



FAST FOCUS

- ▶ Benefits brokers and consultants are ideally positioned to help clients choose programs and benefit designs that yield the best returns.
- ▶ EMPAQ allows employers to evaluate health and productivity programs through performance indicators.
- ▶ Smaller employers will be jumping on this program shortly. Brokers should not be caught off guard.

THE COUNT

BY LESLIE WERSTEIN HANN | PHOTO-
ILLUSTRATION BY STEPHEN WEBSTER

Dee Edington and the National Business Group on Health will turn benefits brokers into indispensable consultants.

Learn how to cut benefits costs and raise productivity at the same time.

Maribeth Rouseff was not satisfied. In the last few years Baptist Health South Florida, a nonprofit system of hospitals and outpatient medical facilities, saw dramatic improvements in its self-insured workers compensation program. The number of cases dropped along with the number of lost days and the cost of claims. Any employer would be pleased.

But Rouseff, assistant vice president for community health, employee health services and wellness advantage, was looking at reports from EMPAQ (Employer Measures of Productivity, Absence and Quality). She learned that Baptist Health was still paying a lot more per active claim than other healthcare organizations. And while its costs per closed claim were 13% lower than its healthcare peers, Baptist Health paid 52% more than other businesses of its size. So, while the EMPAQ data validated much of Baptist Health's workers comp success, it also identified potential weaknesses.

"It's easy to self-benchmark and say, 'look how well we're doing,'" says Rouseff, who started using EMPAQ two years ago. "I have to dig into this a little deeper and find out what our peers are doing and how they keep these numbers down."

People-oriented employers like Baptist Health are always looking for creative strategies to help employees stay healthy and productive. In today's harrowing environment of depressed earnings and job cuts, however, "employers are more dependent than ever on the productivity of their remaining employees," says Joe Marlowe, senior vice president of Aon Consulting.

A growing body of research, much of it conducted by Dee Edington, Ph.D., director of the University of Michigan Health Management Research Center, demonstrates that making invest-

ments to improve the health of employees can reduce healthcare costs and increase performance and productivity in the workforce. And employee benefits brokers and consultants are ideally positioned to help clients choose programs and benefit designs that yield the best returns.

"It is vital that employers be able to evaluate the success or failure of a program," Marlowe says. "They must hold health vendors accountable for reporting information in standardized ways that allow them to assess performance across a number of different measures."

SO WHAT'S NEW?

While some experienced employee benefits brokers have promoted an integrated view of benefits for at least a decade, the problem has been a lack of consistent, reliable data to measure the effectiveness of health, absence and productivity programs. Leading employers want to know more than how their family-leave claims have changed over time. They want to know how they compare against their competitors. And if another company has better results, they want to know why and what they can learn from them.

"There's a lot of value in employers being able to compare the performance of their own programs to that of other employers, but to do that you must have standardized metrics," says Marlowe. "The challenge we faced in the past is differ-

ent vendors created their own metrics, so it was impossible to draw comparisons from employer to employer.”

At the stirring of a number of large employers who make up its membership, the National Business Group on Health began building EMPAQ seven years ago to bridge the information gap. EMPAQ is a set of standardized metrics and benchmarking tools that allows employers to evaluate the effectiveness of health and productivity programs through consistent measures of cost, utilization and other performance indicators.

The data and benchmarking tools cover eight programs: short-term disability, workers compensation, long-term disability, family and medical leave, group health, incidental and total absence, employee assistance programs, and health management programs. EMPAQ results guide decision-making for designing benefits, programs and services, says Business Group vice president Ron Finch.

In response to growing employer interest in improving employee health and productivity, the Business Group established the Institute on Health, Productivity and Human Capital. Directed by Stacy Hodgins, the Institute aims to become the leading source of information addressing employee health and productivity, population health, and organizational performance.

