Health Management as a Serious Business Strategy

THE UNIVERSITY OF MICHIGAN
HEALTH MANAGEMENT RESEARCH CENTER

Health Status as a Serious Economic Strategy

The Mission: Regaining Vitality in Americans and America

The Do-Nothing Strategy: The Failed Focus **xx**

The Health Status Strategy: The Emerging Focus **xx**

The Solution: The Culture of Health Strategy **xx**

Slides available

Introductory Comments

UM-HMRC Corporate Consortium

- ✓Steelcase (H)
- ✓Progressive (H)
- ✓Crown Equipment
- ✓Delphi Automotive
- ✓Southern Company
- ✓Foote Health System
- ✓University of Missouri
- ✓Medical Mutual of Ohio
- ✓St Luke's Health System
- ✓Cuyahoga Community College
- ✓International Truck and Engine
- ✓United Auto Workers-General Motors
- ✓Wisconsin Education Association Trust
- ✓Australian Health Management Corporation
- ✓Kellogg
- ✓US Steel
- ✓JPM Chase
- ✓We Energies
- ✓General Motors
- ✓Affinity Health Plan
- ✓ Florida Power & Light

*The consortium members provide health care insurance for over two million Americans. Data are available from eight to 18 years.

Meet on First Wednesday of each December in Ann Arbor

Health Management a Serious Business Strategy

1. **Building an Integrated, Sustainable Business Strategy**

   (Next Generation Programs, Champion Companies, Zero Trends) Six Hours

2. **Complete Strategy and Next Generation Four Hours**
3. **Fundamental Strategy and Next Generation Two Hours**
4. **Business Strategy and Next Generation 90 minutes**
5. **Short Business Strategy and Next Generation 75 minutes**
6. **Executive Summary 45 minutes**
7. **Executive Summary of Executive Summary 20 minutes**

Since September 1, 2003

400 Presentations
45,000 People
20,000 Organizations

"…To change the conversation around heath…"

