing elements that keep them from making permanent, healthy changes.²⁰ Worksite programs can provide the supportive environment and structure people need to maintain healthy behaviors. Here are a few examples of worksite programs that lowered healthcare costs:

- In one comprehensive program, the number of low-risk participants increased 6.5% in 2 years and increased over 10% by the fifth year.²¹
- In a study of 1595 employees, those who participated in health promotion programs decreased healthcare costs by 1%/year, while others' annual healthcare costs increased by 7.8%.²²
- A review of 73 published studies of worksite health promotion programs shows an average \$3.50-to-\$1 savings-to-cost ratio in reduced absenteeism and healthcare cost.²³
- Another review of 42 published studies on worksite health promotion programs shows these averages:
 - **28%** reduction in sick leave absenteeism
 - **26%** reduction in health costs
 - **30%** reduction in workers' compensation and disability management claim costs
 - **\$5.93-to-\$1** savings-to-cost ratio.²⁴

Building a sustainable workplace culture of wellness is one of the best things employers can do to bolster employee health — and to improve the bottom line.

How You Can Keep Healthy People Healthy

The evidence is clear: An investment in *maintaining* a population's good health has a better payoff than trying to move unhealthy people to a state of health. Appropriate investments include:

- Implementing programs that appeal to low-risk employees — campaigns, contests, health education resource centers, online and print education materials, newsletters, and more
- Offering incentives to employees who maintain low-risk status
- Conducting periodic health assessments to track risks over time, increase awareness, and monitor the effectiveness of interventions
- Integrating health promotion with overall HR strategy for employee recruitment, retention, and productivity
- Tying health promotion programs to benefit design.

A Healthy Workplace

Environment

- Healthy food in cafeteria
- Smoke-free facility
- Physical activity opportunities
- Injury prevention policies

Programs

- Health promotion department/committees
- Recreation programs
- Employee assistance programs
- Coaching and mentoring

Culture

- Incentive systems
- Role models
- Communications
- Health education library

Policies

- Medical coverage for preventive care
- Flextime
- Guidelines to monitor and reduce stress

Adapted from O'Donnell 2005 (Art of Health Promotion)

Conclusions

In 2007, the average annual health benefit cost/employee for a typical employer is predicted to exceed \$8700 — about 6% higher than 2006.²⁵ A growing body of literature supports the long-term advantage of \$3-\$8/\$1 invested for a comprehensive and well-designed health promotion program.²⁶

Implementing strategies to help workers stay healthy is critical to lowering costs. Offering a range of options — campaigns, contests, print materials, and online health improvement programs along with rewards that reinforce healthy behavior — is a proven strategy for keeping healthy people healthy.

For more information or to learn how Health Enhancement Systems can help you keep healthy people healthy, please call 800.326.2317 or visit www.HealthEnhancementSystems.com.

Resources

- American College of Sports Medicine (www.acsm.org)
- American Journal of Health Promotion (www.healthpromotionjournal.com)
- The Art of Health Promotion (www.healthpromotionjournal.com/publications/art.htm)
- Centers for Disease Control and Prevention (www.cdc.gov)
- Harvard Business Review (<http://harvardbusinessonline.hbsp.harvard.edu>)
- Journal of Occupational and Environmental Medicine (www.joem.org)
- Journal of Occupational Health (<http://joh.med.uoeh-u.ac.jp/e/index.html>)
- Journal of the American Medical Association (www.jama.ama-assn.org)
- Mercer Human Resource Consulting (www.mercerhr.com)
- Milliman Consultants and Actuaries (www.milliman.com)
- National Cancer Institute (www.cancer.gov)
- National Cholesterol Education Program (www.nhlbi.nih.gov/about/ncep/index.htm)
- Towers Perrin (www.towersperrin.com)
- University of Michigan Health Management Research Center (www.hmrc.umich.edu)
- Work Magazine (www.work-magazine.com).

End Notes

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