HOW IT WORKS

Employers and other data suppliers that participate in EMPAQ submit the data online to the University of Michigan Health Management Research Center, where over the last three decades Edington, a guru-like figure in the wellness arena, has been researching the business of health management and the economics of building a corporate culture of health.

On June 30, participants will receive a benchmarking report showing how they performed in 2008 relative to 2007 on each measure for which they submitted data; how their industry sector performed; and how all participants performed. The annual

summary report will be released in September. Last year, the summary report included data on 7,000 companies (with industry-level detail on more than 250 companies) representing more than 16 million employees across 21 U.S. industry sectors.

EMPAQ puts a great deal of emphasis on data quality. Participants receive a data integrity report almost immediately after they submit the data so they can correct mistakes. The report identifies values that are out of reference ranges based on benchmarks from the previous year.

New metrics for this year include health management programs, including the rate of participation in health risk appraisals and health screenings. Edington can envision the day when employers will be able to use EMPAQ data to predict—and prevent—future health risks.

“We will add programs as fast as we can to get standardized metrics and quality data,” Edington says.

OPEN THE KIMONO

General Electric was one of the founding members that built EMPAQ, and Marybeth Stevens-Carhidi, leader of healthcare administration at General Electric Co., recalls the difficult work that went into getting everyone to agree on what to measure and how to measure it—the only way the benchmarks would work.

The power of the data became clear when representatives from several companies got together for what they fondly refer to as an open-the-kimono meeting. The theme: “I’ll show you my data if you show me yours.” With their EMPAQ data in front of them, they compared numbers and plan designs. “How did you do that in short-term disability? What does your plan look like? What can we learn from you?”

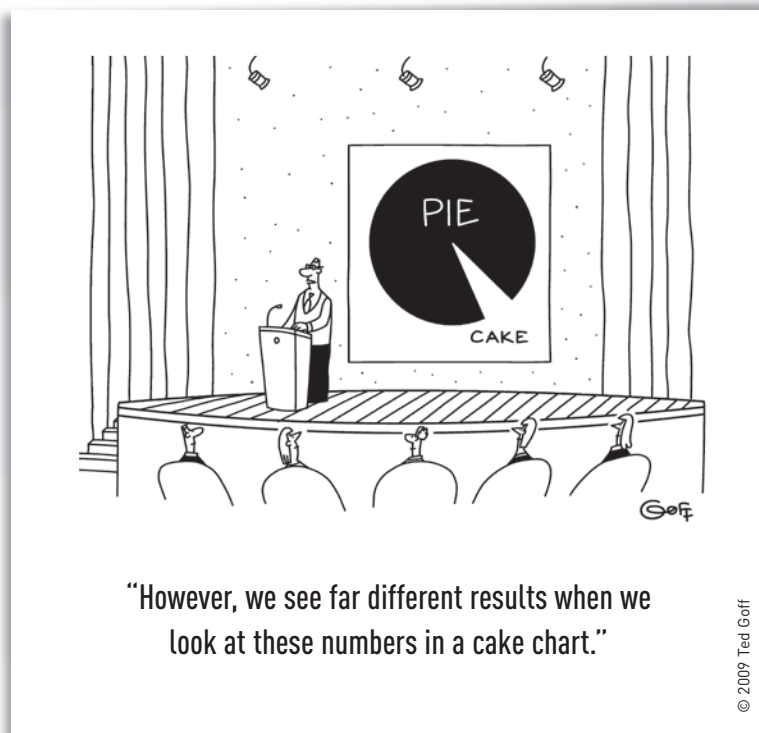
After looking at other companies, for example, executives of GE Aviation—which had been very focused on workers comp return-to-work programs—started to look at the impact personal disability claims were having on their productivity. Disability accounted for two thirds of absences. “The disability team, in coordination with operations, identified an opportunity to leverage transitional duty for engineers and other office-based employees to work from home while they were recuperating,” Stevens-Carhidi says. In cases where transitional work was applied, GE Aviation reduced the “days away from work” trend—and the resulting costs—by, on average, two to four weeks per case. “That was a big ‘aha!’ for my aviation business.”