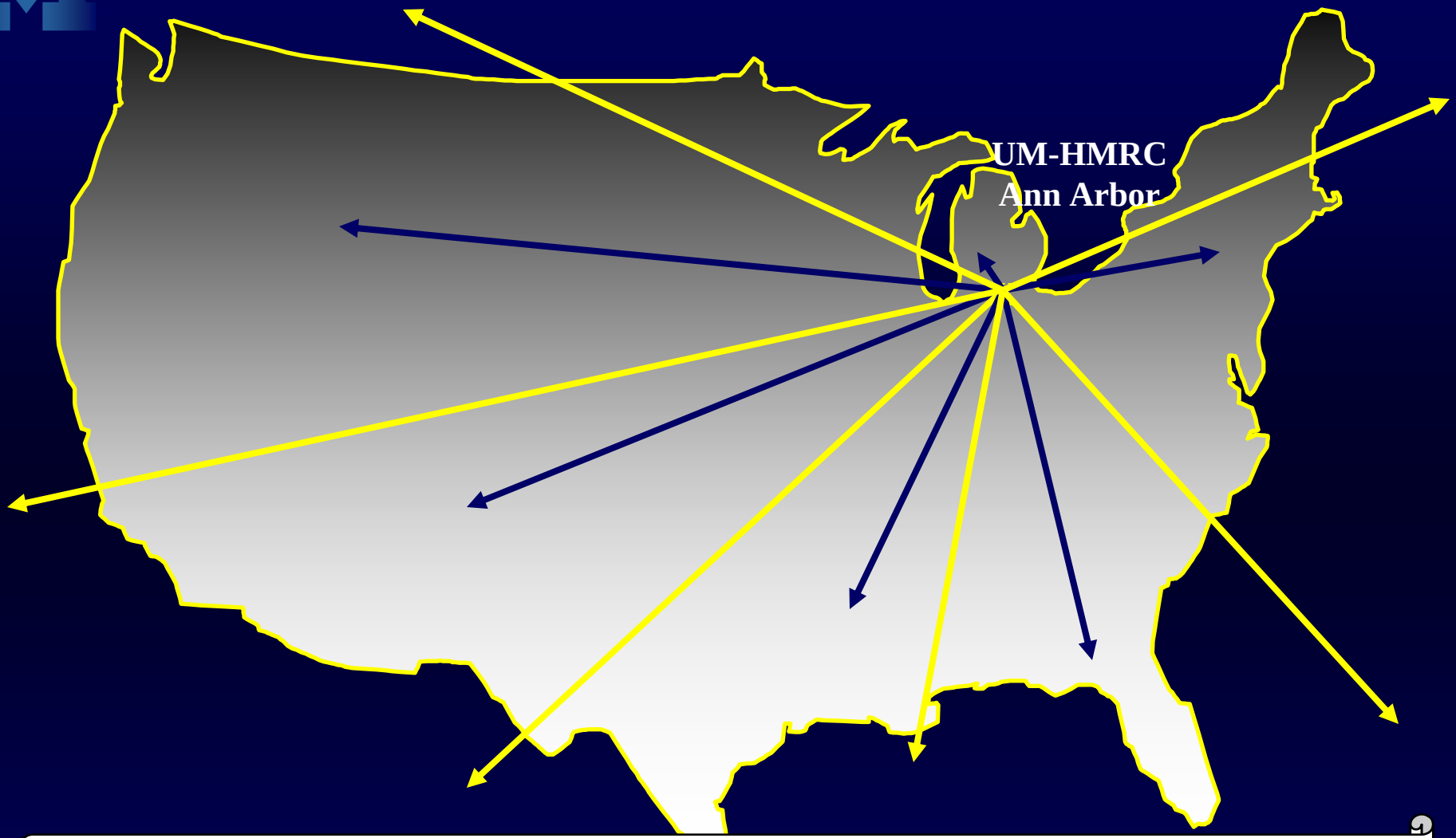
To Change the Conversation

From Health as the Absence of Disease **to Health as Vitality and Energy**

From the Cost of Health Care **to the Total Value of Health**

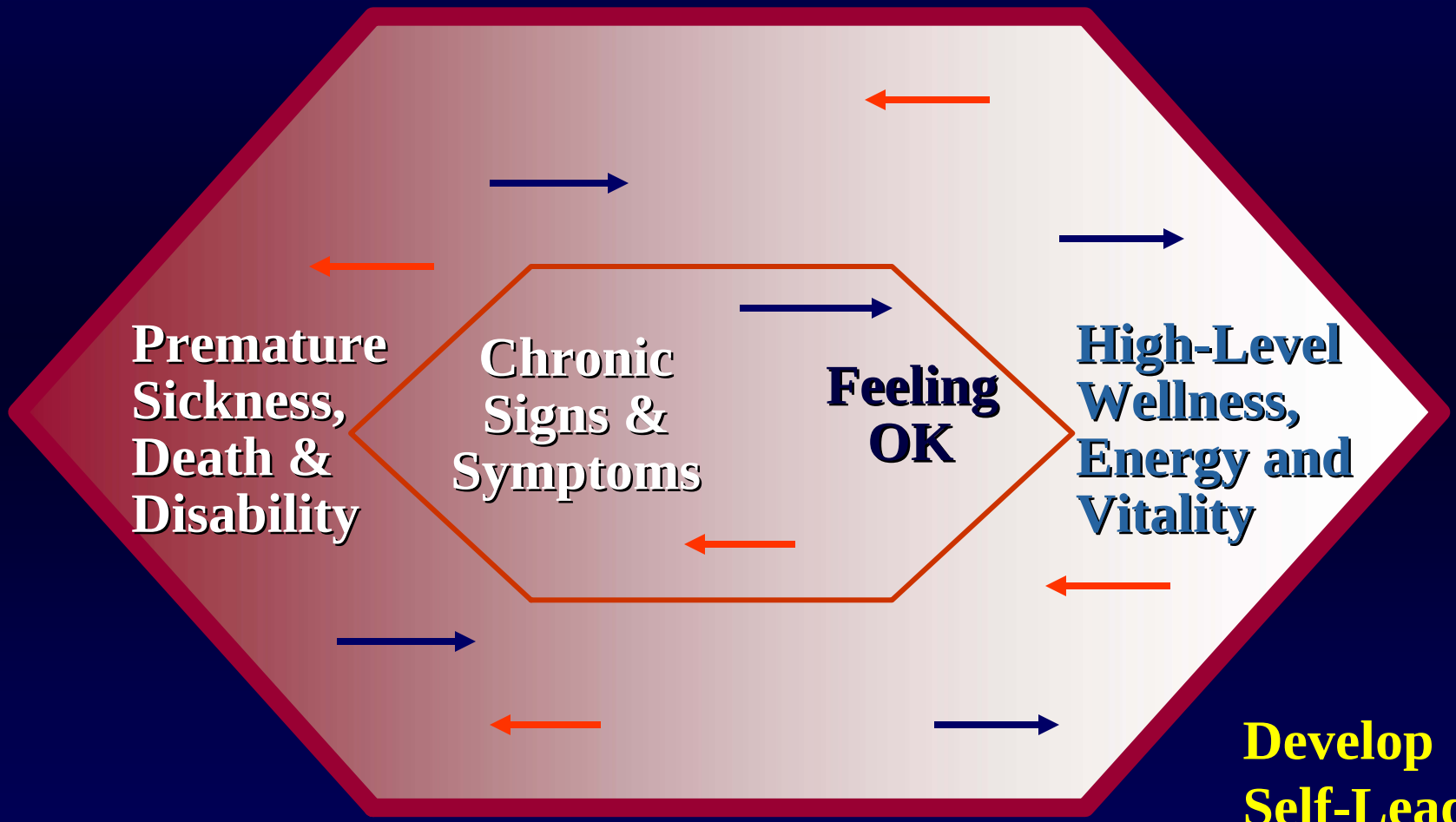
From Individual Participation **to Population Engagement**

