

Healthy Behaviors *Burnish Bottom Line*

By Les C. Meyer

Health

and productivity management (HPM) programs are helping dress up balance sheets across Corporate America at a time when HR professionals are focused on reducing runaway health care costs in the face of rising medical inflation and an unhealthy lifestyle epidemic. Industry practitioners also increasingly are expected to measure their strategic value in the eyes of senior management – a development that certainly bodes well for the future of HPM initiatives.

HPM integrates the management of group and behavioral health plans with workers' compensation and disability programs as part of an approach that breaks harmful operational silos and optimizes results. Although these programs have been around for many years, they have become more sophisticated within the ever-broadening context of consumer health management.

Of course, the chief culprits behind soaring health premiums and drug trends have been leading chronic diseases and co-morbidity factors involving heart disease, diabetes, obesity, hypertension, asthma and depression – all of which are responsible for the biggest expenses in our health care system. Preventive medicine, wellness programs and disease management often can eliminate the need for very costly medical treatments while improving worker productivity.

IMPAIRED PERFORMANCE

Keeping employees healthy is crucial to success today and in the future with the competitive stakes so high in a global economy. When it comes to the workplace, there's no denying the interplay between employees' physical and mental health and corporate performance. Healthy employees are simply able to do more, thereby improving the employer's bottom line. When corporations tie performance to healthy employees, everyone benefits. Jobs stay in America. The economy flourishes. And exorbitant health care costs are avoided.

Employers understand both the direct and indirect cost of absenteeism and work impairment, e.g., "presenteeism" associated with ill or injured employees who cannot realize their fullest potential on the job because they are prone to errors and slower output. When they show up to work suffering from low-back pain or depression, their inescapable (and pithy) description is that of the "working wounded."

An article in the December 2006 issue of *Benefits & Compensation Digest* estimating the total cost of poor employee health suggests that absence and productivity loss can reach as high as 60 percent to 80 percent of total health costs in an employee population of 10,000, depending on salaries, compared to 40 percent for medical expenses.

Moreover, recent medical literature tracing the indirect costs of absence and impaired performance, which is much bigger than the outlay for health benefits, found that employees who

work with unmanaged chronic illnesses cost more than their counterparts with the same conditions who stay home from work. Someone who's working at just 90 percent capacity for two weeks is said to lose an entire day of work within that time frame, and as the number of health risks rises for each individual, so does the potential for decreased productivity.

6:1 ROI FOR RETURN-TO-WORK GAINS

A growing body of evidence has shown that HPM programs not only improve an employee's physical and mental health but also an employer's financial health. And contrary to what some skeptics have said about the potential for return on investment, the ROI associated with a healthier workforce has been well documented.

Steven Aldana, Ph.D., professor of health and human performance at Brigham Young University in Provo, Utah, and author of *The Culprit and the Cure*, says there are more than 30 academic studies published in medical journals showing on average that for every \$1 employers spend on HPM they save \$3.50 in just health care costs alone in just the first or second year of operation. In the absenteeism area, he says ROI can be as high as 6:1. Substantial savings are expected four or five years down the road when heart disease, bone marrow transplants and other major events are prevented.

While lost productivity has long been difficult to measure, new methodologies offer a clearer snapshot of the total impact poor health has on

the bottom line and how employers can better identify the most troublesome disease states and other factors when developing winning strategies for HPM programs. The potential for health-related benefit cost savings is tremendous: more than \$2,500 per employee, according to a recent study by the Integrated Benefits Institute.

The key to success for employee wellness and health promotion is behavior modification. Aldana notes that the largest epidemiological studies show that between 70 percent and 91 percent of chronic diseases and deaths associated with cardiovascular illnesses, cancers, Alzheimer's disease, type-2 diabetes and others are related

that improving the health of just 10 percent of residents with obesity-related health problems could save \$13 billion in five years.

Once a solid business strategy is firmly in place, employers will be well on their way to reaping the benefits of improved employee health care outcomes. To wit: lower medical claim costs as well as improved productivity and profitability.

A prudent investment in employee health will pay dividends in terms of improving productivity. This is a key component of human capital management and an increasingly common strategic business objective in today's competitive business climate. But suc-

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to preventable lifestyle factors involving poor nutrition, lack of physical activity and tobacco use.

PRUDENT INVESTMENT

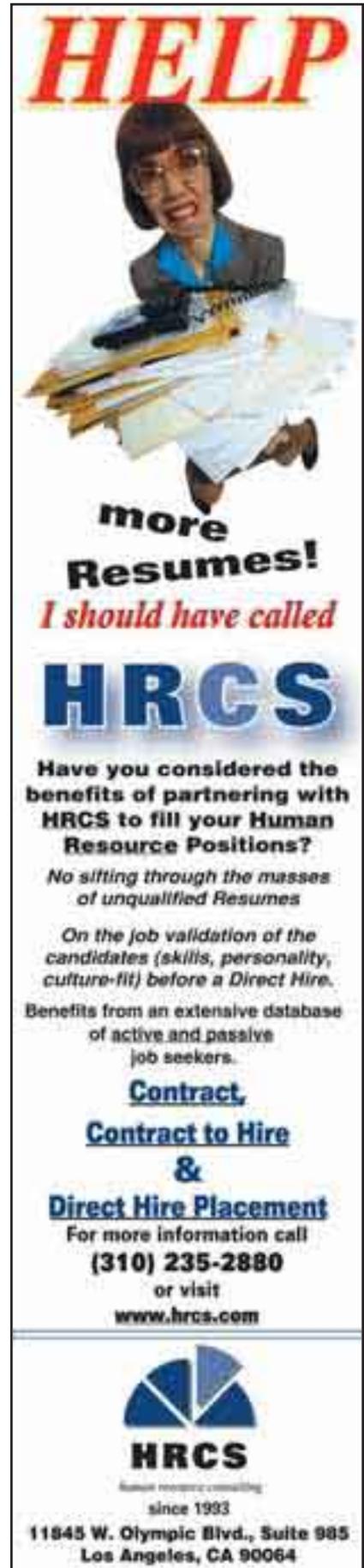
When arguing the HPM business case to senior management, it's critical for HR professionals to articulate a clear understanding of the concerns that are top of mind within their organization and industry. Since they're facing mounting pressure to be able to identify and analyze key metrics, one helpful suggestion is for them to gauge the economic impact of, say, a 10 percent reduction in body mass index for 25,000 employees in terms of lower health care premiums and out-of-pocket costs.

For example, HPM has taken on a sense of urgency in California where obesity and a sedentary lifestyle last year cost employers \$28 billion in health care expenses and lost productivity, according to the state's Department of Health Services. The San Francisco Chronicle recently reported

cess hinges on aligning desired employee behavior with incentives that produce a healthier and more productive workforce, which will lead to higher profits.

Human capital is a company's most valuable asset and natural resource, which means employees need to be protected, nurtured and developed in order to yield optimal performance that is inextricably linked to an employee's health status and functionality. Companies that promote health, as well as programs that strategically and systematically motivate employees to health achievement, have improved functionality at every level. In embracing HPM, we can build a healthier, more productive and competitive nation. ■

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