The best way to get executives to understand the importance of investing in health and productivity management is to translate it into meaningful measures. Stevens-Carhidi can equate the cost of “days out of work” into lost ad revenue for an episode of ER, idle GE jet engines, or an unsold CAT-scan machine.

“When I can bring that into play for the leadership team, they get it,” she says.

TRUST IN NUMBERS

A growing number of savvy employers are beginning to recognize EMPAQ’s metrics as the gold standard for measuring the effectiveness of their health and productivity programs, says Michael Neal, leader of absence management technology for Hewitt Associates. Neal uses EMPAQ metrics in all of the reports he prepares for clients. Clients that had been using their own metrics gradually transitioned to the EMPAQ metrics as they recognized their value. Neal submits



The National Business Group on Health

NONPROFIT ADVOCATES FOR PRACTICAL SOLUTIONS ON HEALTHCARE.

Founded in 1974, the National Business Group on Health is a nonprofit organization devoted to representing large employers' perspectives on national health policy issues and providing practical solutions to important healthcare problems. Its members are primarily Fortune 500 companies and large public sector employers who provide health coverage for more than 50 million U.S. workers, retirees and their families. Business Group members are actively engaged in pursuing solutions to controlling healthcare costs, improving patient safety and quality of care, and sharing best practices in health benefits management.

In November 2007, the Business Group created the Institute on Health, Productivity and Human Capital to develop and share solutions aimed at employee health and productivity, including the further development of EMPAQ. Participation in EMPAQ is free for Business Group members. Non-member companies pay a flat fee to submit data for up to eight programs and receive all EMPAQ reports. Other pricing is available for data suppliers, including brokers, who submit data on behalf of clients. For more information, visit www.empaq.org.

data to EMPAQ on behalf of more than 40 clients.

"More and more, we need to see that we are driving the right behaviors and seeing the outcomes that good quality management practices can deliver," Neal says. "That means having metrics that make sense, metrics that drive our programs to the appropriate outcomes and that are balancing productivity and quality. Businesses nowadays are even more focused on that than they were even just a couple of years ago because things are tighter and tougher, and these are savings and improvements not just for the organization but for the individuals in the programs."

Most of the early adopters of EMPAQ are members of the National Business Group on Health, which represents large employers. However, large companies are not the only ones who benefit. While the largest of the companies submitting demographic data last year had more than 300,000 employees, the smallest had fewer than 1,000. The median employer size was slightly greater than 10,000.

Both Hewitt's Neal and Aon's Marlowe expect that it won't be long before larger numbers of small and mid-sized employers start looking at ways to input their data to cut costs and increase productivity.

"I think the smaller employers are often the ones who embrace it more readily," Neal says. While there aren't very many employers with 300,000 employees, "there are many, many, many" with 1,000, Neal adds, "and they really want to see how they are comparing to those others."

Brokers are the main vehicles transmitting the creative strategies and best practices from the largest employers down to the masses of small and mid-sized businesses, Marlowe says. "Large employers were always first to take action, and there was a lag before the middle market and smaller employers followed, but that lag has shortened considerably."

Brokers serving mid-sized and smaller businesses can submit data on their behalf and then use the benchmarks to "help guide decisions on benefit design and the positioning of health and productivity decisions," Finch says.

Edington says it will allow brokers to more clearly pinpoint strong and weak points in clients' benefit designs and say,

"Here's what it would be worth to you to improve in this area."

The availability of standardized metrics and benchmarks will allow employee benefits consultants and brokers to better help their employers plan strategically, set performance objectives, and fine tune their programs along the way.

"It's clear the whole concept of health and productivity is really gaining momentum," Marlowe says. "It's important for brokers to understand that the work being done today for large corporations will very shortly be adopted by the mid-sized and smaller employers. Brokers have to be aware of this and have to be on board, or it will pass them by." ■

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