From Behavior Change to **Culture of Health**



New way to do Health and Productivity Management In America and Throughout the World

Lifestyle Scale for Individuals and Populations: Self-Leaders



Develop Self-Leaders

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

Section I

The Do-Nothing Strategy:

The Failed Focus

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%

UM-HMRC
Estimated Medical
Economics Report

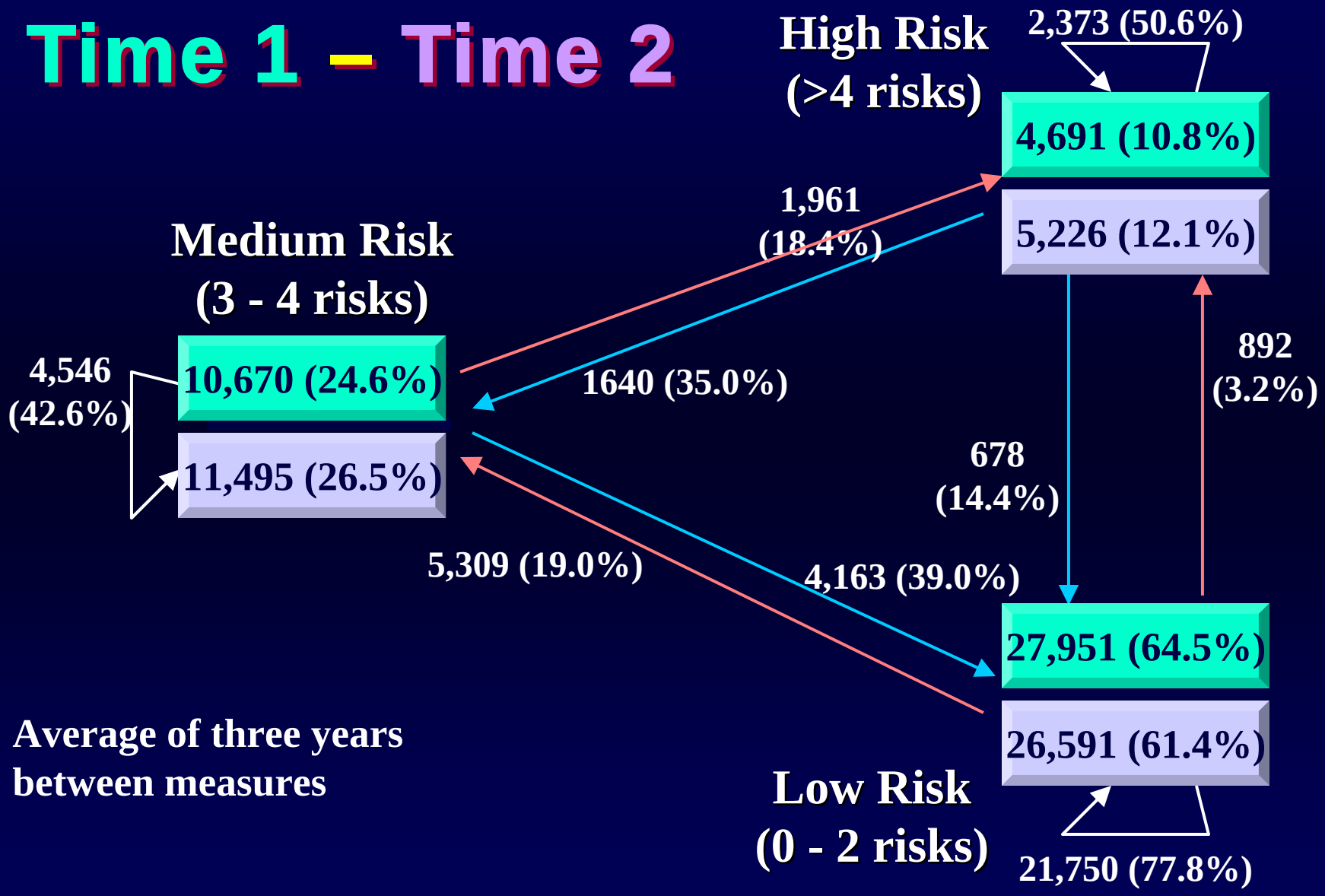
