HEALTH CARE

The next big health care strategy

BY LES C. MEYER

Against the backdrop of double-digit health care cost increases for several consecutive years, the time has come for benefits and compensation professionals to stop "managing" these costs and start avoiding them. This bold strategy involves the collection of aggregate population health-risk data under the disease-management (DM) umbrella, and development of meaningful incentives to encourage healthy behavior among employees that will, in turn, lower absenteeism and presenteeism, as well as improve productivity and profitability.

As employers move away from managed care toward cost-avoidance strategies with a real-time focus on patient empowerment and accountability, home and worksite lifestyle risk reduction, and innovative pay-for-performance systems that reward providers on the basis of quality instead of volume, it's imperative to strengthen the ties between health and productivity management and care delivery. For example, expanding question sets in health-risk appraisals to incorporate self-reported health and productivity data would tap one of the biggest unrealized sources of performance gains and competitive advantage. With Corporate America unable to manage what it cannot measure, program results surely need to be quantified.

VALUE ASSESSMENT

Disease management's profile has been raised considerably in recent years, and programs typically target the 20 percent of employee populations that consume 80 percent of health care dollars. Still, many employers are reluctant to embrace population health improvement and chronic care management programs—the best cost-avoidance vehicles—because they lack truly independent assessments of the value delivered by DM. In short, there's no agreement on methodology needed to evaluate evidence-based results.

The Institute for Health and Productivity Management (IHPM) recognizes these problems and established the Disease Management Strategic Advisory Council (DMSAC) to address them. The DMSAC is designed to listen carefully to credible experts and provide usable recommendations to help employers better evaluate and purchase "best-value" care from DM providers—tying action steps to quantitative information.

IHPM also is supporting the initial work of Population Health Impact Institute (PHII), a newly formed nonprofit entity founded by Dr. Thomas Wilson, an epidemiologist and recognized DM thought leader. PHII has pledged to provide the marketplace with objective and impartial methods for apples-to-apples comparisons using standardized protocols.

BEHAVIOR CHANGE

Employers can take concrete steps in the direction of cost avoidance. In the June 2004 *Harvard Business Review,* Michael E. Porter and Elizabeth Olmsted Teisberg spelled out recommendations to achieve greater overall value from health plan services. These include not restricting access to treatments or out-of-network providers and demanding information about provider experience, use of industry standards, and outcomes.

One way to achieve some of these objectives is to tie health care consumption to financing so that employee populations have an incentive to pursue healthier lifestyles—making behavioral change the underlying theme of cost avoidance. But many employers will have to make changes in their corporate culture to achieve meaningful results.

For instance, Union Pacific Railroad (UPRR) in Omaha, NE, a national leader in employee health promotion, uses behavioral change programs as part of an aggressive effort to contain or avoid the increasing costs of obesity—much the way many employers did with smoking-cessation programs. As part of a two-year study into the therapeutic value of a weight-loss drug, UPRR has incorporated fitness testing, periodic health assessments, telephone counseling, and pedometers to measure employee activity.

PRESENTEEISM

The chief emphasis of many DM and disability management programs is absenteeism, but it's important not to lose sight of the cost-avoidance potential involving *presenteeism*, defined as "showing up for work but not being fully engaged." Poor performance by those who come to work with physical or mental distress is very much a hard-dollar labor expense that can significantly escalate when depression is factored into the mix. Depression alone accounts for billions of dollars in lost productivity, and its treatment must be integrated into overall benefit-management and human-capital strategies.

A study of 375,000 employees, funded by the National Pharmaceutical Council and published in the *Journal of Occupational and Environmental Medicine's* April 2004 issue, traced up to 60 percent of the total cost of employee illnesses to presenteeism. It suggests that employers need to invest in better analytical tools to measure these costs and determine whether health-intervention strategies improve employee productivity.

SOUND INVESTMENT

To fully realize the advantages of cost-avoidance strategies, it's incumbent on employers to soundly invest in their human capital. Few have said it better than Jim Glassman, an economist with the American Enterprise Institute: "Any idiot can control costs and improve the bottom line in the short term by eliminating people or cutting back on benefits ... but the future belongs to innovation, and in the long run you have to grow the top line for the bottom line to be healthy." &

Les C. Meyer, a Denver, CO–based health care strategist, is chair of the Institute for Health and Productivity Management's Disease Management Strategic Advisory Council. He can be reached at (303) 757-6756 or LesCMeyer@aol.com.