Estimated Health Risks

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%

OVERALL RISK LEVELS	
Low Risk	55.3%
Medium Risk	27.7%
High Risk	17.0%

UM-HMRC Estimated Medical Economics Report

Risk Transitions
Time 1 – Time 2



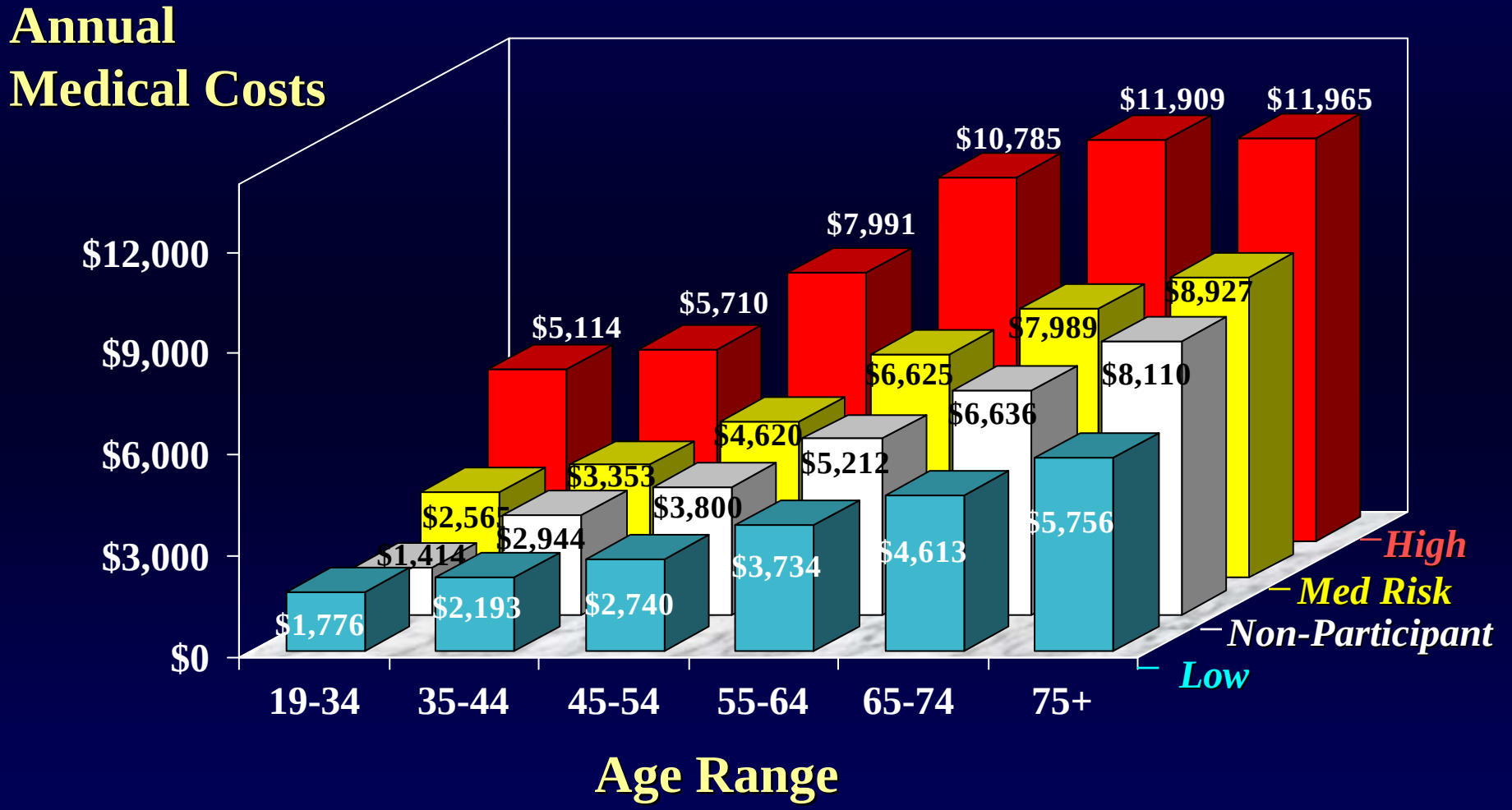
Average of three years between measures

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

Total Population Management

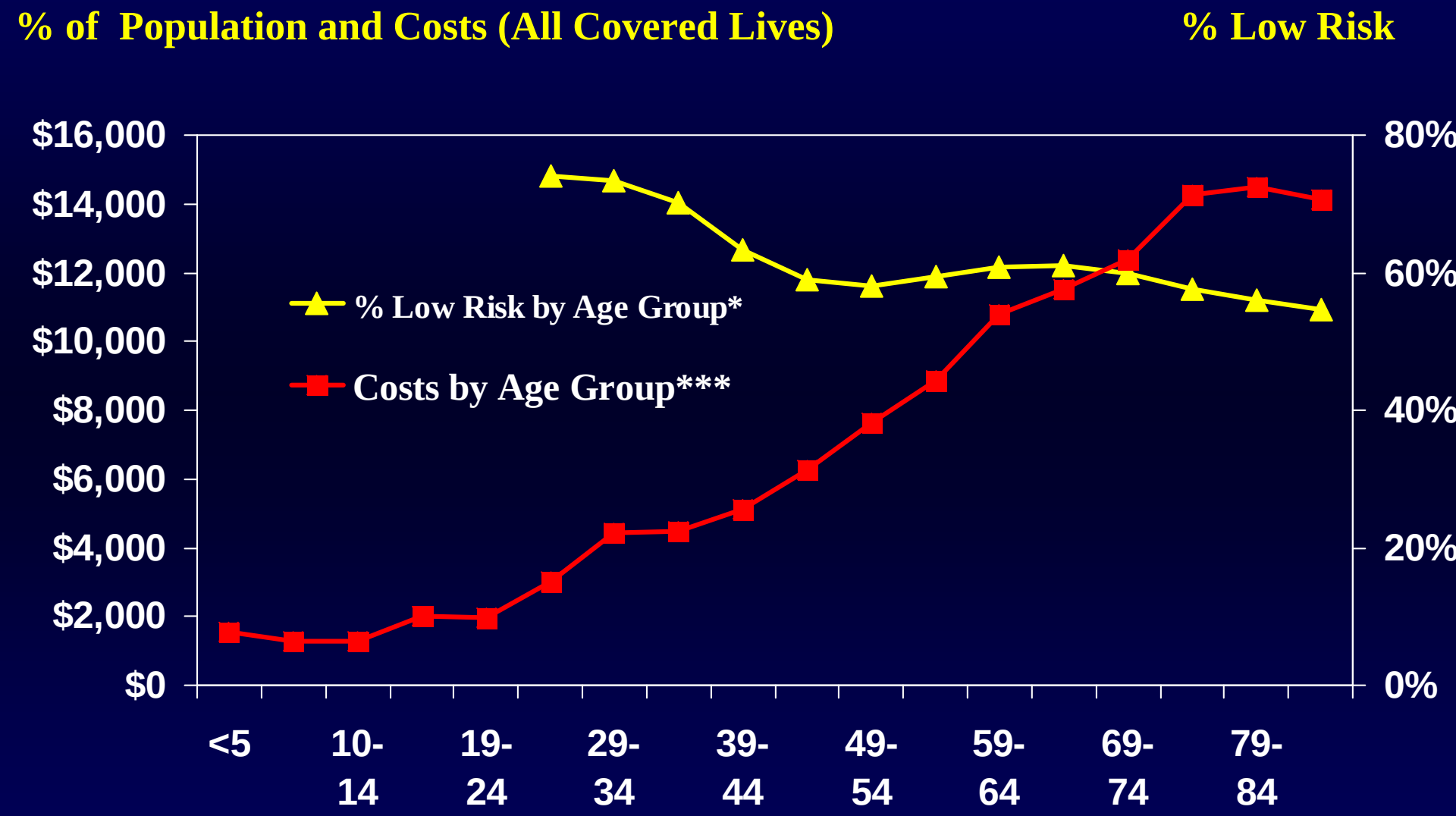
Medical and Drug Costs only

Costs Associated with Risks
Medical Paid Amount x Age x Risk



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

Distribution: Age, Costs, & Risk Status



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

Summary of the Do-Nothing Strategy

The flow of Risks is to High-Risk

The flow of Costs is to High-Cost

Costs follow Risks and Age

This is the Way Americans Have been Living their Lives for 60 Years (1945 to 2005)

Can We Afford the Economic Consequences of the Do-Nothing Strategy?

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

Welcome to the WW27 List of Speakers

Amy Schultz MD representing Foote Hospital, Jackson MI

Deborah Napier representing Southern/Gulf Power, Pensacola FL

Blake Glass and Ken Holtyn representing Kalamazoo Valley CC, Kalamazoo, MI

Bob Scroosh representing Affinia Corporation, Ann Arbor MI

Michele, MaryKay, David, and Tracey representing City of Dubin, Dublin OH

Jim Heap MD and Karen O'Flaherty representing Crown Equipment, New Bremen OH

Susan Hagen, Amanda Cyr, representing UM-HMRC, Ann Arbor, MI plus Dee, if any time remaining

Section II

Key Business Concepts

To Build the Business Case

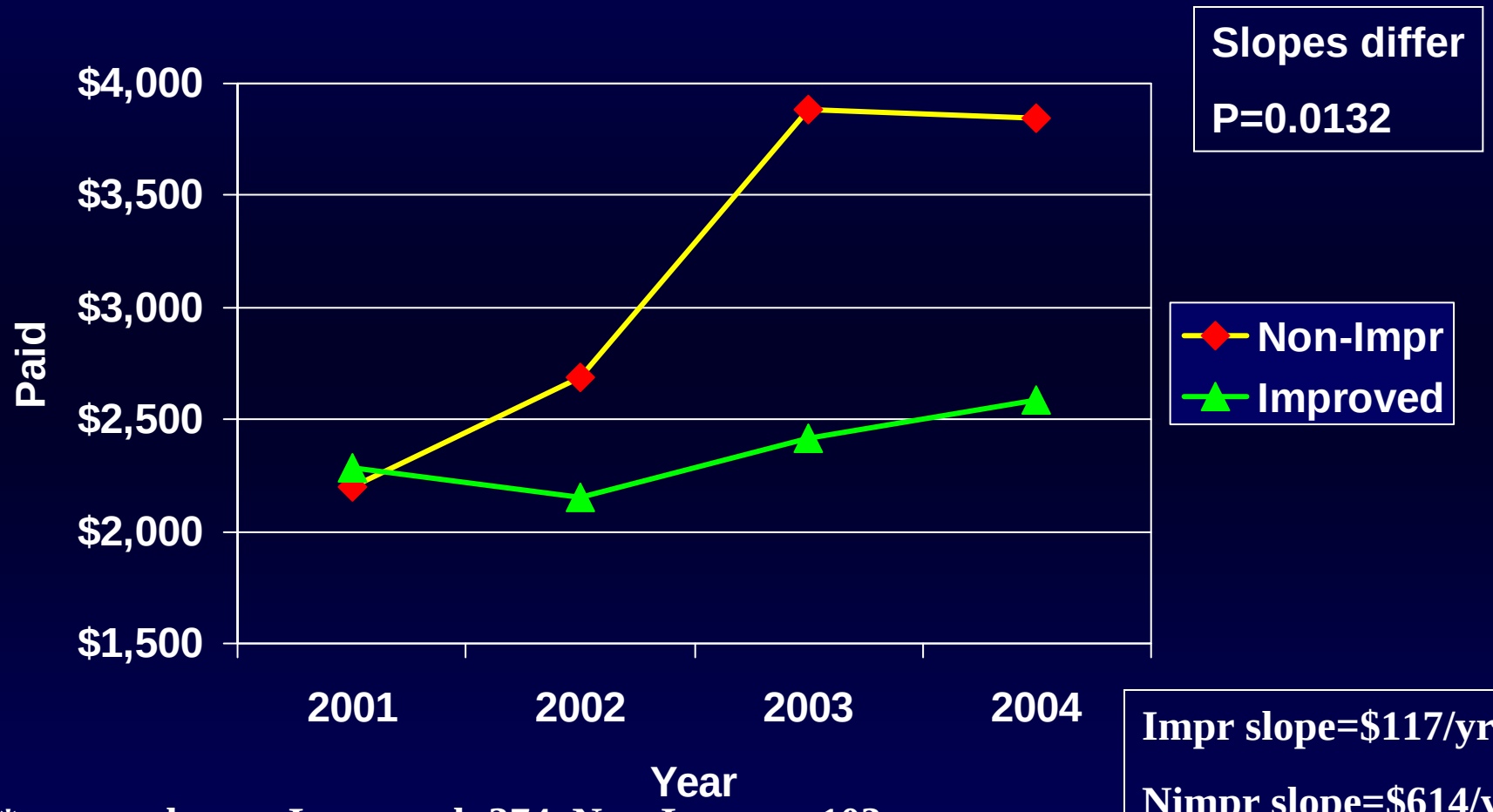
Business Concept

Change in Costs

follow

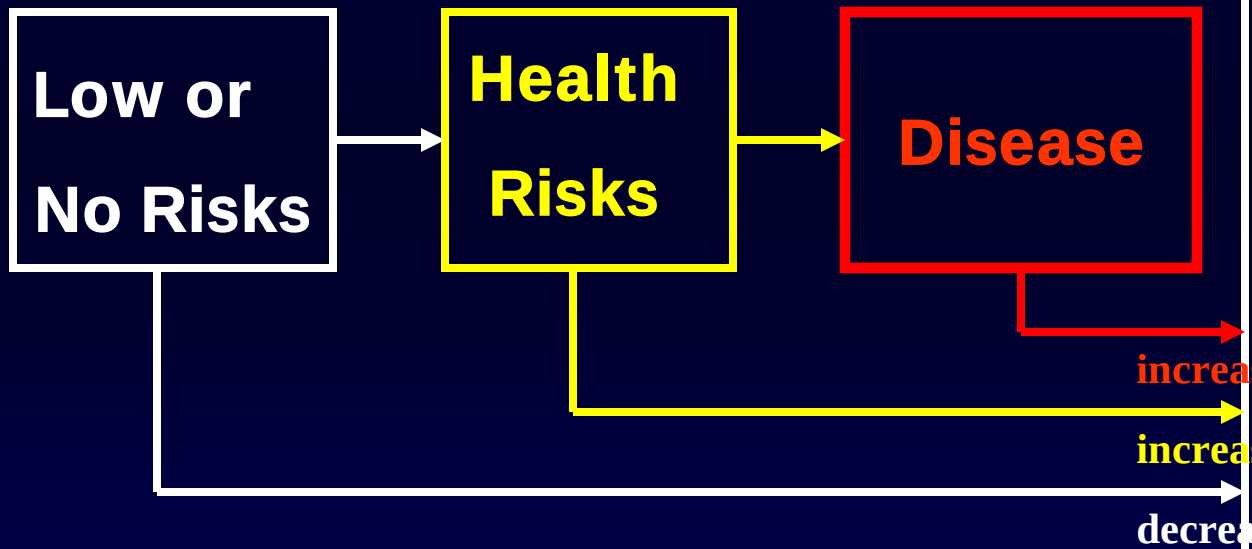
“Don’t Get Worse”

Medical and Drug Cost (Paid)*



*per employee , Improved=374, Non-Improv=103
HRA in 2002 and 2004
Improved=Same or lowered risks
*Medical and Drug, not adjusted for inflation

The Economics of Total Population Engagement and Total Value of Health



Total Value of Health

- Sickness Costs
- Drug Costs
- Absence Cost
- Disability Costs
- Worker's Comp Costs
- Recruitment and Retention of Members

Where is the Investment?

Summary

Business Case for Health Management

Excess Costs are related to Excess Risks

Costs follow Engagement and Risks

Controlling Risks leads to Zero Trend

Section III

The Solution:

The Culture of Health Focus

Key Thoughts

Objective:

Our mission is to create Shareholder value.
We get value from creative and innovative products.
We get products from healthy and productive people

Strategy:

Culture of Health to drive Objective
Partners: health plans; benefit consultants; primary care physicians; pharmaceutical companies; health enhancement companies

Outcomes to get to Zero Trend:

90%-95% engagement and 75% to 85% low-risk
Keep the healthy people healthy
Don't get worse

Creating and Maintaining a Culture of Health and Productivity

Driven from the Leadership (Management and Union)

- Vision of a Culture of Healthy, Productivity and Well-Being
- Environment Aligned with a Culture of Heath

Measurement and Incentives for Quality Improvement

- Incentives
- Measurement

Driven from the Population

- Individual-Based Strategies: Health Risk Appraisal System
- Population-Based Strategies

Culture of Health and Productivity

1. Senior Leadership Vision

Vision from the Senior Leadership

- Clear Vision within Leadership
- Vision Connected with Company Strategy
- Vision Shared with Employees
- Accountability and Responsibility Assigned to Operations Leadership
- Management and Leadership of the Company and Unions

Culture of Health and Productivity

2. Environmental Strategies

Environment Interventions

- **Mission and Values Aligned with a Healthy and Productive Culture**
- **Policies and Procedures Aligned with Healthy and Productive Culture**
  - Vending Machines
  - Cafeteria
  - Stairwells
  - Job Design
  - Flexible Working Hours
  - Smoking Policies
- **Benefit Design Aligned with a Healthy and Productive Culture**
- **Management and Employees prepared for a Culture of health (small group meetings, shared vision, expectations,**

Create an Integrated and Sustainable Approach

Long Term Strategy— Short Term Solutions

Culture of Health and Productivity

3. Health Risk Appraisal System

(Individual-Based Program)

Components of HRA Engagement

Health Risk Appraisal

Plus

Biometrics Screening and Counseling

Plus

Contact the Health Advisor

Plus

Two Other Activities

Business Concept

Culture of Health
Health Advocacy Interventions

Coaching Strategies for Individualized Intervention

Contact from each individual (at least three times)

Unlimited contacts by level of probability of being high cost within the next two to three years

Pay attention to individualize engagement

Use variety of contacts (one on one, telephone and web) for sustainable engagement

Use situational and whole person approach

Engage individual in positive actions. Ask but don't tell. Use triage, health advocate strategies, develop **Self-Leaders** and use all available resources

Frequent evaluation of coach/client participation and satisfaction

Culture of Health and Productivity

4. Population Based Programs (Programs for Everyone)

Population-Based Programs

Population Programs Orientation

Pedometers, know your numbers, no weight gain

Human Resource Orientation

People skills/Communications

Health Communications

Written materials, Online portal, etc

Environmental Orientation

Stairwells/Vending, Food Services, Other

Programs for Populations and Individuals

- Weight Management
- Physical Activity
- Stress Management
- Safety Belt Use
- Smoking cessation
- Ergonomics
- Nutrition Education
- Social Support
- Behavioral Health & EAP
- Business Specific Modules
- Communications
- Career development
- Clinic or Medical Center
- Condition Management
- Financial Management

Culture of Health and Productivity

5. Incentives

Influence of Incentives

1. No incentive
2. Passive incentive
3. Small item incentive
4. Cash incentive
5. Benefit Plan
6. Benefit Plan plus cost reduction
7. Combination of Benefits and Cash

Incentives

Annual Incentive

- **Benefit Options (Co-pays, Deductibles, HSA contributions, …)**
- **Premium Reductions/Premium Plan ($600 to $2000)**

Throughout the Year

- **Hats and T-Shirts**
- **Cash, debit cards ($25 to $200)**

Culture of Health and Productivity

6. Measurement, Evaluation and Decision Support

Scorecard

Percent Participation: **80% to 95%**

- Over a rolling three years
- HRA + Three Coaching sessions + Two other sessions

Percent Low-Risk: **70% to 85%**

- Percent of the eligible population

Estimated Cost of Program: **$400**

- Dollars per Eligible employee

Estimated Savings: **$800**

- Dollars per Eligible Employee

Summary

Sound Bites

1. The **"Do Nothing"** strategy is unsustainable.

2. Refocus the definition of health from **"Absence of Disease to High Level Vitality."**

3. **"Total Population Management"** is the effective healthcare strategy and to capture the **"Total Value of Health"**

4. The business case for Health Management indicates that the critical strategy is to **"Keep the Healthy People Healthy"** ("keep the low-risk people low-risk").

5. The first step is, **"Don't Get Worse"** and then **"Let's Create Winners, One Step at a Time."**

Key Thoughts

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What's the Point?

UNIVERSITY OF MICHIGAN

Health Management Research Center

Still Growing

2007-2009
Culture of Health

2006
Zero Trend
Don't Get Worse
Champion Companies
Keep Healthy People Healthy

2005
Pre-retirement participation influences post-retirement participation
Presenteeism. Cost changes follow risk changes
Interventions have severe "step down" participation

2004
Proof of Concept must bend the cost trends
Health Mgmt Scorecard by 90% to100% participation and 75% to 85% low-risk

2003
Improved population health status results from Employer sponsored programs

2002
Focus on the person, not risk or disease.
Cost changes follow risk changes. Time away from work respond the same as medical costs.

2001
Natural flow established for risks & costs. Cluster identification

2000
Total value of health defined to the organization

1999
Presenteeism as a measure of productivity & influenced by risks & disease

1998
Participation relates to risk & cost moderation
Program opportunities --preventive services, low-risk maintenance, high-risk intervention, disease management

1997
Benchmarking by wellness score & company health score

1996
Low risk maintenance
Resource optimization. Targeted, specific risk combinations drive change in costs (Trend Management System)

1995
Risk combinations are the most dangerous predictors of cost

1994
Cost changes follow risk changes (medical & pharmacy)

1993
Absenteeism shows same relationships to risks as medical costs
Excess costs are related to excess risks

1991

1980
Develop, implement & disseminate HRA from CDC/Carter Center
Move from mortality outcomes to medical costs, pharmacy & absence as primary outcome measures

1977-1990

1990
Consult & implement Wellness Programs in 20+ companies

Please contact us if you have any questions.

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